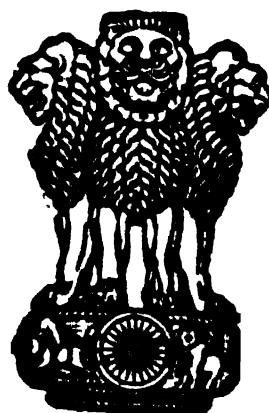


**ESTIMATES COMMITTEE**  
**1956-57**

**FIFTY-SEVENTH REPORT**

**ACTION TAKEN BY GOVERNMENT ON  
THE RECOMMENDATIONS CONTAINED  
IN THE NINTH REPORT OF THE  
ESTIMATES COMMITTEE**



**LOK SABHA SECRETARIAT  
NEW DELHI  
*March, 1957***

Fifty-seventh Report of the Estimates Committee.

—

Page 6, Col. 3, line 7: for 'responsibilities' read 'responsibilities'.

Page 8, Col. 4, line 4: for 'and' read 'an'.

Page 14, Col. 4, line 8 from below: after 'disbursement' insert 'of'.

Page 18, Col. 4, line 2 from below: for 'operations' read 'operations'.

Page 19, Col. 3, line 8: for 'numbers of' read 'numbers'.

Page 55, Col. 3, line 4: after 'thereafter' insert 'may'.

Page 56, Col. 3, lines 4 & 5: for 'receipt' read 'receipt'.

Page 61, foot-note, line 5: for 'I.G.S.& D.' read 'D.G.S.& D.'

Page 62, Col. 3, line 7: for 'devolving' read 'devolving'.

Page 62, Col. 4, line 12: after 'to' insert 'a'.

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1956-57

1. Shri Balvantray Gopaljee Mehta—*Chairman.*
2. Shri B. S. Murthy
3. Shrimati B. Khongmen
4. Shri Negeshwar Prasad Sinha
5. Shri B. L. Chandak
6. Shri Amarnath Vidyalankar\*
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8. Shri Satis Chandra Samanta
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13. Shri P. Subba Rao
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15. Shri Vishnu Ghanashyam Deshpande
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17. Pandit Dwarka Nath Tiwary
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22. Shri Lakshman Singh Charak
23. Shri Radbeshyam Ramkumar Morarka
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27. Shri Y. Gadilingana Gowd
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30. Shri Choithram Partabrai Gidwani.

SECRETARIAT

Shri S. L. Shakdher—*Joint Secretary.*

Shri A. R. Shirali—*Deputy Secretary.*

Shri C. S. Swaminathan—*Under Secretary.*

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\*Resigned on 20th November, 1956.

<sup>a</sup>Died on 6th October, 1956.

\*\*Ceased to be a Member upon his election to Rajya Sabha on the 13th December, 1956.

## INTRODUCTION

I, the Chairman of the Estimates Committee, having been authorised by the Committee present this Fifty-Seventh Report on the Action taken by Government on the recommendations contained in the Committee's Ninth Report on Administrative, Financial and other Reforms.

2. The Ninth Report of the Estimates Committee was presented to the House on the 21st May, 1954. Government laid a statement on the Table of the House showing the progress made in regard to the recommendations contained in that Report on the 30th September, 1954. The replies were considered by the Sub-Committee of the Estimates Committee 1955-56 during their sitting on the 23rd October, 1955. The main Committee considered the views of the Sub-Committee on the 28th November, 1955 and 8th December, 1955. Further replies received from Government have been included in this Report.

3. The Report has been divided into four Chapters :—

- I. Report
- II. Recommendations that have been accepted by the Government.
- III. Replies of the Government that have been accepted by the Committee.
- IV. Replies of the Government that have not been finally accepted by the Committee and are being pursued.

BALVANTRAY G. MEHTA,

NEW DELHI,  
*The 21st March, 1957.*

*Chairman,  
Estimates Committee.*

## CHAPTER I

### REPORT

In paras 5, 6 and 9 of the Ninth Report, the Committee had recommended certain changes in the existing system of budgetary and financial control in the administrative Ministries. In the statement laid by the Government on the Table of the House on 30th September, 1954, it was stated by the Government that the recommendations were under consideration of the Cabinet. Later, the Committee inquired the final decision in the matter, and also desired to have a comprehensive note from the Ministry of Finance analysing the extent to which the present procedure of preparing the Budget and of obtaining financial sanction, contributed to delays in the implementation of schemes and indicating the reforms necessary in the present procedure. The Government replied that a scheme for the reorganisation of the Department of Expenditure of the Finance Ministry was at present under implementation and that a further communication would follow in due course. Similarly, in regard to certain other recommendations contained in paras 12, 29, 45 and 59 of the Report (*vide* S. Nos. 9, 21, 33, and 44 in Chapter IV of this Report) and dealing with (a) the maintenance by the Ministry of Finance of a record of cases where due to bad or no planning funds lapsed, (b) constitution of cadres in different spheres of Government activity for manning important and technical posts, (c) feasibility of adopting the U. K. system of appointing the officers of the Treasury to the Executive Departments and (d) decentralisation of the executive work of the Government of India, Government stated that the matters were under consideration and that a further communication would follow as soon as possible. The Committee consider that these are important matters and that there should be no further delay in taking final action thereon.

2. In para 11 of the Ninth Report, the Committee had recommended that the Ministry of Finance should maintain a complete record of schemes in which the detailed estimates or blue prints were not prepared in advance or which were subjected to frequent changes in the course of execution or where actual expenditure exceeded the original or revised estimates. The Committee had also desired that the record should be periodically laid before the Committee in the form of a statement for examination. Government stated in reply that a record as suggested by the Committee would be maintained in respect of major works costing Rs. 10 lakhs and above but that it would not be practicable to maintain a record for numerous smaller schemes. Government also stated that cases in which projects were executed at a cost greater than that originally sanctioned found a place in the Audit Report and were brought to the notice of the Public Accounts Committee and that it would not seem necessary to provide for submission of the statements to the Estimates Committee. The Committee do not consider it necessary to press their recommendation that such statements should be submitted periodically to them, since it is open to them to call for the records as and when they deem necessary while examining the estimates of a Ministry.

3. In para 23 of the Report, the Committee had made a number of recommendations regarding the organisational set-up of the State undertakings. As the matter has been further examined in detail by the Committee in their Sixteenth Report, they do not propose to offer their comments at this stage and will revert to the subject later.

4. In para 27 of the Report the Committee had pointed out that no business undertaking would be a success unless staff highly specialised in cost accountancy were posted from the very start. The Government replied that arrangements for the posting of such staff were made as far as possible. They also stated that there was a Chief Cost Accounts Officer with a small staff attached to the Ministry of Finance. The Committee have repeatedly drawn attention, in their Reports on the working of various State undertakings, to the necessity of having an upto-date system of cost accounting. The Committee have found that even where it is claimed that a cost accounting organisation is well established, the system is not upto-date and that it does not serve fully the purpose for which it is intended. Therefore, while the Committee note that the Government have accepted their earlier recommendation in principle, they feel that much remains to be done in the actual setting up of an upto-date cost accounting organisation in all the State undertakings. They would, therefore, recommend that the matter should receive urgent attention.

5. In paras 33, 34, 51, 60, 61, 62, 63 and 64 of the Report, the Committee had made a number of recommendations for the reform of administrative procedure in order to ensure better efficiency and expeditious disposal of work. It is evident from the replies furnished by the Government that several steps designed to meet the purpose which the Estimates Committee had in view, have been taken by the Organisation and Methods Division. The Committee note that orders have been issued for the decentralisation of authority, enhancing the powers of the Ministries and Heads of Departments and lowering the decision-making level in a large number of matters. The Committee also observe that detailed instructions have been given regarding the procedure of work and also that control measures have been introduced to check unnecessary delays. It is further noticed that the Government propose to include suitable provisions of the type suggested by the Committee in a 'Guide to Efficiency', which is under preparation by the O. & M. Division. While the Committee note with satisfaction that efforts are being made in this direction, they would observe that the test of the adequacy of these measures would be the actual improvement of efficiency. In respect of a few of the recommendations in the Report the Government have replied that they were already provided for in the existing instructions. Also in reply to para 60 of the report, the Government have said that "the first round of inspection and case study by the O. & M. Division revealed that the prevailing inefficiency was not due so much to the faults in the prescribed procedure as to the failure properly to follow them." The Committee would, therefore, suggest that apart from laying down revised procedures, there should be a relentless drive to ensure that in actual practice work is disposed of in a business-like manner and that there should be no complacency in the matter.

6. In para 41 of the Report, the Committee had recommended that officers in receipt of Rs. 500/- p.m. and above should not take up employment in any private business for at least three years after retirement, if the private business came within the responsibility of the Government Departments

in which they had worked during the last three years before retirement. The Government stated in reply that orders already existed prohibiting officers of All India and Class I Central Services from accepting private employment for two years after retirement except with the Government's permission, which was granted after proper scrutiny. The Committee then pointed out that besides the All India Service and Class I Service, Officers of Class II Services also should be brought within the purview of the orders prohibiting acceptance of private employment and that the period should be three years as already recommended by them. The Government have in their further reply stated that for several reasons, it was not considered necessary to bring Class II Officers within the scope of the restriction (*vide* S. No. 30, Chapter IV). Restrictions have however been imposed on specified categories of Class II Officers in the Engineering Departments. Also in the case of non-pensionable officers of these departments, it has been prescribed that they should sign an undertaking that they would not seek private employment of a certain nature within two years of retirement without the prior permission of Government.

While the Committee note with satisfaction the issue of the orders referred to by the Government, they would suggest that a review should be made by all the Ministries to determine to which of the Class II posts under their control, similar orders should be extended, keeping in view the need to maintain a high reputation for moral standards, as the Committee had pointed out earlier. They also feel that it should be examined whether non-pensionable officers holding all such posts, could also be asked to sign a suitable undertaking, when they are paid their gratuity or provident fund.

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## CHAPTER II

### RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY THE GOVERNMENT

S. No.	Ref. to para No. of the Report	Summary of Recommendations	Reply of the Government	
			1	2
1	5(i)	Before a scheme is embarked upon, it should be properly planned and it should also be ascertained whether the money required for it is available or can be made available at the proper time. Detailed plans and estimates should be worked out fully so as to enable the Ministry of Finance to approve the scheme and accord financial concurrence.	4	Please see comments against serial Nos. 4 and 5 below.
4	7	Most of the schemes are not conceived in all their aspects in advance and the administrative Ministries develop, change and recast their ideas after the schemes are initiated. This, in the opinion of the Committee, is a factor which leads to so much delay and wasteful expenditure and makes the scrutiny of the Ministry of Finance essential from time to time	4	The principle is accepted and is already observed. Plans and estimates are worked out in advance in as much detail as possible, save and in exceptional cases of the type recognised in the Committee's recommendation.

(*Statement laid on the Table on the 30th September, 1954*).

§ 8

In order to avoid congestion of work in the Ministry of Finance and also to enable them to exercise an effective check over the proposals, it is necessary that the administrative Ministry concerned should prepare the schemes at least a year in advance save in exceptional circumstances where the situation justifies the immediate initiation of a scheme which could not be conceived or worked upon earlier.

12 15

As proposed in the case of grants and loans to States, the Universities or Institutes should also be asked to forward their requests for a financial year in advance of that year so that a decision is taken before the financial year commences and the funds are made available to them at the proper time. The Committee suggest that this aspect of the matter should be borne in mind by the University Grants Commission.

14 20

The foreign aid in a year as also the progressive total thereof should be exhibited at one place in the budget documents.

27 28

(i) The Imperial Bank which is mostly concerned with the payments on behalf of the Central and State Governments should be nationalised at an early date.

The recommendation is accepted. In exceptional cases which cannot be foreseen or which cannot wait till next year, grants will be given as expeditiously as possible.

*(Statement laid on the Table on the 30th September, 1954).*

*(Statement laid on the Table on the 30th September, 1954).*

(ii) The time has come when this should not be postponed any longer and in the present context of things, early steps should be taken to nationalise the Bank so

**Note.** S. No. indicates Serial No. of the recommendations as given in the Appendix to the Ninth Report.

that the whole organisation of the Government payments is put on a sound and satisfactory footing and utmost promptitude is shown in making Government payments.

34 46 In the name of secrecy, many things are done which constitute grave irregularities but for want of record, allocation of responsibilities cannot be properly made. It is essential that full and complete records should be kept. All matters connected therewith should be reduced to writing and produced for inspection whenever demanded by proper authorities or by the Committee.

35 47 (i) It should also be the practice that the Secretary should not be associated with any executive matters such as purchases, sales, negotiations or tenders for works or appointment of the Board of Directors or otherwise of a Body, Institution, undertaking, etc., charged with the execution of policy laid down by the Ministry.

This is already provided for in the existing instructions.

(*Statement laid on the Table on the 30th September, 1954.*)

The role played by the Secretary in the existing organisation of the Central Government conforms, as a rule, to the views of the Committee.

As regards membership of Boards of Directors of State enterprises, please see comments against Serial No. 15(iii) (Chapter IV).

(*Statement laid on the Table on the 30th September, 1954.*)

(1) The Secretary, as the Head of the permanent Services, should remain aloof from all matters of day-to-day administration of policies by the subordinate

organisations and should concern himself only with laying down policies and seeing how those policies are being executed assessing their progress by means of reports, charts and inspections and should take notice of persons or authorities responsible for any faulty work, inefficiency or irregularity or mis-appropriation.

36 48 (i) Immediate steps should be taken to give effect to Rule 9 of the Government Servants Conduct Rules and to tighten it so that no loopholes are left open for any unscrupulous persons.

(ii) It is of the utmost importance that a sense of integrity of character and honesty is inculcated in the employees in the services and towards that end, proper procedure is framed and appropriate rules made.

The conclusions reached by Government have been embodied in Rule 15 of the All India Services (Conduct) Rules, 1954, issued on the 8th September, 1954.

(iii) It is the duty of Government to enforce moral standards in administration and they are entitled to lay down such forms and rules as may bring this out.

36 49

(i) The Committee do not accept the oft-repeated plea that Article 311 of the Constitution is in any way responsible for absence or slowness of action in disciplinary cases. If there is a defect or cumbrousness in the procedure which has been laid down by Government under Article 311, it is time that it is simplified and improved considerably so that punishments are awarded as quickly as possible

*(Statement laid on the Table on the 30th September, 1954).*

7  
(i) Government agree with the views of the Committee. Suitable instructions have been issued already to ensure speedy disposal of disciplinary cases.

(i) Government agree with the views of the Committee. Suitable instructions have been issued already to ensure speedy disposal of disciplinary cases.

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(iii) In order to infuse confidence in the public services, it is but right that they should have an opportunity of appealing to Courts against the decision of the Executive; but if the administration have behaved honestly and according to the procedure, there is no reason why the Courts would not uphold their decisions and do justice to them.

(v) The Committee would also like that the Methods and Organisation Division of the Government should analyse these cases carefully pointing out what the defects in the present system are and suggest remedies for future.

(iii) Government agree with the views of the Committee.

(v) The efficiency drive initiated by the O. & M. Division includes and analytical study of individual cases of all types with a view to locating causes of delay and devising remedies.

(Statement laid on the Table on the 30th September, 1954).

38 50 It is but right that good work and sense of public duty among the highly conscientious officers is suitably recognised.

Government agree with the observation of the Committee. Emphasis is, in fact laid on merit in making promotions to all selection posts.

(Statement laid on the Table on the 30th September, 1954).

(ii) & (iii)—the accepted policy of Government conforms to these recommendations.

(ii) As a general rule, the Secretarial part of the Government should be kept separate from the executive side of administration.

43 58

(Statement laid on the Table on the 30th September, 1954).

(iii) Expert Organisations should be set up for each type of activity and their relationship *inter se* defined so that there is no overlapping or encroachment of functions.

(i) The various kinds of business coming before Government should be classified and various kinds of treatment to be accorded to them laid down carefully. The Methods and Organisation Division should undertake this study immediately and lay down precise instructions.

(i) The O. & M. Division has already initiated a drive for improving efficiency of all branches of Government. The first round of the inspection and case studies has revealed that prevailing inefficiency was not due so much to faults in the prescribed procedures as to a failure properly to follow them. Steps are in progress to ensure compliance in future and to improve upon the existing procedures, where necessary.

(ii) The following suggestions are made by the Committee to improve matters in this behalf :

(a) Policies should always be initiated by the Minister or the Secretary of the Ministry.

As regards the specific recommendations made by the Committee, the position is as follows :—

(a) Major questions of policy are initiated by higher officers or the Minister. Questions of policy also arise very often from matters already under consideration and are dealt with and settled at the appropriate level.

(b) A large number of matters which are of a routine nature should be disposed of at intermediate levels.

(b) This is already provided for in the existing procedure. Fresh instruc-

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The tendency should be that Under Secretaries and the Section Officers should be made to take decisions and not to refer them to higher officers merely to ensure their own safety.

tions asking Ministries to delegate adequate authority and responsibility to Section Officers have, however, been issued.

(c) Matters which are outside the purview of the Under Secretary should be submitted by him by means of self-contained notes to the Deputy Secretary, who should record his decision or submit them to the Joint Secretary or Secretary for their orders, if the matters are important.

(d) Matters which are beyond the purview of the Deputy Secretary should be dealt with by the Joint Secretary himself or where he feels or it is laid down that the decision of the Joint Secretary or Secretary or the Minister should be taken, he should prepare self-contained notes. The Joint Secretary or Secretary should also record his opinion for a decision by the Minister.

(e) Matters requiring inter-Departmental Conference within the Ministry or inter-Ministerial Conference should be reduced to the minimum and the Officers of the Departments, who are intimately connected with the subject matter, should be consulted.

(f) In order to implement the above suggestions, the work of each Department should be drawn up in

minutest detail and delegation of powers in regard to the various items of work to be disposed of by the various Officers in the Ministries laid down precisely so that there is no ambiguity or difficulty in the matter. This list should be added to or revised from time to time and in matters of doubt orders of the Secretary should be taken.

(i) There should be delegation of powers to every officer who should exercise it with due regard to the rules and the policy on the subject.

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The suggestions are covered by the existing instructions.  
(Statement laid on the Table on the 30th September, 1954).

(ii) Officers at intermediate levels should be made to do original work and all matters should not be referred to the lowest in the Office for disposal in the first instance.

(iii) The Committee are not opposed to multiple or long noting where such notes are necessary; but what they deprecate is that every body in the chain should be invited to write notes. The Committee consider that ordinarily three notes including the order should suffice.

(iv) The duties of each Officer should be defined precisely and they should be made to work.

(v) Training is a continuous process and it is not enough for an Officer to pass through an Administrative School or College and it does not mean that he has mastered the subject for all time to come.

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47 62 (vi) Each Ministry should insist that its Officers take decisions at their levels and do original work.

(i) Higher Officers in each Ministry and Department should devote much of their attention and time to thinking out of policies and new ideas on matters dealt with in their Ministries.

(i) & (ii) : The higher Officers are conscious of their obligations and responsibilities in this regard.

(Statement laid on the Table on the 30th September, 1954).

(ii) There should be some competent Officers who should make it their business to see that the work and policies in their departments are keeping pace with the changing times and who should not rest content with the existing order of things.

## CHAPTER III

## REPLIES OF THE GOVERNMENT THAT HAVE BEEN ACCEPTED BY THE COMMITTEE

S.No. • Ref. to para No. of the Report		Summary of Recommendations	Reply of the Government
1	2	3	4
7	10	In regard to the Contingent Expenditure, it should be left to the discretion of the administrative Ministry to incur expenditure according to the needs up to the amount specified under each detailed Head and detailed expenditure sanction need not be required.	The Finance Ministry must ultimately have the power and responsibility for ensuring propriety and economy in all Government expenditure. Subject to this general principle, Government have already accepted the need for maximum possible delegation and devolution of financial authority. Recently Ministries have been given enhanced powers and the position is constantly under review. ( <i>Statement laid on the Table on the 30th September, 1954</i> ).
8	11	The Ministry of Finance should maintain a complete record of schemes in which the detailed estimates or blue-	The recommendation is accepted and will be implemented in respect of major works

\*Note. - S. No. indicates the Serial No. of the recommendations as given in the Appendix to the Ninth Report.

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prints are not prepared in advance or which are subjected to frequent changes in the course of execution or where actual expenditure exceeds the original or revised estimates. The statement should be periodically laid before the Committee for examination so that the Committee may watch what progress has been made in the direction and also what further steps are necessary to remove the defects to introduce a greater efficiency in the system.

costing Rs. 10 lakhs and above. It will not be practicable to maintain a record for numerous smaller schemes.

Cases in which projects are executed at a cost greater than that originally sanctioned find a place in the Audit Report and are brought to the notice of the Public Accounts Committee. It would not seem necessary to provide for submission of the statements to the Estimates Committee. (*Statement laid on the Table on the 30th September, 1954.*)

10 13 In order to ensure a careful examination of the schemes sponsored by the State Governments for Central assistance, they should be asked to send consolidated proposals for all their schemes for the financial year in advance of that year. These requests should be received by the Ministry of Finance and they should in consultation with the Ministry concerned and the Planning Commission, arrive at preliminary conclusions. Thereafter a Conference between the representatives of the State Governments and the Central Government should be held in order to arrive at definite allocations of Grants or loans for the various schemes. A time-table for the payment of these Grants and Loans must be fixed at the meeting and funds should be released to the State on the dates agreed upon.

According to the existing procedure State Governments generally send proposals for events to the appropriate Ministries and for loans to the Finance Ministry in advance of the financial year. Every effort is made to expedite decisions on them in consultation with Planning Commission, where necessary. Actual disbursement grants and loans depends upon the progress of schemes, the ways and means position of the State Governments etc., and cannot be determined much in advance. This procedure which is flexible has worked well and needs no change. No advantage is likely to be gained by

centralising the work or prescribing a rigid procedure. (*Statement laid on the Table on the 30th September, 1954*).

11 14 The Committee hope that the Consolidated Loan which the Central Government has decided to float will be extended in case of Grants and Loans from Central Revenues to the States.

There appears to be a misapprehension. The loan has been floated as a combined one, as an experiment, and States which would have floated their own loans have been promised loans equal to the amount which, on the Reserve Bank's estimates, they would have been able to raise in the market.

15 Grants are made according to the provisions of the Constitution or under policies laid down by Government. Loans are made with regard to the needs of the States and the available resources. There is little in common between the two and there should, therefore, be no question of extending the loan procedure to grants. (*Statement laid on the Table on the 30th September, 1954*).

13 19 The question of a separate demand for expenditure incurred under the Five Year Plan may be re-examined and a comprehensive picture showing the progress of the plan given so that there is no ambiguity and information is available and there is no mix up or unbalanced view of the projects or schemes undertaken under the Plan.

The inclusion of an item in the Plan does not make any difference to the nature of the expenditure or to the responsibility of the Controlling Authority. A consolidated demand will be somewhat artificial and unwieldy and will tend to blur the responsibility of the respective Ministries. It is, therefore, neither necessary

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nor desirable to have a separate demand for the expenditure included in the Plan. Parliament will however be kept informed of the progress of the Plan by issue of periodical reports. The Finance Minister has already made a full statement on this subject on 22nd March, 1954. (*Statement laid on the Table on the 30th September, 1954*).

16 24 It would be in line with the spirit of the Constitution and sound financial propriety if Commercial Auditors are appointed by the Comptroller and Auditor-General to audit State Undertakings and Audit Report is submitted by them to the C. & A.G. who shall cause the Audit Report to be laid before Parliament along with the Balance Sheet and Profit and Loss Accounts of the Undertakings.

16 Provision exists for independent audit by or on behalf of the Comptroller and Auditor-General. Even appointments of Commercial Auditors are made by Government after prior consultation with the Comptroller and Auditor-General.

16 Provision is being made in the Company Law Amendment Bill to empower the Comptroller and Auditor-General to give directions to the Auditors, to conduct a supplementary or test audit, to receive a copy of the Auditor's Report to comment or supplement such Audit Report and for the laying of such comments before the annual general meeting and for laying the accounts and reports before Parliament. (*Statement laid on the Table on the 30th September, 1954*).

17 25

The Committee draw attention of the Government to the views of the Comptroller and Auditor-General which were incorporated in the Third Report of the Public Accounts Committee and suggest that early steps should be taken to lay down a clear procedure in regard to the canalising of monies through the Consolidated Fund.

The provision of capital initially and later additions and payments of subsidies are in fact canalised through the Consolidated Fund. To go beyond this would militate against the autonomy of the Undertaking and run counter to the Comptee's recommendation in Serial No. 15(iv) (*vide* Chapter IV of this Report). The vote of Parliament on the initial or additional investment and the discussions on the annual report on the working of the Undertakings and on the reports of the Comptroller and Auditor-General furnish adequate and appropriate occasion for Parliamentary review. (*Statement laid on the Table on the 30th September, 1954.*)

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It should be the duty of the Comptroller and Auditor-General to see that every Public Undertaking maintains accounts in the prescribed manner and he should draw pointed attention to any defects in procedure and also make a report on the appraisal of the work done by the Undertaking on the basis of the conclusion drawn from the Accounts and Audit Report.

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The Comptroller and Auditor-General is usually consulted about the form in which the accounts should be kept. Whether each Undertaking should pay interest on capital outlay, Income-tax and a percentage of profit must depend on the nature of the Undertaking, quantum of profits, and the arrangements between Government and the Undertaking.

Such reports of the Comptroller and Auditor-General should be presented to Parliament and the Government promptly so that the progress of the Undertakings is taken stock of in proper time and appropriate action taken to set right any defects whatever they may be. He

The comments and suggestions of the Auditor-General would be part of the report mentioned in the reply to Serial No. 16 above. (*Statement laid on the Table on the 30th September, 1954.*)

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should among other things suggest the directions in which improvement is necessary or desirable in order that maximum benefit accrues from the operation of the Undertaking.

No business Undertaking will be a success unless staff highly specialised in Cost and Works Accountancy are posted from the very start.

Arrangements for the posting of such staff are made as far as possible. There is at present a Chief Cost Accounts Officer with a small staff attached to the Ministry of Finance. (*Statement laid on the Table on the 30th September, 1954*).

Government should take early steps to set up an Institute of Cost and Works Accountants and to train sufficient number of men in this line with the modern and up-to-date methods suited to the various types of Undertakings.

Meanwhile, every endeavour should be made to tap the existing manpower trained in this line in order that Cost Accounting Units are introduced where not already done or are improved where such Units are in existence.

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There is already an Institute of Cost and Works Accountants in Calcutta which is a Company registered under the Companies Act and has distinguished members on its Council. It is unnecessary for Government to set up another such Institution. (*Statement laid on the Table on the 30th September, 1954*).

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Government are alive to the need for greater uniformity of approach to staff problems and to the avoidance of duplication or waste. The setting up of a single Standing Civil Establishments Committee does not appear to be the best or the most economical means of achieving these objectives. The operations already initiated by the O. & M. Division now

This Committee should also see that the methods of work and organisation of the Ministries are in accordance with the principles laid down by the O. & M. Division and that there is no overlapping or duplication in the functions assigned to different Ministries. They should undertake a review of the strengths of the Ministries and Departments of the Government of India every three years suggesting increases or decreases in numbers of rationalisation of their duties and improvement in methods of work and the like. This Committee should also examine periodically the structure of pay scales of the various categories of staff, classification of posts etc.

If this scheme is implemented it will lead to greater efficiency in administration and bring about uniformity of approach to staff problems, methods of procedure, quantum of work done by the employees and avoid duplication or waste.

This Committee should also submit an annual report to the Estimates Committee on the various matters handled by them during the year.

furnish objective and incontrovertible material regarding the quantum of work which, consistent with efficiency, can be demanded of different categories of staff. This incidentally may well vary from section to section according to the nature of work. Staff proposals from different Ministries will in future be considered by a Committee consisting of representatives of the administrative Ministry and that of the attached Expenditure Finance Division together with the representative of the O. & M. Division who will ensure proper appreciation of the objective material adduced in justification of it and also see that duplication and waste are avoided.

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Under this system the review of establishment would be a continuous process and no specified period need be prescribed for it.

A review of pay structure should be undertaken only when a change in the economic situation clearly justifies the step. An automatic periodical review will create a feeling of uncertainty among Government employees and affect their morale.

The suggestion that annual reports should be submitted to the Estimates Committee

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23 33 & 34 An Officer directly responsible to the Prime Minister should be appointed in the Cabinet Secretariat with a small complement of staff whose duty should be to receive complaints from the public as well as Government Departments in regard to delays that occur in the disposal of letters or references in the various Government Departments.

The Reports submitted by this Officer will be in the nature of factual statements with suggestions for reform and will obviously provide a feeding ground for the Methods The Committee have themselves observed that delay may occur "owing to the fault of an individual or owing to a defect in the procedure". The primary objective should, therefore, be to identify and remove these causes. This is precisely the object of the efficiency drive being conducted by the O. & M. Division through O. & M. cells set up simultaneously in every Ministry and Department. Psychologically also this internal

on the various matters handled by the proposed Standing Civil Establishment Committee appears to go beyond the Committee's proper functions which are to examine and make recommendations and not to oversee their implementation. While Government are anxious to keep Parliament fully informed of the decisions taken by them with regard to any recommendations made by the Estimates Committee, they consider it inappropriate that they should be called upon to furnish direct to the Committee periodical reports of facts or events arising out of the implementation of such decisions. (*Statement laid on the Table on 30th September, 1954*).

and Organisation Division who can profit by his studies and suggest changes in procedure based on a practical knowledge of its defects.

(*Comments of the Committee on the reply.*)

approach is likely to prove far more acceptable and effective. The Committee's proposal will, therefore, be held over pending assessment of the full results to the efficiency drive. (*Statement laid on the Table on the 30th September, 1954.*)

The Cabinet Secretariat may inform the probable date by which the full results of the efficiency drive will be assessed. They may give a brief note regarding the assessment as soon as it is over. [L.S.S. O.M. No. 194 (II)-FC/55, dated the 7th December, 1955]

The steps taken by the O. & M. Division to prevent and reduce delays and the result so far achieved have been described in detail in the first and second Annual Reports of the O. & M. Division. Particular attention may be invited to the following measures—

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- (i) *Assistant's Diary*.—Each dealing Assistant has been asked to maintain a Diary to keep a record of every paper received by him, the date on which it was received and the date it was submitted to higher officers.
- (ii) *Weekly Arrear Statement*.—This is a weekly statement prepared by every section every Saturday afternoon giving an account of—
  - (a) all papers and files received and submitted during the week; and
  - (b) those remaining in hand at the end of the week.

**A** detailed description and explanation for delay is required to be given in respect of every paper/file which has remained in hand with any person in the section for more than a week.

The statement is put up to and scrutinised by the Branch Officer every Monday. The purpose of the statement is to see that no papers stagnate in the Section.

(iii) *Monthly statement of cases pending disposal for over a month.*—This is an important control measure designed to check delays at any level or place. The statement which is prepared by the 5th of every month gives details of all cases which have remained "undisposed of" i.e. action on which has not been finally completed, for more than a month. It is put up to the Deputy Secretary / J. S. / Secretary and on occasions even to the Minister. It provides an occasion to every officer to make a probe into delayed cases and to give direction for their early disposal.

The statement is also discussed at the periodical staff meetings held under the Chair-

manship of the Secretary or other senior officers to review the progress of O. & M.

(iv) *Control Chart*.—Every Section maintains a "Control Chart" for measuring the time taken in the completion of action in terms of weeks on every "primary" receipt, *i.e.*, every original item of work received from outside or arising from within the Ministry. The results revealed by the chart are tabulated and reported to the O. & M. Division by the 7th of the following month.

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The statistics are also depicted in the form of graphs and charts hung in the room of every Secretary and are carefully watched month by month. Sections which indicate signs of lagging behind in the rate of disposal or which show a tendency to accumulate arrears are subjected to a close scrutiny to locate and remove causes for such accumulation or slow speed.

The above measures provide sufficient safeguards for preventing accumulation of arrears and for identifying cases which may have been delayed for any reason.

[*Cabinet Secretariat (O. & M. Division) O.M.*  
*No. 9/155, O. & M. dated the 11th*  
*December, 1956.*]

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(i) It is necessary that in order to enable the schemes to proceed with rapidity and according to programme, the accounting and payment functions should be taken over by the Ministry or Department concerned with immediate effect.

(ii) In case of payments, there is considerable delay as the papers have to pass among the Administrative Accounts and Treasury authorities. Under modern conditions, this is wholly unsuitable and the Comptroller and Auditor-General has himself suggested a reform which is so obvious.

S. No. 24 to 26

The whole question of the separation of accounts from audit and allied matters are under discussion with the Comptroller and Auditor-General. An officer has been appointed in his Organisation on special duty to draw up, in consultation with a nominated senior officer in the Finance Ministry, proposals for the implementation and phasing of the separation.

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The question of abolition of treasuries is linked up with the procedure which may be laid down for receiving money and making payments on behalf of Government in future. (*Statement laid on the Table on the 30th September, 1954*).

25 36

Urgent steps should be taken to see that:—

- (a) the Comptroller and Auditor-General concerns himself with audit functions only;
- (b) the accounting and payment functions devolve on the Ministry concerned;
- (c) the administrative machinery should keep close watch over the progress of expenditure in relation

to the budget grants and one of the duties of the Financial Adviser to be attached to each Ministry should be to control accounting and payment functions of the Ministry concerned;

- (d) until (c) above is done, the present Audit and Accounts Organisation should be bifurcated and the Accounts side placed under an Accountant-General or Director of Accounts under the Ministry of Finance for the time being; and
- (e) the present system of Treasuries should be abolished. Their payment functions should be taken over by the Branches of the Imperial Bank of India or where a Branch of the Imperial Bank does not function, by a Branch of some other Scheduled Bank in consultation with the Reserve Bank. Where there is no Branch of the Imperial Bank of India or any Scheduled Bank in existence, the Treasury Office itself should be converted into a Pay Office of the Imperial Bank.

37 The Banking Organisation which is quick, efficient and reliable should be made more use of than the old outmoded system of Treasuries.

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(Comments of the Committee on the reply to S. Nos. 24-26)  
*A detailed note explaining the present position with regard to the implementation and phasing of the separation of Audit from Accounts may be submitted.*  
 [Cabinet Secretariat : O. & M. Division] O.M  
 No. 9/1/55-O. & M. dated the 11th December, 1955].

28 39 In order that Audit is a perfect vehicle for detecting frauds and irregularities in time and in order to assist Parliamentary Committees in safeguarding the interest of the tax payer, it should bring to their notice cases concurrently. For this purpose, audit may be conducted on a percentage basis, a lesser percentage applied to Standing Charges and higher percentage in relation to schemes which are in progress.

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(i) In regard to technical objections raised by Audit, the Comptroller and Auditor-General might do well to eliminate them, as far as possible, and to bring them to notice only if there are repeated failures on the part of the administrative Ministry to comply with such instructions.

(ii) As regards cases of irregularities, frauds etc., a Report should be submitted to Parliament every three months and such Reports should be made available to the Minister of Finance so that he may examine the financial working of the Ministry concerned and prescribe such action as may be necessary for the efficient functioning of the Ministry.

The Cabinet should also in such cases and in cases of grave irregularities and misappropriation, take serious notice of the persons concerned and award

S. No. 28—29.

The Comptroller and Auditor General of India who was consulted, has made the following observations :—

“While the Comptroller and Auditor-General does not wish to comment on the scope of the Ninth Report, he does feel that Chapters XIII and XIV dealing with audit matters are outside the scope of this particular Committee. It is unfortunate that no discussions with the Comptroller and Auditor-General were arranged by the Estimates Committee before it reached the conclusions it has in these Chapters. The questions raised had been discussed more than once in the P.A.C. and certain definite conclusions had been reached. Quite apart from the Constitutional aspect, this blurring of functions and responsibilities might well lead to a position in which two Parliamentary Committees come to different conclusions on the same subject. This would be embarrassing and undesirable.

as quickly as possible, such punishment as may be necessary commensurate with the nature and extent of the guilt.

(iii) When it comes to the notice of the Audit authorities that there is *Prima facie* evidence that in important cases of fraud or irregularities the Secretary of the Ministry or the Head of the Department is not aware of the position a report should be made to the latter promptly so that he applies himself to the matter and takes such action as may be necessary to put it right.

Responsibility for securing efficiency of audit vests in the Comptroller and Auditor-General. This is naturally kept under review continuously and steps are initiated from time to time for securing greater efficiency and control. It has also been decided that the preparation of Appropriation Accounts should not necessarily hold up the submission of an Audit Report on important financial irregularities noticed in Audit in a particular financial year, within the first six to eight months of the following financial year. It is not practicable to prepare reports every three months as suggested by the Estimates Committee.

27 It is unfortunate that the Committee got the impression that 'Audit mostly concerns itself with technical objections'. There are standing instructions on this subject and the very purpose of audit would be defeated if it were to concern itself 'mostly' with technical objections to the detriment of more serious irregularities. Such a position needs neither emphasis nor reiteration. (*Statement laid on the Table on the 30th September, 1954*).

31 42 There is a great need for removing any anomalies existing in private and public employment and for rationalising services as a whole.

Early steps should be taken to examine the question of prescribing the ceilings on salaries in private employ-

The Planning Commission has taken up the examination of these questions.

			ment consistent with the policies and principles adopted for public sector.	(Statement laid on the Table on the 30th September, 1954).
32	43		(i) Along with the scheme of rationalisation of salaries in private sector, qualifications and other conditions of employment for various services should also be laid down.	
			(ii) The Planning Commission should examine the whole matter in all its aspects and recommend the lines on which Government should take action to bring about parity in this matter.	
37	49		(iii) In cases where there is a growing suspicion against the integrity and honesty of an Officer, he should be either suspended or transferred at the earliest possible opportunity so that he is checked in his civil practices quickly.	(iv) While it is agreed that in suitable cases officers under suspicion may be transferred elsewhere, it would not be desirable to suspend an officer in similar circumstances. Suspension would be justified only when there is a <i>prima facie</i> case or where the investigation is likely to be hampered unless the officer is suspended.

dence and reasons therefor and also cases which went up to the Courts and which were decided against the Government.

authorities under the Central Government would involve a good deal of time and labour in all Ministries which would hardly seem worthwhile. As regards submission of a periodical statement to the Committee, please see remarks against Serial No. 22.

(Statement laid on the Table on the 30th September, 1954).

Individual services are, in fact, controlled by the Ministries primarily concerned. But, barring special features requiring special treatment, it is essential to have a common code regulating common service conditions of all Government servants. To ensure uniformity of treatment, the responsibility for the enunciation of general principles must vest in the Ministries of Finance and Home Affairs. Administrative Ministries should be allowed to take decisions only within the scope of such principles.

(i) Each service should have its own service rules according to its needs and functions, and the Department which is incharge of the administrative service concerned should regulate those rules. The rules should be fewer and simpler.

(ii) It is unnecessary that the Ministry of Finance should maintain a Department for interpreting the rules and for giving special sanction in exceptional cases.

(iii) In the administrative Departments concerned and within the Service itself, there should be as much decentralisation as possible in order that there is quicker disposal of the service problems and delays in the interpretation of the rules are avoided.

(iv) Various authorities should be encouraged to take decisions and to decide cases once for all, it being

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Scrutiny by Audit helps the detection and punishment of deliberate misuse or wilful misinterpretation but it takes place generally long after the event. Graver consequences may, however, arise from a disuniformity in the rules and from varying interpretations given by individual authorities.

The O. & M. Division may make suggestions for decentralisation of authority for

left to Audit to see that there has been no grave misuse of the powers and wilful misinterpretation. In such cases, the Officer concerned should be punished and a rule laid down that in proved cases of neglect, recovery of the amount which was sanctioned by the authority may be made from the Officer himself.

(v) The Methods and Organisation Division should immediately undertake a review of all these matters and Government should introduce necessary changes, as quickly as possible, so that these anachronisms are wiped out and the rules are brought in line with the needs and purposes of the modern State.

(vi) References on petty matters to higher authorities or centralising them in the Ministry of Finance should be discouraged. Such sanctions should be issued rarely and exceptions to the rule should be fewer so that the tendency to appeal and get round the rules is avoided as far as possible.

(Comments of the Committee on the Reply.)

*The Cabinet Secretary may intimate whether the Codification Committee has since completed their work and whether the revised code has since been brought into use. A copy of the revised code may also be placed before the Committee.*

improving the speed and quality of disposal of Government business. The formulation or review of the rules regulating pay, leave and other conditions of service of Government servants are outside its purview. A codification Committee consisting of representatives of the Ministries of Home, Finance and Law and Auditor-General has, however, already been at work for some time past to bring the existing rules in line with the present requirements and a revised code should be available before long.

(Statement laid on the Table on the 30th September, 1954).

The Codification Committee, which consists of part-time representatives of the Ministries of Home Affairs, Finance and Law, and Comptroller & Auditor General of India has so far completed the preparation of the

draft revised rules relating to 'Pay', "Compensatory allowances" and "Leave". The revised draft rules on these subjects have been printed and circulated to the various Ministries etc., for comments. It is proposed to finalise them after considering the comments received at a departmental meeting, if necessary.

2. *A note may be furnished on the reorganisation of the Ministries effected on the recommendations of the O. & M. Division.*

2. Presumably the Estimates Committee desire to have information about the kind of changes brought about as a result of the recommendations made by the O. & M. Division regarding decentralisation of authority for improving speed and quality of disposal of Government business. If so, the following may be cited as important instances of reforms introduced at the instance of the O. & M. Division :—

(I.S.S.O.M. No. 194 (I)—FC/55 dated the 7th December, 1955).

(i) The powers delegated to Ministries in financial & cognate matters have been enhanced in several directions with the result that many matters which hitherto required the prior concurrence of Finance and Home Ministries need not be referred to them now ;

(ii) The powers of the Heads of Departments have also been enhanced similarly ;

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(iii) The decision-taking level has been brought down in a large number of matters, e.g., Section Officers can now dispose of finally several types of cases without reference to higher officers.

3. Copies of the following orders issued in this connection by the Government are enclosed :

(i) \*Ministry of Finance O.M. No. F. 6 (4)—E.G.I./55, dt. 12-5-55 enhancing certain financial powers of the Ministries and Heads of Departments.

(ii) Min. of Finance O.M. No. F. 12 (45)-EST. III/51. dt. 8-6-55.

(iii) Min. of Finance O.M. No. F. 6 (19)-F. II (A)/56-1, dt. 25-6-56.

(iv) Min. of Finance O.M. No. F. 6 (19)-F. II (A)/56-2, dt. 25-6-56.

(v) Min. of Finance O.M. No. F. 7(66)-EST-IV/55, dt. 23-6-56.

(vi) Min. of Home Affairs O.M. No. 28/14/55-S&NG, dt. 6-7-55.

(vii) Min. of Home Affairs O.M. No  
78/209/54-T.S., dt. 9-7-55.

(viii) Min. of Home Affairs O.M. No.  
1/55-CS (C), dt. 14-7-55.

A new experiment has recently been initiated by reorganising the set up of Sections in order to eliminate unnecessary noting and to speed up the work in other possible ways. Under the new set up the first action on a receipt will be started by a section Officer (and not by an assistant as usual under the existing organisation) who would himself dispose of a larger proportion of cases than at present and would submit others with the minimum of noting directly to the appropriate officers and not necessarily through the usual channel. • A copy of the instructions on the subject is enclosed.

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(Cabinet Secretariat (O.G.M. Division)  
O.M. No. 9/1/55-O. & M. dated the 11th  
December, 1956)

It is a settled and good policy that the conditions of service relating to pay, leave, pension, etc. admissible to Government servants should not be altered to their disadvantage except where they were notified at the time of their appointment of the

52 The distinction between the conditions of service of the post-1931 and pre-1931 entrants is unjustifiable and gives rise to unnecessary resentment among the public services and should be abolished as early as possible.

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\*Not printed.

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possibility of such alterations. Ordinarily, revised terms and conditions of service, are applied to new entrants. A departure from this policy would create a feeling of uncertainty and loss of morale and adversely affect public interest.

The pre-1931 group of officers form a small and gradually dwindling lot. Any alteration in their conditions of service at this stage would constitute a grave breach of solemn assurances given by Government both before and after Independence.

(*Statement laid on the Table on the 30th September, 1954.*)

¶ 54 The principles laid down in para 53 of the Report (re-produced below) should be observed in making promotions and the present anomalies and defects should be removed so that the public services are in the hands of competent people in all grades and promotions are given on the basis of merit, efficiency and good conduct alone.

#### Principles

- (i) Promotions to higher posts classified as selection posts are mainly made on
- (ii) Promotions should be solely on the basis of merit regardless of the seniority of the persons concerned

in service ;

the basis of merit and to posts in lower grade on the basis of seniority subject to rejection of the unfit. It would not be desirable to adopt merit as the sole criterion for the latter. Even where promotions are based on merit, seniority must be given due weight.

(ii) persons should be judged for promotion by the people who have watched their work and conduct over a period ;

(iii) promotions should be made on the recommendation of a Committee consisting of not less than three Officers one of whom at least is acquainted with the work of the person concerned. In each case, the Committee should record in writing the grounds on which claims of persons, if any, senior to the person selected, were over-looked ;

(ii) & (iii). The procedure of Departmental Promotion Committees already ensures to the greatest practicable extent that the suitability for promotion is judged by a group of officers who between them have personal knowledge of the work and conduct of the officers under consideration as well as of the officers who have recorded Confidential Reports on them. The instructions already provide that the D.P.C. should record their reasons for any supersessions recommended.

(iv) in judging the person on the basis of the Confidential Report on him it should be seen that he was warned in time of the defects noticed in his work and conduct and that if he did not show improvement he was warned again ; and

(iv) & (v). These principles are already followed.  
(*Statement laid on the Table on the 30th September, 1954.*)

(v) if no warning has been given to a person, it should not be presumed that the reports on him are so good as to justify his promotion.

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**12 56-57**

(i) Government should examine the whole system of recruitment to public services by the U.P.S.C. in consultation with them and the disposal of disciplinary cases referred to that body, which is dilatory, complicated and irksome.

(ii) Government should prepare a report as to the lines on which the present procedure could be improved in order that the delays are reduced to the minimum and decisions obtained quickly.

(iii) The Committee make the following suggestions in this behalf :

(i) & (ii). The Union Public Service Commission is a statutory body deriving its authority directly from the Constitution and entitled to regulate its own internal procedure.

As regards the Committee's recommendations, the U.P.S.C. have observed that if the various matters covered by the recommendations had been discussed by the Committee with the Commission some of the misconceptions on which the Committee's suggestions seem to be based would have been removed.

(iii) These recommendations of the Committee have been examined in consultation with the U.P.S.C. and the conclusions reached are summarised below seriatim :—

(a) There should be a self-contained Division in the U.P.S.C. which should deal with all disciplinary cases

(a) There is no self-contained Division to deal with disciplinary cases. Such cases are put up to the Commission through their Secretariat officers. The proposal to appoint a whole-time officer under the Commission to process such cases and to help in expediting disposal has been taken up.

(b) That Division should lay down precise instructions and procedure for the disposal of such cases.

(b) Suitable instructions have been issued to Ministries/Departments from time to time. A reference is invited to para 29 of the Commission's Third Report for 1952-53.

(c) The U.P.S.C. should dispose of each case within a period of one week or 10 days and return the papers to the administrative Ministry concerned with their advice.

(c) Ten days would be too short in some cases even to complete a perusal of the record which often exceeds 500 pages.

(d) The Commission should confine themselves to the factual data sent to them and see whether *prima facie* the procedure has been rightly followed by the Department concerned and whether a reasonable opportunity has been given to the person concerned to state his case and whether the action proposed to be taken by the Department concerned is reasonable. The Commission should call for other papers which might be relevant to that case, if considered necessary.

Disciplinary cases are of a quasi-judicial nature and require a thorough, impartial and independent examination and, in the event of a difference of opinion among the members, discussion at a meeting. In more serious and complicated cases, the process naturally takes sometime. However, the Commission do endeavour to reduce the time taken as far as possible.

(d) The proper discharge of their functions requires that the Commission must be satisfied that, apart, from compliance with procedure, the findings of facts on the charges are warranted by the evidence and the punishment is appropriate.

(e) As regards the recruitment to various posts, the Commission should arrange to make recommendation in consultation with the autho-

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tions within 6 weeks to two months from the date of receipt of the requisition in their office. The internal procedure of the Commission should be so arranged that this time-table is followed, as far as possible, in all cases.

ties concerned sometimes takes considerable time. One month is the minimum allowed for receipt of applications. The scrutiny of the applications and selection of candidates for interview take another two weeks. A reasonable notice—not less than two weeks. is given to candidates to appear before Interview Boards. Actual interviews also take time. The minimum period required for these essential processes is two months. But delays arise when posts have to be re-advertised on revised terms. Sometimes advertisement fails altogether and the exceptional procedure of personal contacts becomes necessary.

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There is no reason to think that the time taken is excessive. The maximum period suggested by the Committee cannot possibly be adequate, although straight-forward cases do not actually take more than 2 to 3 months.

(f) The results of one examination for recruitment to various posts/services should be declared before another examination for the same posts/services is

(f) The numbers handled are very large and mounting from year to year. Nevertheless the Commission are doing their

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best to expedite the publication of results and have largely succeeded.

The revised procedure which has to be framed in connection with recruitment and disciplinary cases should provide for time limit within which matters referred to the U.P.S.C. should be disposed of in order that there are no delays and consequently no bottlenecks in the day-to-day administration.

Candidates who stand high enough to be reasonably certain of securing and appointment (subject to medical fitness, etc.) are informed accordingly and saved the trouble of appearing for the next examination.

(Statement laid on the Table on the 30th September, 1954)

48 63 (i) When powers of disposal of work are delegated to Officers, it should be an invariable rule that such Officers are not criticised merely because their approach to the matter has been different from that of the higher Officers.

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(ii) Whenever a Secretary or a Senior Officer reviews the work of a Junior Officer, it should be his endeavour to tell him how he should deal with such matters in future, in case a different view from the one taken by the Junior Officer is to be taken.

(iii) In each Ministry the decisions taken by Officers should be reduced in the form of self-contained orders for the guidance of staff. Such orders should be added to or revised from time to time and circulated periodically for the information of Officers and staff of the Ministry.

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The Methods and Organisation Division should consider this in all its aspects and lay down a clear procedure.

(Comments of the Committee on the reply.)

A copy of the instructions issued by O. & M. Division may be placed before the Committee.

(L. S. S. O. & M. No. 194(II)—FC/55 dated the 7th December, 1955)

A copy each of the following publications which contain the instructions referred to is enclosed:—

\*(a) Central Secretariat Manual of Office Procedure.

\*(b) Printed pamphlet containing the outline programme and circulars etc. issued during 1954-55.

\*(c) Pamphlet containing summaries of conclusions reached at the meetings of O. & M. Officers, Circular letters etc. issued during 1955-56.

Specific reference is invited to—

Re para 48(i) & (ii)—(i) Paragraph 2 of summary of talk given by the Director O. & M. Division, to the First Group Meeting of O. & M. Officers held on the 5th April 1954. [Pages 3 & 4 of Pamphlet at (b) above.]

•Not printed.

(ii) D.O. letters No. 6/4/54—O. & M. dt. 29-7-54 and 6-7-54—O. & M. dt. 30-8-54 and 13-1-55. [Pages 36-37, 48-49 and 61-64 of the Pamphlet at (b) above].

(iii) Paragraph 26 of the Manual referred to at (a) above.

In is also proposed to include suitable provisions of the type suggested by the Estimates Committee in a 'Guide to Efficiency' which is under preparation by the O. & M. Division.

Re. 48 (iii)—The O. & M. Division has recommended the maintenance of Standing Guard Files by each Section. Reference in this connection is invited to O. & M. Circular No. 10/3/54—O. & M. dt. 5-7-54. [Page 23 of the Pamphlet at (b) above].

[*Cabinet Secn. (O. & M. Divn.) O. M. No. 91/55—O. & M. dt. the 11th Dec., 1956*]

49 64 (i) There is an urgent need for reform to pierce through the tangled skein of sending files on a roving mission by one Ministry/Department to another for comments.

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The recommendations are covered by the existing instructions.

(*Statement laid on the Table on the 30th September, 1954*)

(ii) In future whenever a scheme or a proposal is initiated by a Ministry which requires consultation with one or

more Departments or Ministries of the Government of India or State Governments, it should be the invariable practice to consult only those Ministries or Departments who are really concerned and only on the specific points on which their advice is needed.

There is no use in sending the whole proposal for comments generally to each and every Ministry or Department directly or indirectly concerned and leaving it to that Department or Ministry to give whatever comments it pleases.

(iii) Consultation should normally be by means of self-contained Memoranda rather than by sending files containing all the internal noting to the various Departments who are required to be consulted. However, when found necessary files may be shown to the Departments concerned but such transmission of files should be limited to cases where the study of entire files is necessary.

(iv) The present practice of giving opportunity to everybody from the lowest to the highest rank to note on the same file makes the file unwieldy and important points are lost in the middle of un-important issues raised somewhere by somebody.

(v) It is also necessary that while asking for the advice

or comments of other Ministries or Departments, a time-limit by which a reply is required is given invariably so that it is not left to the Receiving Department to take their own time; but if it wants a little more time for examination than the period allowed for it, the Department can always ask for extension.

It is, therefore, time that the system of giving definite dates by which replies are required is introduced.

(Comments of the Committee on the reply)

*A copy of the existing instructions which are intended to cover the Committee's recommendations may be placed before the Committee.*

49(i) to (iii) Attention is invited to paragraphs 131, 132, 133 and 134 of Chapter XI of the Manual referred to at (a) above, *vide* S.No. 48.

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In order to eliminate unnecessary references and avoidable noting and movement of papers, special stress has been laid by the O. & M. Division on the maximum use of personal discussion as a preliminary to written references. Attention in this connection is invited to.

(L.S.S. O. M. No. 194 (II)-PC/55 dated the 7th December, 1955).

(i) Paragraph 5 of the summary of conclusions of the 5th Group Meeting of the O. & M. Officers held on the 23rd December 1954. [Pages 59-60 of Pamphlet at (b) above *vide* S. No. 48].

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(ii) D.O. No. F. 31(7)-E.O./55, dt.  
12-3-55. [Page 69 of the Pamphlet at  
(b) above, *vide* S. No. 48].

(iii) Paragraph 4 of summary of conclusions  
of the Joint Meeting of the O. & M.  
Officers of the Administrative Minis-  
tries and of the Expenditure Divisions  
of the Finance Ministry held on 21st  
March, 1955. [Page 70 of the Pamphlet  
at (b) above, *vide* S. No. 48].

49(iv) Paragraphs 27, 28, 30 and 31 of  
the Manual contain several hints to  
Officers to minimise noting.

As a further step to discourage lengthy  
noting a new procedure has been adopted  
in many of the Ministries under which all  
'major' dak will be taken by the  
Section Officers at a pre-arranged time  
every day direct to the Deputy Secretary  
who gives appropriate directions not only  
about the course of a action to be taken  
on each receipt *but also about the level*  
*at which it will be given first consideration*  
and whether it will require submission to  
a higher level for final decision.

Attention in this connection is invited to paragraph 4 of the summary of conclusions of the Joint Meeting of O. & M. Officers of the Administrative Ministries and Ministry of Finance held on the 9th November, 1955 read with Ministry of Home Affairs O. M. Circular No. 13, dated the 13th August 1955. [Pages 19 to 23 of the Pamphlet at (c) above, vide S. No. 48].

Another experiment (*vide* paragraph 4 of remarks against item 39) again intended to cut down noting, is now being carried out in the various Ministries. Under this experiment the set up of Sections has been organised in a way which could ensure that there will be no noting whatsoever at the assistant's level.

49(v) Paragraphs 40 of Chapter III and 47 (vii) of Chapter IV of the Manual of Office Procedure contains adequate provisions on this point.

(Cabinet Sectt. O. & M. Division) O. M. No. 9/1/55-O. & M. dated the 11th December, 1956)

45  
Steps are in progress to increase the printing capacity of Government presses. Meantime, it has been decided to make use of private presses to a larger extent than before. It is however, necessary

Such Departments as have to undertake large printing work should be given a free-hand in getting their printing work done without any outside interference.

to canalise requisitions through the Controller of Printing and Stationery to ensure full use of the existing Government resources and to prevent competition among Ministries for the available private capacity.

*(Statement laid on the Table on the 30th Sept., 1954)*

(i) The present system whereby the purchase and procurement of stationery and articles of office equipment is centralised in the Central Stationery Office, Calcutta, should be overhauled now that the activities of the Ministries and Departments have considerably increased and there is a large number of Offices,

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Considerations both of economy and efficiency justify the maintenance of the *status quo*. Bulk consumers like the Railways, Posts & Telegraphs and Army units already receive supplies direct. Stocks in the Stationery Office are maintained (i) as a reserve to meet emergencies and (ii) to cater to the requirements of small indentors numbering about 6,000 who would not find it practicable to draw upon a rate contract for the following reasons :—

(ii) It would be perhaps a simpler and a more efficient system, if the Stationery Office enters into rate contracts with the various firms supplying the particular items of stationery and the Departments or Ministries themselves may draw from the stationery

(i) Quantities of individual items needed by them are usually very small—much below the minimum for which suppliers will be prepared to accept orders ;

"nery firms direct for their requirements according to their own budget. If this system is followed there would be very little need for maintaining Godowns by the Central Stationery Office at Calcutta.

(ii) Each indentor will have to place a separate indent for each item with a separate contractor involving enormous expenditure on packing and transport. This will also render inspection and payment of bills very difficult ; and

(iii) Certain stores which are not available from indigenous sources have to be obtained through the D.G. I. S. D. London.

*(Comments of the Committee on the reply.)*

*(Statement laid on the Table on the 30th September, 1954)*

*A detailed note on the working of the Central Stationery Office may be called for. It may inter alia show the volume of Stationery Stores obtained and the extent of bulk orders placed by the Office.*

*[L.S.S. O.M. No. 194 (II)-FC/55 dated the 7th December, 1955]*

A Note on the working of the Central Stationery Office is enclosed as desired (Appendix. II).

[Cabinet Secr. (O. & M. Div.) O.M. No. 9/1/55-O. & M. dated the 11th December, 1956].

CHAPTER IV

REPLIES OF THE GOVERNMENT THAT HAVE NOT BEEN FINALLY ACCEPTED BY THE COMMITTEE  
AND ARE BEING PURSUED

Sl. No. • Ref. to para No. of the Report	Summary of Recommendations					Comments of the Committee
	1	2	3	4	5	
2 S(m)	After the scheme is concurred in from the financial point of view by the Ministry of Finance, the detailed execution of the scheme and spending of money thereon should be the responsibility of the Administrative Ministry concerned which should also be given power to vary or alter the amounts under the subheads of the scheme so long as the total outlay is not affected.		S. Nos. 2, 3 & 6.—	These recommendations presuppose the existence of internal financial advice within each Ministry and a change in the existing system of budgetary and financial control. The whole matter is now under consideration of the Cabinet.		(Statement laid on the Table on the 30th Sept., 1954)

After the Administrative Ministry and the Ministry of Finance have ap-

\*Note—Sl. No. indicates the serial No. of the recommendations as given in the Appendix to the Ninth Report.

proved the scheme it should be included in the Budget Estimates of the Ministry concerned ; and thereafter, there should be no further sanction or embargo on re-approvals within the various sub-heads of the scheme so long as the total amount of the scheme is not exceeded. In case the plan has to be revised and further money is required, the concurrence of the Ministry of Finance should be obtained before the additional money needed for the scheme is included in the Budget or Supplementary Estimates.

3                   6                   9                   The spending Ministry should go ahead with the scheme as planned and should take such administrative and financial advice within the Ministry itself as may be necessary from time to time.

6                   9                   The Secretary of the Administrative Ministry will be responsible for the sanctioning of the expenditure on the advice of the Financial Adviser and it will be the responsibility of the Financial Adviser to give him proper advice and in cases of disagreement between the Financial Adviser and the Secretary,

1 2 3 4 5

the matter shall be referred to the Minister who shall in consultation with Minister of Finance, take appropriate decision in the matter.

**[Comments of the Committee on the reply.]**

**S. No. 2, 3 & 6.—Final decision reached by the Cabinet and the executive orders issued in pursuance of the decision may be submitted to the Committee. Further, a comprehensive note may be called for from the Ministry of Finance analysing the extent to which the present procedure of preparing Budget and obtaining financial sanction contributes to delay in implementation of schemes. The reforms which are necessary in the present procedure in the light of the Committee's recommendation may also be indicated. (L. S. S. O. M. No. 194 (ii)—F. C/55 dated the 7th December, 1955).**

A scheme for the reorganisation of the Department of Expenditure of Finance Ministry is at present under implementation. A further communication will follow in due course.

[Cabinet Sectt. (O. & M. Division)  
O. M. No. 9/1/55-O. & M. dated the  
11th December, 1956].

**9 12 The Ministry of Finance should maintain a complete record of instances where due to bad or no Planning, funds had to lapse and place before**

Information about savings in grants voted by Parliament together with broad explanations is already furnished in the annual Appropriation Ac-

the Committee every year a statement showing the reasons in each case.

counts laid before the public Accounts Committee.

(Statement laid on the Table on the 30th September, 1954).

[Comments of the Committee on the reply]

The suggestion was that savings items should be separated into those due to bad or no planning and those should be brought together. The Ministry's attention may be drawn to this point. (L.S.S. O.M. No. 194 (1) - F.C. / 55 dated the 7th December, 1955).

The attention of the Ministry of Finance has been drawn to the recommendation. The matter is still under examination in that Ministry in consultation with the Comptroller and Auditor General of India.

[Cabinet Secrt. (O.&M. Div.) O. M. No. 9/1/55-O. & M. dated the 11th Dec., 1956]

(i) A review should be made forthwith of the general organisational set-up of the various Public Corporations and Undertakings.

(ii) There should be a cadre of capable men drawn from business, commerce, industry and trade who have given good account of themselves in the various spheres of activities and State Undertakings must be entrusted to them to be run on efficient business principles and practices. This should be

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recommendations have been pursued in the Sixteenth Report of the Committee.

(i) Such a review is already in progress.

(ii) The question of making systematic arrangements for supply of persons with the requisite capacity and experience for the management of State enterprises is being carefully examined. It is, however, not yet possible to say whether this would take the form of an All-India Service. Meanwhile, it is neither practicable nor desirable to exclude altogether

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In the nature of an All-India Service and designated as "Indian Commercial and Industrial Service" as envisaged in the statement regarding the Industrial Policy of the Government of India which was laid on the Table of the House on the 6th April, 1948.

Government officers possessing requisite administrative experience.

(iii) The present practice of appointing Officers from services either on the Board of Directors or as Managing Directors should be done away with and in any case the Secretary or Joint Secretary of Ministries who are concerned with advising the Minister or Government on matters of policy and otherwise to keep effective control on the various activities of the Ministry should not be associated with the day-to-day execution of their policies either in connection with State Undertakings or otherwise.

(iii) The presence of Departmental and Finance Officers on the Boards of State Undertakings helps to provide effective supervision [vide recommendation in sub-paragraph (iv) below] on behalf of the Ministers in-charge and in conformity with Government's national policies. Such officers are not concerned with the day-to-day management of the Undertakings which rests with the General Managers or Managing Directors who are wholly outside the Secretariat, and enjoy a very large measure of discretion.

(iv) The State Undertaking should be considered as a separate entity

(iv) These principles are already being followed.

from the administrative Departments concerned and should be given full measure of autonomy within the framework of the State and a careful watch should be kept to see that the Undertaking is fulfilling its role efficiently and properly as is assigned to it.

(v) It should also be considered whether a Board on the lines of the Railway Board may not be constituted for each Industry with men of experience in that business.

(v) This recommendation is perhaps based on a misunderstanding of the powers and functions of the Railway Board and its relations with the Railway Ministry. Adoption of a similar machinery for State Undertakings would be contrary to the Committee's own recommendation contained in the preceding sub-paragraph. However, Government are examining the question whether it would be feasible and useful to have a Central Organisation to consider general questions of policy in regard to Industrial Undertakings of the Central Government.

(Statement laid on the Table on the 30th September, 1954).

21 29 (i) Cadres in different spheres of Government activity similar to the Finance and Commerce Pool may be

(i) Government have always accepted the principle that technical and specialised posts should be manned by

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constituted with such modifications as the present conditions might indicate, which will form the source for manning important and technical posts in the various Departments.

officers who possess the necessary knowledge and experience.

The two obvious methods of ensuring this are (a) to organise regular services in the technical fields (e.g., Forest, Agriculture, Health, Engineering, Income-tax, Customs, Audit, Accounts etc.), and (b) to organise pools of officers drawn from different sources and give them the necessary training for manning specified groups of posts (e.g., Finance-Commerce Pool). The method (b) is suitable only in spheres where the work, though specialised is largely administrative in character.

(ii) Though *indiscriminate* transfers must obviously be avoided, the danger of excessive specialisation and narrowness of outlook has also to be guarded against. The public interest is best served by making available to the Minister the advice of the Technical Officer who is specialised in his own field as well

(iii) Officers who are trained in a particular line of administration or who are trained in a certain sphere of Government activity should not be shifted from place to place indiscriminately.

as a general administrator with a wide and varied experience.

This problem might be studied by the Methods and Organisation Division in a concrete manner. Government thereafter lay down some principles which should be followed in this respect.

In technical Departments, technical officers normally function in advisory and executive capacities. Policy matters which also cover general administrative considerations are decided by the Minister on the advice of the Senior Technical Officers and of non-technical administrative officers possessing specialised and varied experience. The problem of attaining a judicious admixture of technical and non-technical Officers and equipping the latter with requisite experience would be studied in detail by the Organisation & Methods Division.

(Statement laid on the Table on the 30th September, 1954).

(Comments of the Committee on the reply.) The matter is under consideration.

A note on the O. and M. Division's findings analysing the results of their detailed study of the problem of admixture of technical and non-technical Officers may be submitted.

(L.S.S. O.M. No. 194 (II)-FC/55 dated the 7th December, 1955).

1	2	3	4	5	
30.	41	No Government servant who at the time of retirement or finally leaving Government service voluntarily or under Government orders is in receipt of pay of Rs. 500 per mensem and above, shall take employment in any private business which comes within the sphere of responsibility of the Government Departments in which he worked during three years before retirement, and thereafter, if he wishes to get employed he may take up such employment after informing Government.	Orders already exist prohibiting officers of All India and Class I Central Services from accepting private employment for two years after retirement except with Government's permission which is granted only after proper scrutiny. These meet substantially the considerations which the Committee have in mind.	The existing limit of two years is considered sufficient and classification of Government servants according to service is more suitable than classification by pay.	The question whether and how a similar control could be exercised over officers who are not drawing a pension is under examination in the Ministry of Home Affairs.

*(Comments of the Committee on the reply)*  
**The Committee consider that besides the All India and Class I Services, Officers**

*(Statement laid on the Table on the 30th September, 1954).*

The question whether the restriction on acceptance of commercial employment within two years of retirement should be extended to Class II officers

of Class II Services should also be brought under the purview of the orders prohibiting acceptance of private employment for a certain period after retirement. The Committee also consider that the present limit of two years is too short and would like to reiterate their original recommendation that the limit should be three years.

They would also like to know the number of cases during the last three years where permission was asked and was granted or refused. The results of the examination regarding exercise of a similar control over officers who do not draw pension may be intimated to the Committee.

has been considered on several occasions in consultation with the State Governments. The conclusion reached has been that it was unnecessary to bring Class II officers within the scope of the restriction. In the first place, Class II officers are not generally in positions of influence and there is no incentive on the part of private firms to please such officers. Secondly, even if they wanted to do so the officers can do little to help the private firms. Thirdly, the number of such officers is very large and if the restriction is extended to them it will result in an increase of work all round without any corresponding practical advantage.

(L.S.S. O.M. No. 20-ECI/36 dated the 6th February, 1956).

There is, however, no objection to restrictions being imposed on specified categories of Class II officers, if necessary and on the suggestion of the Ministry of Works, Housing and Supply orders have been issued already placing a ban on all Engineers of gazetted rank and other gazetted officers employed on engineering and administrative duties with engineering departments seeking employment as contractors for or in connection with the execution of public works or

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as employees of such contractors within two years of their employment. A copy of the orders issued in this connection is enclosed (Appendix III).

The limit of two years was fixed on the basis of the United Kingdom Foreign Service Regulation No. 17 which placed a similar restriction on certain grades of officers of the United Kingdom Foreign Service. No useful purpose is likely to be served by extending the period to three years.

The question of extending the restriction to non-pensionable officers like those covered by Contributory Provident Fund Rules was also specifically considered in the past and it was decided in consultation with the Railway Ministry that no such restriction on non-pensionable officers was possible because once their Provident Fund, gratuity, etc., are paid off on retirement, Government had absolutely no control over such officers.

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The Committee feel that as in the case of non - pensionable Officers of the Engineering Department, the non-pensionable Officers of other departments should be required to sign an undertaking at the time they are paid the gratuity or Provident Fund that they would not seek re-employment in private business for two years except with government's permission.

A statement showing the number of cases where Class I officers who applied for and were granted or refused permission to take up Commercial employment after retirement during the years 1953, 1954 and 1955 is attached. (Appendix IV).

[*Cabinet Secr. (O. & M. Division) O.M. No. 9/1/55-O. & M. dated the 11th December, 1956.*]

33 45 The system of appointing the Officers of the Treasury to the Executive Departments prevalent in the U. K. may be examined and if it is found to be satisfactory to our own requirements it may be adopted. The Committee would, however, observe that the question of the status and position of the Financial Adviser *vis-a-vis* the Administrative Ministry, and in regard to his liaison with the Ministry of Finance should be carefully defined so as to ensure the independence of financial advice with due regard to efficiency and quick disposal of work.

Appointments of officers of and above the level of Deputy Secretary in every Ministry require the approval of the Appointments Committee of Cabinet which consists of the Prime Minister, the Home Minister and the Minister or Ministers concerned.

The feasibility of adopting the U. K. system is being considered by the Cabinet along with the questions referred to in the comments against Serial Nos. 2 and 3.

(*Statement laid on the Table on the 30th September, 1954.*)

(*Comments of the Committee.*)

*The final decision of the Cabinet regarding the adoption of the U. K. system may be intimated.*  
[L.S.S.O.M. No. 194(11)-FC/55 dated the 7th December, 1955].

Please see reply to items 2, 3 and 6.

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43      58      (i) It is not correct that Purchase Organisations should be run as part of Government Department or Consular Offices in U.K. and America on the same principles and procedure of Government departments and manned by the same kind of personnel.

(ii) The working of the purchase organisations of Government has been examined in detail by the Stores Purchase Committee and the recommendations made by them in their Interim Report are already under examination in consultation with Ministries concerned. A final decision will be taken on the receipt of the full report of the Committee, which is expected soon.

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(Statement laid on the Table on the 30th September, 1954.)

(Comments of the Committee on the reply.)

The decision taken with reference to the recommendations contained in the Report of the Stores Purchase Committee may be intimated to the Committee.

[L.S.S. O.M. No. 194(11)-FC/55 dated the 7th December, 1955].

In paragraph 58 of their 9th Report, the Estimates Committee had referred to the recommendation made by them to the Stores Purchase Committee regarding the setting up of a Corporation for State purchases. The Stores Purchase Committee have however, made no 'firm' recommendation on the proposal but have stated that the existing Central

Purchase Organisation, i.e., Directorate General of Supplies should continue. They have, however, recommended establishment of a high powered Purchase and Development Board which will secure all the advantages envisaged by the Estimates Committee in their proposal to set up a Corporation. This recommendation of the Committee is still under consideration\*.

[Cabinet Secretariat O. & M. Division O.M. No. 9/1/55-O. & M. dated the 11th December, 1956].

\*This matter has been dealt with under Serial No. 17, Chapter IV of the Thirty-Fifth Report.

*Note.* After the finalisation of this Report, the following reply was received from Government.

"The Government have given careful consideration to this recommendation and have come to the conclusion that a Board as recommended by the Stores Purchase Committee will not prove to be useful and effective in its actual working. The principle, however, on the basis of which the recommendation has been made, that the isolation from which the I. G. S. & D. at present suffers should not be permitted to continue is recognised. With a view to removing this isolation, the Government have decided to set up a Standing Committee consisting of the D.G.S.&D, the Head of the Development Wing of the Ministry of Heavy Industries and representatives of the Ministries of Defence, Railways, Communications and Finance, under the Chairmanship of the Secretary, Ministry of Works, Housing and Supply. Representatives of the other indenting Ministries. Departments would be associated as and when their problems come up for discussion before the Committee.

The Committee will function as an advisory body to the D.G.S. & D. and the Ministry of Works, Housing and Supply in terms of the functions envisaged by the Stores Purchase Committee for the purchase and Development Board (*Vide Appendix V attached*) and particularly to ensure proper co-ordination between the Central Purchase Organisation and its indentors and to stimulate development of indigenous capacity for stores which are at present imported.

*Cabinet Secretariat O & M Division No. 9/1/55. O & M (Vol. II) dated the 22nd March, 1957.*

44 59 (i) It should be the responsibility of the Central Government to lay down policies for the country as a whole, to see that their policy is followed and to assess the results and their relative effects on the various parts.

The implications of the proposals contained in paragraph 59 are not clear. The federal form of Government and the distribution of legislative and executive authority between the Centre and the States is embodied in the Constitution and no periodical changes are possible except by amending it. In respect of the Central subjects, decentralisation of administrative authority to the States is possible only to very limited extent without compromising effective control of Parliament over the executive. In the subjects allotted to the States initiative already rests with the States and the Centre can only advise, exhort and co-ordinate. Indeed some authorities regard this as a handicap to the successful implementation of the Five Year Plan.

(ii) In matters which are included in the State List, the State Government should be primarily responsible for the enunciation and execution of policies as also the execution of policies and schemes laid down by the Central Government and the Central Government should co-ordinate and keep a general supervision. There is, therefore, need for devolving on the States activities which are executive in nature and different from policy by Co-ordination of general supervision in the field of say, Food and Agriculture, Education, Health, Labour, etc.

However, the possibility of decentralising the executive work of the Government of India to the safest possible extent is now being examined by Cabinet.

(Statement laid on the Table on the 30th September, 1954.)

(iii) If there is greater degree of centralisation, the State Governments will develop confidence and in due course be able to take heavier responsibilities.

(iv) If a beginning is made in the above direction from now onwards, it will soon result in the raising of the level of the administration as a whole and there will be quicker execution of policies and greater satisfaction to the people.

(v) The Methods and Organisation Division should examine in closest detail the various ways in which the executive work of the Government of India can be decentralised to the State Governments and from there to the local administrative units so that greater speed and efficiency is achieved in the administration as a whole.

(Comments of the Committee on the reply.)

The final decision regarding decentralisation of the executive work of the go-

A further communication will follow as soon as possible.

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*Government of India may be intimated  
to the Committee.*

(L.S. S. O. & M. No. 194(II)-FC/55 [Cabinet Secy. (O. & M. Division) O.M.  
dated the 7th December, 1955.) No. 9/1/55-O. & M. dated the 11th  
December, 1956.]

NEW DELHI;  
*The 21st March, 1957.*

BALVANTRAY G. MEHTA,  
*Chairman,*  
*Estimates Committee.*

## APPENDIX I

(*Vide* S. No. 26, Chapter III)

### *Note regarding Separation of Accounts from Audit*

On the *de facto* transfer of French Establishments in India to the Government of India a Pay and Accounts Office was set up at Pondicherry with effect from 1st November, 1954. Departmental Pay and Accounts Offices have also so far been opened, as an experimental measure, for the Food, Rehabilitation, Supply from 1st April, 1955 and Printing and Stationery from 1st December, 1955, as well as for the Rajya Sabha and Lok Sabha Secretariats, from 1st October 1955, at the Centre and for Education, Refugee Relief Rehabilitation Departments in West Bengal from 1st August, 1955 and Police Department in Saurashtra from 1st October, 1955.

2. The working of the maintenance and departmental accounts was reviewed recently at an Inter-Departmental Meeting and it showed that it is still premature to express any final opinion on the experiment as the scheme has been in force only for over a year now. Apart from the time required for the departmental accounts officers to adjust themselves to the new set up in a way in which they could function strictly according to the established Financial Rules and Regulations, the matter was somewhat complicated by the marked deficiency in available trained manpower caused by the rapid expansion of the scope of the activities of Government. The scheme also raised a number of important issues including some that would impinge on the constitutional provisions and as such it would not be desirable to take any hasty decision. It has, therefore, been decided that for the present (i) no further expansion of the scheme should be undertaken in the State field ; Comptroller and Auditor General should consider whether the scheme in Bengal should not be abandoned ; (ii) the experiment in the Central field should be extended to the Irrigation and Power Ministry, which had been provided with an internal Financial Adviser. The possibility of its further expansion to CPWD where heavy outlay on works expenditure is involved, should also be explored ; (iii) the detailed working of the scheme should be reviewed by a high level officer to be appointed by the Comptroller and Auditor General ; and (iv) an interim report on the working of the scheme with reference to the Departmental Accounts Offices already set up should be furnished to the Government in the near future.

## APPENDIX II

(*Vide S. No. 51, Chapter III*)

*A detailed note on the working of the Central Stationery Office, Calcutta, containing inter alia, the volume of stationery stores obtained and the extent of bulk orders placed by them*

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### *1. Working of the Government of India Stationery Office—*

The Government of India Stationery Office was founded more than a century ago to ensure regular supply of stationery materials to the authorised indentors. Its main functions are stated below :—

- (i) Procurement of Stationery materials (both indigenous and imported).
- (ii) Planned stocking of the bulk of these materials in the various stores and godowns.
- (iii) Arranging for the supply of stationery requirements to the authorised indentors either from the stocks or by direct despatch by the Contractors in accordance with the scales, in the case of non-paying indentors, and budget grants, in the case of paying indentors.
- (iv) Maintenance of accounts of the stationery procured and issued.

2. The changes in working conditions that have taken place since July, 1954 in respect of (i), (ii) and (iii) above are indicated below. Further, a Study Group of O. & M. Officers is at present going into the detailed working of the Government of India Stationery Office.

### *3. Procurement of stationery stores—*

(a) *Indigenous Stores*.—In consonance with the recommendations of the Departmental Committee contained in para 41 of their Report, procurement action is being commenced in the month of August, preceding the year in which supplies are required to be procured. The quantity statements are passed by Controller by the middle of August. The Advertisements are published in the leading newspapers and in the Indian Trade-Journal by the 1st September. Indigenous stores are procured on the basis of competitive rates and qualities of stores tendered. With a view to ensuring smooth flow of supplies, contracts are in many cases distributed amongst a number of contractors at slightly varying rates. Conditional offers (*viz.* those subject to release assistance by Government) are not accepted. Applications for release assistance or for import licence are, however, forwarded to the appropriate authorities with suitable recommendations.

The Stationery Office is still facing difficulties in the matter of procurement owing to the limited powers of purchase. These difficulties will be minimised if powers of purchase of the Head of that office in view of the appointment of an officer of a higher status, *viz.*, Controller of Stationery, are enhanced. Suitable proposals in this respect are under consideration.

(b) *Imported Stores.*—Every effort is being made to persuade the indentors to use indigenous stores. Indents for imported stores are, however placed on the D.G.I.S.D., London, only in respect of the stores for which estimates are furnished to Stationery Office and which are certified to be indispensably necessary. Prior to submission of the Indent to U.K., tenders for such stores are invited from the stockists in India with a view to finding out if such stores are available with these stockists and if it would be more economical to obtain the stores from abroad. This is in accordance with the recommendations in para 52 of the Departmental Committee's report. The tenders referred to above are also meant to find out if suitable indigenous substitutes are available.

#### 4. *Planned stocking of materials*—

In para 57 of their recommendations, the Departmental Committee have laid down that there should be two stores, one Main (Wholesale) Store and the other Retail Store. Accordingly, the Main and the Retail Stores started functioning with effect from 1st September, 1954. Materials are being stocked and recoupments are being effected in the manner indicated by the Committee. Bin Cards are also being maintained for every item of store in the manner suggested by the Committee. Separate packing and despatch sections under the control of the Assistant Controller of Stores, and entirely independent of the two Stores, also started functioning with effect from 1st September, 1954.

#### 5. *Arrangements for the supply of Stationery requirements to the authorised Indentors*—

The indents received from approximately 5500 indentors are classified under the following categories and dealt with in the 3 Supply Branches of the Stationery Office :—

- (1) Indents from Defence Services.
- (2) Indents from Non-paying Central Civil Officers.
- (3) Indents from Paying Departments, *viz.*, Railway & Post Offices, —] Part C States etc. and quasi-Public bodies.

Defence services have got several Stationery Depots. Items are demanded in bulk by these Depots and supplies in respect of most of the Items are arranged by direct despatches from the Mills/Firms. Similar action is also taken in respect of big demands from the Ministry of Defence or other Wings of the Defence Services.

Identical action is taken in respect of Indents from the other big non-paying Indenters and from the Paying Departments, like the Railways and Posts and Telegraphs Department. With a view to availing of the reduced departmental charges, the Railways always prefer supplies by direct orders on Mills and firms.

6. The attached statement would indicate that the value of direct supply orders is gradually on the increase and that of Store supply orders is decreasing. The pressure on the Stationery Office Store is expected to be reduced further owing to :

(i) the utilisation by the Government of India Forms Store, Calcutta, and the Government of India Press, Calcutta, of a considerable portion of the godowns at Santragachi for the storage of their stocks of paper etc., which is at present supplied by the Stationery Office from its stock on receipt of demands from those two Organisations. Occasional supplies of paper and supplies of Straw Boards which is at present being arranged from the Stationery Office stock are likely to be arranged in future by placing direct supply orders.

(ii) The establishment of a regional Stationery Depot at Delhi within the next few months to cater to the requirements of the Ministries and Departments of the Government of India in New Delhi and Delhi, will also afford a great relief to the Stationery Office.

7. As regards the suggestions of the Estimates Committee that it would be simpler and more efficient system if the Stationery Office enters into rate contracts with various firms and the indentors draw their requirement direct from the firm, it may be stated that the matter was considered in detail by the Vaish Committee in para 23 of their report. The Committee did not favour the substitution of quantity contracts for rate contracts for the following reasons :

(i) Under a rate contract there is no obligation on the part of the Government to place orders for any specified quantity. Raw Material is to be arranged by the firms for the production of finished goods. If rate contracts are placed, the firms cannot estimate their requirements of raw materials and cannot quote economic rates.

(ii) Small indentors, whose number is much greater than the big indentors, require these items in small quantities. The firms will decline to accept such small orders as they will have to obtain payments of small amounts of bills from a large number of consignees and also the cost of packing and transportation of such small consignments will be disproportionately high.

(iii) In the case of stationery manufactured through Government or private presses, materials are supplied from the Stationery Office stock and the contracts must be operated by the Stationery Office. Apart from the fact that the private presses will not undertake piecemeal orders without extra charge, it would be impracticable for the Stationery Office to issue materials to the presses against individual and piecemeal orders. Maintenance of accounts and keeping effective check by the Stationery Office will also be difficult.

(iv) A reserve stock will have to be maintained in the Stationery Office to meet emergent requirements due to break-down of supply on account of strikes, etc.

(v) Inspection of the quality of the stores before supply by the contractors will be difficult and a large inspecting staff on a regional basis would be necessary to cope with the work, unless it is decided to do away with the inspection, in which case the Government will have to run the risk of accepting poor quality of stores.

(vi) The number of bills will increase enormously and so will the correspondence and complaints for delay in payment in connection therewith.

*II. Volume of Stationery Stores obtained and extent of bulk orders placed by the Stationery Office*

A statement furnishing the comparative figures for the year 1951-52 to 1953-54 is given below :—

	<i>Direct Supply</i>	<i>Sto Supply</i>
	Rs.	Rs.
1951-52	1,87,64,932	65,47,530
1952-53	2,43,72,170	92,85,065
1953-54	2,69,04,528	90,86,007

## ANNEXURE

*Statement Showing the Proportion of Supplies Made (i) Through the Stationery Office Stores and (ii) Direct by the Contractors to the Indentors during the Years 1951-52 to 1953-54*

1951-52		1952-53		1953-54	
Store Supply	Direct Supply	Total	Store Supply	Direct Supply	Total
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Issue: 75,93,965	1,87,64,932	2,63,58,897	86,67,218	2,43,72,170	3,30,39,388
Proportion: 28.81%	71.19%		26.23%	73.77%	
				21.72%	78.28%

## APPENDIX III

(*Vide* S. No. 30, Chapter IV)

No. 29/I/55-Ests.

GOVERNMENT OF INDIA  
MINISTRY OF HOME AFFAIRS

*New Delhi-2, the 20th June, 1956*

### OFFICE MEMORANDUM

**SUBJECT :** Acceptance of employment as contractors or as employees of contractors by engineers and other officers of gazetted rank of Engineering Department after retirement.

Under article 531-B of the Civil Service Regulations, retired Government servants who belonged to All-India Service or Central Services, Class I, are required to obtain the permission of Government before taking up any commercial employment within two years of their retirement.

2. According to the existing instructions, retired engineers of the Central Public Works Department are *debarred* from working for the department either as contractors or as employees of contractors. It has now been decided that such a ban should be removed and that, as in the case of retired-officers of All India Services and Central Services Class I, taking up commercial employment, retired engineers should be required to obtain prior permission of Government if they seek employment as contractors or under such contractors within two years of retirement.

It has also been decided that this principle should be adopted uniformly in respect of all engineers of gazetted rank and other gazetted officers employed on engineering or administrative duties in the engineering departments of the Government of India, who after retirement, seek employment as contractors for or in connection with the execution of public works (including Railway and Defence works) or as employees of such contractors within two years of their retirement. Such permission within two years of such an officer's retirement will be given very rarely and only in special circumstances.

3. No person who is covered by these orders and has not obtained the necessary permission should be given any such contract and a condition should be incorporated in the terms of the contract that it is liable to cancellation if either the contractor himself or any of his employees is found to be a person to whom these orders applied and he had not obtained the necessary permission.

4. As a further safeguard, it has also been decided that at the time of sanctioning pension, officers of these categories should be required to sign an undertaking that they would not seek such employment within two years of retirement without the prior permission of government. In the case of non-pensionable officers, the officers should be required to sign a similar undertaking at the time they are paid the gratuity.

Sd. B. D. TEWARI,  
*Deputy Secretary to the Government of  
India.*

To

All Ministries of the Government of India etc.

## APPENDIX IV

(Vide S. No. 30, Chapter IV)

*Statement showing the number of cases where Class I officers applied for and were granted or refused permission to take up commercial employment after retirement during the years 1953, 1954 and 1955*

	Officers of Class I Service	ICS/IAS/ IP/IPS	Total
No. of cases where permission was asked for . . . . .	26	16	42
No. of cases where permission was granted . . . . .	20	16	36
No. of cases where permission was refused . . . . .	2	..	2
No. of cases where permission was neither refused nor granted as Government servants concerned did not furnish the particulars of post etc. which they proposed to take up .	4	..	4

## APPENDIX V

(*Vide* S. No. 43, Chapter IV)

### *Functions of the Purchase and Development Board as envisaged by the Stores Purchase Committee*

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The functions of the Purchase & Development Board as envisaged by the Stores Purchase Committee are detailed below :—

1. to advise on the most effective methods for implementing the Central Purchase Policy as an instrument for industrial development ;
2. to advise on any other matters of purchase policy or any procedural or organisational matters, with a view to improving the effectiveness of the Central Purchase Organisation ;
3. to advise the departments undertaking direct purchases as well as Government Corporations, on general matters of policy and the scope of such direct purchases. Individual purchase cases of importance may also be referred to the Board by Departments or Corporations and the Board will offer its advice in such cases ;
4. to advise on all cases of purchases having unusual features which may be referred to the Board by the Director General (Supplies & Disposals) or such other cases as are beyond the Director General's powers, e.g., cases relating to price preference margins, waiving of Liquidated Damages etc. The contracts in such cases will continue to be executed by the Director General (Supplies & Disposals) ;
5. to keep under constant review Government's purchases abroad with a view to ensuring that no purchases are made abroad of any items which can be produced indigenously and also with a view to developing capacity in the country for the future production of such items ;
6. to undertake periodically a review of the principles followed by indenting departments in formulating their indents, with a view to ensuring economy in outlay and better development of indigenous capacity ;
7. to review the working of the Central Purchase Organisation with a view to consider transfer of additional stores, including specialised items from indenting departments to the Central Purchase Organisation for procurement.

8. to advise on proposals for direct purchase of equipment and stores by a major project other than an industrial or a river valley project.
9. to compile a list of items the development of which should be sponsored urgently and to explore the possibility of making long-term arrangements with prospective indigenous manufacturers;
10. to co-ordinate developmental activity on proposals sponsored by Government departments for indigenous manufacture;
11. to prepare a list of items in respect of which the general price preference of 15 per cent. to indigenous products need to be raised to 25 per cent.;
12. to advise purchase authorities on suitable action to be taken in cases where a decision purely on the basis of lowest quotations received is likely to result in virtual extinction of an industrial unit ;
13. to scrutinise large-valued indents through a standing committee with a view to avoid over-stocking of stores in indentors' depots ;
14. to review periodically the schedules of powers delegated to officers at various levels in indenting departments for approval of demands ;
15. to review the working of the arrangements made by the Central Purchase Organisation in regard to programme for receipt of indents ;
16. to examine 'urgent' indents which may be referred to by the Central Purchase Organisation and to suggest remedial measures to indenting departments for reducing the number of such indents;
17. to advise on cases referred to by the Central Purchase Organisation in regard to purchase of alternative 'makes' against indents for proprietary stores;
18. to arrange for the preparation of a comprehensive vocabulary of stores required by various indenting departments;
19. to review periodically the working of the proposed system of issuing limited tenders in the case of demands below Rs. 10,000/- in value;
20. to prepare list of items where purchases should be restricted to specified 'makes' and 'brands' and also arrange for trials of new products and brands.
21. to advise on cases referred to by the Central Purchase Organisation in regard to purchase of large-valued spare parts.
22. to review periodically cases involving major deviations from the General Terms and Conditions of Contract.
23. to review the list of stores to be inspected by the Central and Departmental Inspection Agencies.