P.A.C. No. 206

PUBLIC ACCOUNTS COMMITTEE

(1968-69)

(FOURTH LOK SABHA)

FIFTIETH REPORT

[Action taken by Government on the recommendations of the Public Accounts Committee contained in their 11th Report (Fourth Lok Sabha) relating to "New Services"/"New Instrument of Service"]

LOK SABHA SECRETARIAT
NEW DELHI

April, 1969/*Vaisakha*, 1891 (*Saka*)

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8	1.19	-	Printed in thin type	To be treated as printed in thick type

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*Declared elected on 19th August, 1969 *vice* Shri M.M. Dharia, who resigned from the Committee.

INTRODUCTION

I, the Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this Fiftieth Report on the Action Taken by Government on the recommendations of the Public Accounts Committee contained in their 11th Report (Fourth Lok Sabha) relating to "New Service"/"New Instruments of Service".

2. On 12th June, 1968, an "Action Taken" Sub-Committee was appointed to scrutinise the replies received from Government in pursuance of the recommendations made by the Committee in their earlier Reports. The Sub-Committee was constituted with following Members :

1. Shri D. K. Kunte—*Convener*.
2. Shri C. K. Bhattacharyya.
3. Shri K. K. Nayar.
4. Shri Narendra Kumar Salve.
5. Shrimati Tarkeshwari Sinha.
6. Shri N. R. M. Swamy.

3. The draft Report was considered and adopted by the Sub-Committee at their sitting held on 8th April 1969 and finally adopted by the Public Accounts Committee on 21st April 1969.

4. For facility of reference the main conclusions/recommendations of the Committee have been printed in thick type in the body of the Report. A statement showing the summary of the main Recommendations/Observations of the Committee is appended to the Report (Appendix).

5. The Committee place on record their appreciation of the assistance rendered to them in this matter by the Comptroller and Auditor General of India.

M. R. MASANI,
Chairman,
Public Accounts Committee.

NEW DELHI;
April 28, 1969/*Vaisakha* 8, 1891(S).

CHAPTER I

REPORT

This Report of the Committee deals with action taken by Government on the recommendations/observations contained in their 11th Report (Fourth Lok Sabha) relating to New Service/New Instruments of Service which was presented to the House on 30th April, 1968.

1.2. The action taken notes on the recommendations of the Committee have been categorised under the following heads :—

(i) *Recommendations/observations that have been accepted by Government* :

S. Nos. 1 (1.64-1.65), 2 (1.68) (a)(i), 2 (1.71) (a)(i) 3 (1.74-1.75), 5 (1.85), 6(1.86), 7 (1.95-1.98), 8 (1.102-1.103), 9 (1.104-1.108).

(ii) *Recommendations/observations which the Committee do not desire to pursue in view of the replies of Government* :

S. Nos. 2 (1.68) (a)(ii) & (iii), 2 (1.69)(b)(i) & (ii), 2 (1.70) (c), 2 (1.71) (a)(ii), 2 (1.72) (b), 2 (1.73) (c), 4 (1.77-1.84).

(iii) *Recommendations/observations replies to which have not been accepted by the Committee and which require reiteration* : S. No. 3 (1.76).

1.3. The Committee will now deal with action taken on some of the recommendations.

Criterion for New Service/New Instrument of Service—Paragraph 1.67—1.73 (*S. No.* 2).

1.4. Article 115(1) of the Constitution requires that "when a need has arisen during the current financial year for supplementary or additional expenditure upon some new service not contemplated in the Annual Financial Statement for that year", another statement showing the estimated amount of that expenditure should be laid before both the Houses of Parliament and necessary appropriation law got enacted in terms of Article 115(2). The term "New Service" has not been defined in the Constitution.

1.5. In their 11th Report (Fourth Lok Sabha) the Public Accounts Committee had suggested that the following items of expenditure should constitute New Service/New Instrument of Service requiring Parliament's approval :

(i) expenditure arising out of a policy decision, not brought to Parliament's notice earlier, including a new activity or a new form of investment;

(ii) substantial expenditure arising from an important extension of an existing activity; and

(iii) the setting up of a new Government Company or the spliting up of an existing Government Company or the amalgamation of two or more Government Companies or the taking up of new activity by an existing Government Company or a Departmental Undertaking or new investments in Private Sector Companies.

1.6. In paragraphs 1.67—1.73, the Committee made the following recommendations with regard to financial limits in this regard :

1.67. The Committee consider that the monetary limits proposed by Government for additional investments in or loans to a Government Company/Departmental Undertaking and Private Companies/Private Institutions are, however, on the high side. The Committee recommend that budgetary provisions for Public Sector Undertakings and Private Sector Companies/Private Institutions should be on the lines indicated below :

1.68. I. Public Sector Undertakings.

(a) The following cases should be treated as involving 'New Service'/ 'New Instrument of Service' :

(i) Setting up of new Government Companies, spliting up of an existing Government Company or amalgamation of two or more Government Companies, and the taking up of a new activity by an existing Government Company or a Departmental Undertaking.

(ii) Additional investments in an existing Departmental Undertaking of Rs. 1 crore and above or 50% of the budget provision whichever is less.

(iii) Additional investments in or loans to finance an existing Government company subject to the limits shown below :

Limits of Additional Investments or loans

Undertakings with paid-up-capital upto Rs. 1 crore.	**Rs. 10 lakhs and above or 50% of the budget provision, whichever is less.**
Undertakings with paid-up-capital of more than Rs. 1 crore but less than Rs. 25 crores.	**Rs. 1 crore and above or 50% of the budget provision whichever is less.**
Undertakings with paid-up-capital of Rs. 25 crores and above.	**Rs. 5 crores and above or 50% of the budget provision, whichever is less.**

1.69. (b) The following cases should be reported to Parliament along with the ensuing batch of Supplementary Demands :—

(i) Additional investments in a Departmental Undertaking of Rs. 50 lakhs and above or 50% of the budget provision, whichever is less.

(ii) Additional investments in or loans to finance an existing Government Company subject to the limits shown below :—

Limits of Additional Investments or Loans

Undertakings with paid-up-capital upto Rs. 1 crore.	Rs. 5 lakhs and above or 50% of the budget provision, whichever is less.
Undertakings with paid-up-capital of more than Rs. 1 crore but less than Rs. 25 crores.	Rs. 50 lakhs and above or 50% of the budget provision, whichever is less.

Undertakings with paid-up-capital of Rs. 25 crores and above.	Rs. 2.5 crores and above or 50% of the budget provision, whichever is less.

1.70. (c) Loans up to Rs. 10 lakhs may be given to an existing Government Company in cases where there is no budget provision.

1.71. II. *Private Sector Companies/Private Institutions* :

(a) The following cases should be treated as involving 'New Services/ New Instrument of Service'.

(i) Investment in private sector companies to be made for the first time.

(ii) Additional investments in or loans to an existing private Sector Company/Private Institution of Rs. 1 crore and above or 50% of the Budget Provision whichever is less.

1.72. (b) The following cases should be reported to Parliament along with the ensuing batch of Supplementary Demands :

Additional investments in or loans to an existing Private Sector Company/Private Institution exceeding Rs. 50 lakhs but less than Rs. 1 crore or 50% of the Budget Provision, whichever is less.

1.73. (c) Loans up to Rs. 5 lakhs may be given to a Private Sector Company or a Private Institution in cases where there is no budget provision.

Explanation.—Cases of additional investment in or loans to existing Private Companies/Private Institutions exceeding Rs. 50 lakhs but less than Rs. 1 crore would fall under II(b) while cases of Rs. 1 crore and above would fall under II(a)(ii)."

1.7. In their reply dated the 1st November, 1968, the Ministry of Finance (Department of Economic Affairs) have stated :

"*I*(*a*)(*i*)—The recommendation of the Committee has been accepted."

"*I*(*a*)(*ii*) *and I*(*b*)(*i*)—The recommendation of the Committee has been accepted, except that the alternative limit of 50% of budget provision will lead to a very large number of Supplementary Demands, which will be necessary even where the additional requirement is less than Rs. 1 crore and can be found by re-appropriation. It is, therefore, considered that there should only be a monetary limit of Rs. 1 crore and not any alternative limit of 50% of the budget provision. However, all additional investments of not less than Rs. 50 lakhs will be reported to Parliament along with each batch of Supplementary Demands."

"*I*(*a*)(*iii*) *and I*(*b*)(*ii*)—It is considered that a distinction needs to be drawn between investments and long-term loans for purposes of acquisition of fixed assets etc. on the one hand and comparatively short-term loans for working capital or ways and means purposes, on the other. While additional requirements of the first category exceeding prescribed limits will be brought before Parliament in the form of Supplementary Demands (advances from the Contingency Fund being obtained in urgent cases, where necessary), a similar procedure, if insisted upon in the case of second category referred to earlier, may lead to practical difficulties. Normally it is expected that the undertakings would look to the banking system for covering their working capital or other short-term requirements but cases may arise during the course of the year where such accommodation may not be forthcoming and Government may have to provide finances to them at short notice. Prior Parliamentary approval may not be possible in such cases and the amount of the Contingency Fund may not also suffice to cover the additional requirements. The operations of the Food Corporation may, in particular, be cited in this connection, since the amounts involved may be large and any delay in the provision of funds may affect procurement operations, the availability of funds at the required time being of the utmost importance for this purpose. At the same time, it may not be desirable to provide funds in the Budget on a very liberal scale merely in order to provide for such a contingency. In all the circumstances, therefore, it is felt that in all such cases of additional working capital or other short-term ways and means requirements, it should be open to Government to make the necessary advances and in case the amount involved exceeds the prescribed limits, to report the fact to Parliament along with the next batch of Supplementary Demands/seek a Supplementary Demand if provision for covering it cannot be found during the year out of savings or alternatively it is found that the funds already provided would have to be allowed to be retained on a long-term basis."

"The monetary limits to be applied for the above purposes, as proposed by the Committee, are rather low in relation to the total capital provided to an undertaking, which consists of both equity and loans. The result will be that a large number of supplementary demands may become necessary even where comparatively small amounts are involved. It is, therefore, felt that the limits should be at least twice those indicated by the Committee for the various slabs of paid-up-capital. Similarly, it would be appropriate to have two slabs above the level of Rs. 25 crores—one up to Rs. 100 crores and the other above Rs. 100 crores—so that higher limits could be prescribed in the case of the latter category. Accordingly, it is proposed that the following limits be prescribed."

Paid-up-capital	*Limits*
"Up to Rs. 1 crore	Rs. 20 lakhs
Above Rs. 1 crore and up to Rs. 25 crores	Rs. 2 crores
Above Rs. 25 crores and up to Rs. 100 crores	Rs. 10 crores
Above Rs. 100 crores	Rs. 15 crores

Cases of additional requirements not less than half the limits indicated above will, however, be reported to Parliament along with the next batch of Supplementary Demands."

"For reasons explained against I(a)(ii) and I(b)(i), the alternative limit of 50% of the budget provision may be dispensed with."

"*I(c)*—Accepted, except that for reasons explained earlier, the limit to be prescribed may be Rs. 20 lakhs and may apply only in the case of long-term loans for investment purposes and not loans for working capital or other short-term ways and means purposes."

"*II(a)(i)*—The recommendation of the Committee has been accepted."

"*III(a)(ii) and II(b)*—The recommendation of the Committee has been accepted, except that the alternative limit of 50% of budget provision may be dispensed with, for reasons explained earlier."

II(c)—Consistently with the action proposed in the case of the Public Sector Undertakings, the limit may be increased to Rs. 10 lakhs."

1.8. "In a further reply dated 9th April, 1969, the Ministry of Finance (Department of Economic Affairs) have stated that in so far as loans to Statutory and other public institutions (like University Grants Commission, Indian Institute of Technology, Khadi & Village Industry Commission etc. which though non-Governmental bodies are largely financed by Government)' are concerned," the same limits as in the case of private sector companies/private institutions may fixed. Thus any additional loan to a public institution (other than Port Trusts, Delhi Municipal Corporation, Financial Institutions, etc. which may be treated on par with public sector undertakings), over and above the budget provision of Rs. 1 crores and above may be treated as a case involving 'New Instrument of Service' where there is no Budget provision, the limit may be Rs. 10 lakhs".

1.9. The Committee are glad that Government have generally accepted their recommendations regarding the nature of expenditure which should constitute a New Service/New Instrument of Service.

1.10. In view of the difficulties explained by the Ministry in adopting the alternative limit of 50 per cent of the budget provision mentioned in paragraphs 1.68, 1.69, 1.71 and 1.72 of 11th Report of thte Public Accounts Committee, the Committee do not want to pursue the alternative limit of 50 per cent for this purpose.

1.11. The Committee note that the monetary limit proposed to be adopted by Government in regard to additional investments in or loans to Departmental Undertakings, Government Companies etc. to be reported to Parliament are substantially higher than those suggested in para 1.69 of the 11th Report. The Committee would like the matter to be reviewed by Government periodically in the light of experience with a view of lowering these limits.

1.12. The Committee also appreciate the need for flexibility' in the matter of short-term loans to Public Sector Companies and Statutory Bodies for working capital or ways and means purposes, and the difficulty in bringing such loans within the purview of New Service/New Instrument of Service. The Committee, therefore, agree that, instead of bringing such loans under the New Service/New Instrument of Service, the loans exceeding the limits (after omitting the alternative limit of 50 per cent mentioned in paragraph 1.68) might be reported to Parliament along with the next batch of

Supplementary Demands. The Committee, however, suggest that the category of loans which would constitute 'short-term' loans should be defined with reference to the duration of the loans which should not exceed one year for this purpose.

Grants in aid to Private Institutions—Paragraphs 1.74 *to* 1.76 (*S. No.* 3)

1.13. In regard to *Grants-in-aid to Private Institutions*, the Committee made the following recommendations in paragraphs 1.74 to 1.76.

"The Committee consider that distinction should be drawn between non-recurring and recurring grants given to a private institution. While the limit for non-recurring grants may remain at Rs. 10 lakhs as proposed, for recurring grants, it may be fixed at Rs. 5 lakhs.

1.75. In addition, Government should indicate specifically in the papers submitted to Parliament the financial implications of a recurring grant exceeding Rs. 5 lakhs per annum where the commitment, direct or implied, is for two years or more."

"The limit for non-recurring and recurring grants-in-aid to a private institution should apply in the case of moneys disbursed by Government as a whole rather than by individual Ministries/Departments."

1.14. In their reply dated 1st November, 1968, the Ministry of Finance (Department of Economic Affairs) have stated :

"The Limits proposed, *viz.*, Rs. 10 lakhs for non-recurring grants and Rs. 5 lakhs for recurring grants, up to which the requirements of grants to private institutions not mentioned in the budget documents may be met by re-appropriation, are accepted. Every effort will be made also to indicate the financial implications of a recurring grant exceeding Rs. 5 lakhs, wherever possible, where the commitment is for two years or more. The proposal that the above limits should be applied with reference to all the grants which may be given by Government, *i.e.*, all Ministries and Departments of the Government, to an institution will, if implemented, lead to practical difficulties. This will require the centralisation of the work of payment or authorisation or at least approval for such payments, which will mean withdrawal of the powers delegated to various authorities in this regard; other difficulties in this arrangement were explained to the Committee in reply to S. No. 2 of Appendix XII of the Committee's 35th Report (Third Lok Sabha); alternatively a Central record of such payments will have to be maintained, which will lead to unnecessary and avoidable work not commensurate with the control desired to be exercised, especially as the number of cases of grants to the same institution by two or more Ministries/Departments in relation to the total grants, is likely to be very small. Moreover, as a rule, grants to private institutions are made for specific purposes and lumping up of all provisions for applying the monetary limits will not also be appropriate. In all the circumstances, therefore, the application of limits with reference to the grants given to any particular institution by all Ministries will not be worthwhile or practicable and the Committee are requested to agree that this may not be insisted upon."

1.15. In a further reply, dated the 8th April, 1969, the Ministry of Finance (Department of Economic Affairs) have stated :

"The Committee had, in para 1.74 of the above Report, recommended the limits of Rs. 5 lakhs for recurring and Rs. 10 lakhs for non-recurring grants-in-aid to private institutions beyond which the expenditure should be treated as 'New Instrument of Service'. This recommendation was accepted by Government *vide* this Ministry O. M. No. F. 8(10)-B/68, dated the 1st November, 1968. However, this did not cover cases of grants to statutory and other public institutions like the University Grants Commission, Indian Institute of Technology, Khadi and Village Industries Commission, etc., which though non-Government bodies, are largely financed by Government. A list of such institutions which are in receipt of grants-in-aid of Re. 1 crore and above per annum is enclosed. As these bodies cannot be place don the same footing as private institutions the limits applicable to the latter would not be appropriate to the statutory and other public bodies mentioned earlier. In the circumstances, it is proposed that the monetary limits to be applied for both recurring and non-recurring grants-in-aid in these cases may be fixed at Rs. 10 lakhs in respect of grants-in-aid of less than Rs. 1 crore per annum, Rs. 25 lakhs in the case of institutions in receipt of grants-in-aid of Re. 1 crore and above but below Rs. 2 crores per annum and Rs. 50 lakhs in the case of institutions in receipt of grants-in-aid of Rs. 2 crores and above per annum."

1.16. The Committee are glad that Government have accepted the suggestion that recurring and non-recurring grants exceeding the limits indicated by the Committee in Paragraphs 1.74 and 1.75 of the 11th Report (Fourth Lok Sabha) should be specifically brought to the notice of Parliament. The Government have, however, expressed difficulty about implementing the allied suggestion that, in the case of grants to private institutions, these limits should apply to the totality of the grants sanctioned by the various Ministries/Departments of Government rather than the grants sanctioned by individual Ministries/Departments. The Committee feel that the difficulty can be overcome. As pointed out by Government themselves, the number of cases of grants to the same institution by two or more Ministries/Departments "is likely to be very small". A list of institutions receiving grants-in-aid of more than Rs. 1 lakh from any Ministry may be drawn up on the basis of grants given to various institutions during the last three years and brought up to date every year. Whenever a Ministry sanctions a grant to such an institution, it may forward a copy of the sanction to the Ministry of Finance or the coordinating Ministry nominated in this behalf which will keep a watch over the total grant sanctioned. The individual Ministry may be required to consult the coordinating Ministry before sanctioning a grant of Rs. 1 lakh or more to ensure that the limits accepted by Government are not exceeded.

1.17. The grantee institutions may also be required to mention in their application the amount of the grant or grants which they have received from other Ministries during the year.

1.18. When the amount of the grant-in-aid to an institution exceeds Rs. 10 lakhs in case of non-recurring grant and Rs. 5 lakhs in case of a recurring grant in a year, the matter may be specifically brought to the notice of Parliament.

1.19. The Committee note that Government also give grants to statutory and other public institutions like the University Grants Commission, Indian Institutions of Technology, Khadi & Village Industries Commission, which, though non-Governmental Bodies are largely financed by Government. The Committee consider that Grants to such institutions beyond the following limits should be treated as 'New Instrument of Service' :—

Grants-in-aid to statutory and other public institutions.

(i) Institutions in receipt of grants-in-aid of less than Rs. 1 crore per annum	Rs. 10 lakhs.
(ii) Institutions in receipt of grants-in-aid of more than Rs. 1 crore but less than Rs. 2 crores per annum	Rs. 20 lakhs.
(iii) Institutions receiving grants-in-aid of Rs. 2 crores and more but less than Rs. 3 crores per annum	Rs. 30 lakhs.
(iv) Institutions receiving grants-in-aid of more than Rs. 3 crores per annum	Rs. 50 lakhs.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation

1.64. The Committee are broadly in accord with the views of Government enunciated in the note dated 23rd December, 1967. The Committee consider that expenditure arising out of a policy decision, not brought to Parliament's notice earlier, including a new activity or a new form of investment should be regarded as an item of "New Service". Similarly, substantial expenditure arising from an important extension of an existing activity should be treated as a "New Instrument of Service." All cases of "New Service" and "New Instrument of Service" should be brought specially to the notice of Parliament.

1.65. As regards the specific proposals of Government regarding investments/loans to Public Sector Undertakings, Private Sector Companies/ Private Institutions, Grants-in-aid to Private Institutions, the Committee's views are set out below :—

1.66. The Committee agree with Government's proposal that the setting up of a new Government Company or the splitting up of an existing Government Company or the amalgamation of two or more Government Companies or the taking up of a new activity by an existing Government Company or a Departmental Undertaking or new investments in Private Sector Companies to be made for the first time should be treated as involving a 'New Service'/'New Instrument of Service' requiring Parliament's prior approval.

(Sl. No. 1 of Appendix II to the 11th Report—4th Lok Sabha)

Action taken

The recommendations of the Committee have been accepted. Action is being taken as indicated against Sl. No. 9.

[Ministry of Finance (Deptt. of Economic Affairs) O.M. No. 8(10)-B/68, dated 1-11-1968.]

Recommendation

1.67. The Committee consider that the monetary limits proposed by Government for additional investments in or loans to a Government Company/Departmental Undertaking and Private Companies/Private Institutions are, however, on the high side. The Committee recommended that budgetary provisions for Public Sector Undertakings and Private Sector Companies/ Private Institutions should be on the lines indicated below :

1.68. I. *Public Sector Undertakings*

(a) The following cases should be treated as involving 'New Service'/ 'New Instrument of Service';

(i) Setting up of new Government Companies, splitting up of an existing Government Company or amalgamation of two or more Government Companies, and taking up of a new activity by an existing Government Company or a Departmental Undertaking.

[Sl. No. 2 (Para 1.67 & 1.68 (a)(i) of the 11th Report) (Fourth Lok Sabha)]

Action Taken

I(a)(*i*)—The recommendation of the Committee has been accepted.

[Ministry of Finance (Deptt. of Economic Affairs) O.M. No. 8(10)-B/68, dated 1-11-1968.]

Recommendation

1.71. II. *Private Sector Companies/Private Institutions* :

(a) The following cases should be treated as involving 'New Services'/'New Instrument of Service' :

(i) Investment in private sector companies to be made for the first time.

[Sl. No. 2 (Para 1.71)(a)(i) of the 11th Report (4 LS)]

Action taken

II(*a*)(*i*)—The recommendation of the Committee has been accepted.

Recommendation

1.74. *III Grants-in-aid to Private Institutions*

The Committee consider that distinction should be drawn between non-recurring and recurring grants given to a private institution. While the limit for non-recurring grants may remain at Rs. 10 lakhs as proposed, for recurring grants, it may be fixed at Rs. 5 lakhs.

1.75. In addition, Government should indicate specifically in the papers submitted to Parliament the financial implications of a recurring grant exceeding Rs. 5 lakhs per annum where the commitment, direct or implied, is for two years or more.

"The limit for non-recurring and recurring grants-in-aid to a private institution should apply in the case of moneys disbursed by Government as a whole rather than by individual Ministries/Departments."

(Sl. No. 3 of Appendix II to the 11th Report—4th Lok Sabha)

Action Taken

The limits proposed, *viz.*, Rs. 10 lakhs for non-recurring grants and Rs. 5 lakhs for recurring grants, up to which the requirements of grants to private institutions not mentioned in the budget documents may be met by re-appropriation, are accepted.

Every effort will be made also to indicate the financial implications of a recurring grant exceeding Rs. 5 lakhs, wherever possible, where the commitment is for two years or more.

[Ministry of Finance (Deptt. of Economic Affairs) O.M. No. 8(10)-B/68, dated 1-11-1968.]

Further Reply

The Committee had, in para 1.74 of the above Report, recommended the limits of Rs. 5 lakhs for recurring and Rs. 10 lakhs for non-recurring grants-in-aid to private institutions beyond which the expenditure should be treated as 'New Instrument of Service'. This recommendation was accepted by Government *vide* this Ministry's O.M. No. F. 8(10)-B/68, dated the 1st November, 1968. However, this did not cover cases of grants to statutory and other public institutions like the University Grants Commission, Indian Institutes of Technology, Khadi and Village Industries Commission, etc., which though non-Government bodies, are largely financed by Government. A list of such institutions which are in receipt of grants-in-aid of Rs. 1 crore and above per annum is enclosed. As these bodies cannot be placed on the same footing as private institutions the limits applicable to the latter would not be appropriate to the statutory and other public bodies mentioned earlier. In the circumstances it is proposed that the monetary limits to be applied for both recurring and non-recurring grants-in-aid in these cases may be fixed at Rs. 10 lakhs in respect of institutions in receipt of grant-in-aid of less than Rs. 1 crore per annum, Rs. 25 lakhs in the case of institutions in receipt of grants-in-aid of Rs. 1 crore and above but below Rs. 2 crores per annum and Rs. 50 lakhs in the case of institutions in receipt of grants-in-aid of Rs. 2 crores and above per annum.

[Ministry of Finance (Deptt. of Economic Affairs) O.M. No. 8(10)-B/68, dated 8-4-1969].

Statement showing Non-Government bodies receiving substantial *Grants-in-aid from the Central Government.*

Ministry giving the grant.	Name of the Non-Government Body	Budget Estimates 1969-70
1	2	3
		(In T.Rs.)
Ministry of Defence	1. Cantonment Boards	1,40,00
	2. University Grants Commission	23,97,07
Ministry of Education and Youth Services	3. Jawahar Lal Nehru University.	1,00,00
	4. Indian Institute of Technology	
	(*i*) Delhi	1,46,50
	(*ii*) Bombay	1,74,71
	(*iii*) Madras	1,53,67
	(*iv*) Kharagpur	1,51,67
	(*v*) Kanpur	2,46,30
	5. Regional Engineering Colleges	3,15,00
	6. Other Scientific and Technical Institutions	1,00,00
	7. Indian Institute of Science, Bangalore	1,12,00
	8. National Council of Educational Research and Training	3,26,38
	9. Kendriya Vidayalaya Sangthan	3,71,00

1	2	3
Ministry of Food, Agriculture, Community Development & Cooperation	10. National Co-operative Development Corporation	1,50,00
Ministry of Health and Family Planning, Works, Housing and Urban Development.	11. All India Institute of Medical Sciences	2,36,50
	12. Indian Council of Medical Research	1,25,00
	13. Post-graduate Institute of Medical Education and Research, Chandigarh.	1,39,07
Ministry of Home Affairs.	14. Non-Government Secondary Schools in Delhi.	2,44,00
	15. (a) Delhi Municipal Corporation.	4,93,17
Ministry of Shipping and Transport.	(b) —do—	91,94
Ministry of Industrial Development, Internal Trade and Company Affairs	16. Khadi and Village Industries Commission	13,58,00
Ministry of Shipping and Transport.	17. Shipping Development Fund Committee	1,59,36
	18. Hindustan Shipyard Ltd.	2,00,00
Department of Social Welfare	19. Central Social Welfare Board.	2,30,00
Department of Atomic Energy.	20. Tata Institute of Fundamental Research, Bombay.	1,91,30

Recommendation

Other Cases

The Committee agree with Government's proposals.

(Sl. No. 5 of Appendix II to the 11th Report—4th Lok Sabha)

Action Taken

As agreed to, the expenditure limit for obtaining a vote of Parliament in the case of Commissions of Enquiry will be Rs. 4 lakhs and for new works expenditure, Rs. 25 lakhs, in each case. Cases of works costing between Rs. 10 lakhs and Rs. 25 lakhs will continue to be reported.

[Ministry of Finance (Deptt. of Economic Affairs) O.M. No. 8(10)-B/68, dated 1-11-1968.]

Recommendation

VI. *Posts and Telegraphs*

The general principles enunciated above should be made applicable to Posts and Telegraphs Department also.

(Sl. No. 6 of Appendix II to the 11th Report—4th Lok Sabha)

Action Taken

The recommendation of the Committee has been accepted. Action is being taken as indicated against Sl. No. 9.

[Ministry of Finance (Deptt. of Economic Affairs) O.M. No. 8(10)-B/68, dated 1-11-1968.]

Recommendation

1.95. VII. *Defence*

The Committee welcome the readiness shown by the Ministry of Defence and the Department of Defence Production to fall in line with the other

Ministries of the Government of India in agreeing to obtain the prior approval of Parliament for investments in or loans to a departmental undertaking/Government Company/Public Undertaking or Private Company or grants-in-aid for private institutions and subsidies subject to the condition that Government should be free to decide in each case the extent to which information could be given in the budget papers consistently with consideration of security.

1.98. The Committee are glad that the representatives of the Ministry of Defence have agreed to fall in line with the guidelines laid down for new works by the Committee in respect of Civil Ministries in their Tenth Report (3rd Lok Sabha). The Committee expect Government to give effect to these recommendations subject to the considerations of security referred to in Para 1.95.

(Sl. No. 7 of Appendix II to the 11th Report—4th Lok Sabha)

Action Taken

The criteria accepted in the case of Departmental/Public Sector Undertakings as also Private Sector concerns and institutions will apply on the Defence, including Defence Production, side. In so far as Departmental undertakings are concerned, the limits will be applied to Ordnance factories as a whole and not to each factory separately.

In so far as Defence Works are concerned, the limits laid down on the civil side will apply but for security considerations a list of Defence works will not be published in the Budget papers. A list of the works will, however, be supplied to Audit as a secret document with reference to which the criteria will be applied.

[Ministry of Finance (Deptt. of Economic Affairs) O.M. No. 8(10)-B/68, dated 1-11-1968.]

Recommendation

1.102. VIII. *Railways*

The Committee are of the view that a time has come when the monetary limit for new works laid down by the Committee in paras 1 to 3 of their 10th Report (Third Lok Sabha) for all Ministries should be made applicable to Railways. This means that the prior approval of Parliament should be obtained for undertaking new works costing Rs. 25 lakhs or more.

1.103. As regards investments in and loans to public and private sector undertakings, and the subsidies and grant-in-aid, the general principles enunciated by the Committee in paras 1.68 to 1.84 should apply to the Ministry of Railways also.

(Sl. No. 8 of Appendix II to the 11th Report—4th Lok Sabha)

Action Taken

The recommendation of the Committee has been accepted. Action is being taken as indicated against Sl. No. 9.

[Ministry of Finance (Deptt. of Economic Affairs) O.M. No. 8(10)-B/68, dated 1-11-1968.]

Recommendation

1.104. *IX Conclusion*

The Committee suggest that in order to make the instructions comprehensive, the recommendations made by the Public Accounts Committee earlier in their 10th Report (Third Lok Sabha) and accepted by Government about execution of new works only after obtaining Parliament's approval should be suitably incorporated with instructions to be issued.

1.105. Similarly, Government should also incorporate the instructions issued by them in 1958, in pursuance of the recommendations made by the Committee in para 80 of their 15th Report (First Lok Sabha), that the transfer of a gift of Government assets of a value exceeding Rs. 1 lakh to private parties/institutions etc. should be made only after such cases are specifically brought to the notice of Parliament.

1.106. The Committee find that in the Demands for Grants for Ministries (1968-69), New Services which are being included in the Budget for the first time as also schemes envisaging substantial expansion are not mentioned in one place for facility of reference. The Committee suggest that Government may add a section in the Book of Demands for Grants for each Ministry indicating the details of all schemes which come within the purview of 'New Service/New Instrument of Service' so that these can receive the special attention of Parliament.

1.107. The Committee would like to be furnished early with a copy of the comprehensive instructions issued in the matter in consultation with the Comptroller and Auditor General.

1.108. "The Committee suggest that the above arrangements may be given effect to from the current financial year and its working may be reviewed in the light of the experience gained after about three years."

[Sl. No. 9 of Appendix II to the 11th Report—4th Lok Sabha]

Action Taken

The recommendations of the Committee have been accepted, except that all 'New Service' items and 'New Instrument of Service' items costing above the limits indicated at various places in the replies furnished above will be listed in a separate section in the respective volumes of each Ministry's Demands for Grants (subject to the limitation already mentioned in the case of Defence).

Instructions are being issued on the lines indicated in the replies furnished above and a copy will be forwarded to the Committee in due course.

The recommendation of the Committee in para 1.108 has been accepted, subject to the modifications indicated in the replies furnished above. In so far as exhibition in the Budget documents is concerned, the revised procedure will be introduced with effect from the Budget for 1969-70.

[Ministry of Finance (Deptt. of Economic Affairs) O.M. No. 8(10)-B/68, dated 1-11-1968]

CHAPTER III

RECOMMENDATIONS/OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE REPLIES OF GOVERNMENT

Recommendations

I(a)(ii) Additional investments in an existing Departmental Undertaking of Rs. 1 crore and above or 50% of the budget provision whichever is less.

(iii) Additional investments in or loans to finance an existing Government Company subject to the limits shown below :

	Limit of Additional Investments or Loans
Undertakings with paid-up-capital upto Rs. 1 crore.	Rs. 10 lakhs and above or 50% of the budget provision, whichever is less.
Undertakings with paid-up-capital of more than Rs. 1 crore but less than Rs. 25 crores.	Rs. 1 crore and above or 50% of the budget provision whichever is less.
Undertakings with paid-up-capital of Rs. 25 crores and above.	Rs. 5 crores and above or 50% of the budget provision, whichever is less.

[Sl. No. 2 Para 1.68(a)(ii)(iii) of 11th Report (4LS)]

1.69 (b) The following cases should be reported to Parliament along with the ensuing batch of Supplementary Demands :—

(i) Additional investments in a Departmental Undertaking of Rs. 50 lakhs and above or 50% of the budget provision, whichever is less.

(ii) Additional investments in or loans to finance an existing Government Company subject to the limits shown below :—

	Limit of Additional Investments or Loans
Undertakings with paid-up-capital upto Rs. 1 crore.	Rs. 5 lakhs and above or 50% of the budget provision, whichever is less.
Undertakings with paid-up-capital of more than Rs. 1 crore but less than Rs. 25 crores.	Rs. 50 lakhs and above or 50% of the budget provision, whichever is less.
Undertakings with paid-up-capital of Rs. 25 crores and above.	Rs. 2.5 crores and above or 50% of the budget provision, whichever is less.

[Sl. No. 2 Para 1.69(b)(i)(ii) of 11th Report (4LS)]

Action Taken

I(a)(ii) and I(b)(i).—The recommendation of the Committee has been accepted, except that the alternative limit of 50% of budget provision will lead to a very large number of Supplementary Demands, which will be necessary even where the additional requirement is less than Rs. one crore and can be found by re-appropriation. It is, therefore, considered that there should only be a monetary limit of Rs. 1 crore and not any alternative limit of 50% of the budget provision. However, all additional investments of not less than Rs. 50 lakhs will be reported to Parliament along with each batch of Supplementary Demands.

I(a)(iii) and I(b)(ii).—It is considered that a distinction needs to be drawn between investments and long-term loans for purposes of acquisition of fixed assets etc. on the one hand and comparatively short-term loans for working capital or ways and means purposes, on the other. While additional requirements of the first category exceeding prescribed limits will be brought before Parliament in the form of Supplementary Demands (advances from the Contingency Fund being obtained in urgent cases, where necessary), a similar procedure, if insisted upon in the case of second category referred to earlier, may lead to practical difficulties. Normally it is expected that the undertakings would look to the banking system for covering their working capital or other short-term requirements but cases may arise during the course of the year where such accommodation may not be forthcoming and Government may have to provide finances to them at short notice. Prior Parliamentary approval may not be possible in such cases and the amount of the Contingency Fund may not also suffice to cover the additional requirements. The operations of the Food Corporation may, in particular, be cited in this connection, since the amounts involved may be large and any delay in the provision of funds may affect procurement operations, the availability of funds at the required time being of the utmost importance for this purpose. At the same time it may not be desirable to provide funds in the Budget on a very liberal scale merely in order to provide for such a contingency. In all the circumstances, therefore, it is felt that in all such cases of additional working capital or other short-term ways and means requirements, it should be open to Government to make the necessary advances and in case the amount involved exceeds the prescribed limits, to report the fact to Parliament along with the next batch of Supplementary Demands/seek a Supplementary Demand if provision for covering it cannot be found during the year out of savings or alternatively it is found that the funds already provided would have to be allowed to be retained on a long-term basis.

The monetary limits to be applied for the above purposes, as proposed by the Committee, are rather low in relation to the total capital provided to an undertaking, which consists of both equity and loans. The result will be that a large number of supplementary demands may become necessary even where comparatively small amounts are involved. It is, therefore, felt that the limits should be at least twice those indicated by the Committee for the various slabs of paid-up-capital. Similarly, it would be appropriate to have two slabs above the level of Rs. 25 crores—one up to Rs. 100 crores and the other above Rs. 100 crores—so that higher limits could be prescribed in the case of the latter category. Accordingly, it is proposed that the following limits be prescribed.

Paid-up-capital	*Limits*
Upto Rs. 1 crore	Rs. 20 lakhs
Above Rs. 1 crore and upto Rs. 25 crores	Rs. 2 crores
Above Rs. 25 crores and upto Rs. 100 crores	Rs. 10 crores
Above Rs. 100 crores.	Rs. 15 crores.

Cases of additional requirements not less than half the limits indicated above, will, however, be reported to Parliament along with the next batch of Supplementary Demands.

For reasons explained against I(a)(ii) and I(b)(i), the alternative limit of 50% of the budget provision may be dispensed with.

[Ministry of Finance (Deptt. of Economic Affairs) O.M. No. F. 8(10)-B/68, dated 1-11-1968]

Recommendations

1.70. I(c) Loans upto Rs. 10 lakhs may be given to an existing Government Company in cases where there is no budget provision.

[Sl. No. 2 Para 1.70(i) of 11th Report (4LS)]

1.71. II(a) (ii) Additional investments in or loans to an existing private Sector Company/Private Institution of Rs. 1 crore and above or 50% of the Budget Provision whichever is less.

1.72. II(b) The following cases should be reported to Parliament along with the ensuing batch of Supplementary Demands :

Additional investments in or loans to an existing Private Sector Company/Private Institution exceeding Rs. 50 lakhs but less than Rs. 1 crore or 50% of the Budget Provision, whichever is less.

Explanation.—Cases of additional investment in or loans to existing Private Companies/Private Institutions exceeding Rs. 50 lakhs but less than Rs. 1 crore would fall under II(b) while cases of Rs. 1 crore and above would fall under II(a)(ii).

1.73. II(c) Loans upto Rs. 5 lakhs may be given to a Private Sector Company or a Private Institution in cases where there is no budget provision.

[Sl. No. 2 Para 1.71(a)(ii), Para 1.72 (b), Para 1.73(c) of 11th Report 4(LS)]

Action Taken

I(c).—Accepted, except that for reasons explained earlier, the limit to be prescribed may be Rs. 20 lakhs and may apply only in the case of long-term loans for investment purposes and not loans for working capital or other short-term ways and means purposes.

II(a)(ii) and II(b).—The recommendation of the Committee has been accepted, except that the alternative limit of 50% of budget provision may be dispensed with, for reasons explained earlier.

II(c).—Consistently with the action proposed in the case of the Public Sector Undertakings, the limit may be increased to Rs. 10 lakhs.

[Ministry of Finance (Deptt. of Economic Affairs) O.M. No. F. 8(10)-B/68, dated 1-11-1968.]

Further Reply

In the Memorandum of even number submitted to the Committee yesterday, certain revised limits were suggested for both recurring and non-recurring grants-in-aid in the case of grants to University Grants Commission, Khadi and Village Industries Commission, etc., which, though non-Government bodies, are largely financed by Government. In so far as loans to these and similar bodies are concerned, the same limits as in the ease of private sector companies/private institutions may be fixed. Thus any additional loan to a public institution (other than Port Trusts, Delhi Municipal Corporation, Financial Institutions, etc. which may be treated on par with public sector undertakings), over and above the budget provision, of Rs. one crore and above may be treated as a case involving 'New Instrument of Service'; where there is no Budget provision the limit may be Rs. 10 lakhs.

[Ministry of Finance (Deptt. of Economic Affairs) O.M. No. F. 8(10)-B/68, dated 9-4-1969]

Recommendations

IV. Subsidies

1.77. There is no mention of subsidies in the original proposals drawn up by Government, though in the subsequent note they have mentioned subsidies. The Committee also find that Government do not in all cases indicate the extent and quantum of subsidy in the Budget Demands presented to Parliament. To cite an instance, the Demands for the Ministry of Food & Agriculture only indicate the expenditure incurred on tho purchase of foodgrains and fertilisers, but the losses resulting from the difference in the sale and cost price of foodgrains and fertilisers which are largely covered by subsidies are not specifically indicated against any major head in the Demands for Grants.

1.78. The Committee consider that, as subsidies reflect in monetary terms the result of some of the important policy decisions of Government or contractual obligations entered into by them, it is proper that the specific approval of Parliament to the grant of subsidies, overt or covert, should be taken.

1.79. The Committee accordingly recommend that a subsidy should be shown as a separate sub-head under each relevant Demand supported by adequate details regarding the extent of subsidy on each commodity and the reasons for it in the Explanatory Memorandum so that Parliament is made fully cognisant of the extent and quantum of the subsidy being voted upon and the reasons for it.

1.80. It is noticed that at present the entire provision for export promotion schemes is being shown under one sub-head : Export Promotion & Marketing Scheme. A lump sum provision of Rs. 40 crores under this Sub-head has been made in the Budget for 1968-69. The explanatory note appended to the Demand states that this amount of Rs. 40 crores is to be utilised on the following major items :

Cash assistance for exportable commodities;

Market Research;

Export Publicity;

Participation in Trade Fairs and Exhibitions;

Trade Delegations and Study Teams;

Grants-in-aid to Export Oriented Organisations;

Foreign Offices; and Research and Product Development Schemes etc.

1.81. The explanatory memorandum, however, does not indicate how much would be specifically spent on each of the major items. The Committee feel that, in the interest of effective Parliamentary Control, this lump sum provision should be broken down into its major constituent schemes and shown specifically under each detailed head in the Demand with suitable explanatory notes.

1.82. An additional subsidy exceeding Rs. 10 lakhs or 50% of the Budget Provision, whichever is less, should be treated as a 'New Instrument of Service' requiring Parliament's approval.

1.83. "Provided that in the case of a scheme for the purchase of foodgrains and for export subsidies (under each detailed head) through the Marketing Development Fund, the limit of Rs. 25 lakhs each would apply in place of Rs. 10 lakhs."

1.84. The Committee also desire that the statements showing the financial results of State Trading in foodgrains should be incorporated along with adequate details in the explanatory note to the relevant Demand for Grants. The statement should *inter-alia* show the Quantity and Value Accounts and the Gross Profit and Loss position in respect of major foodgrains for the previous year as also the cumulative profit/loss on different foodgrains. It should also indicate the average cost price and sale price in order to bring out clearly the amount of the subsidy. The average cost price should show details such as actual price paid to the indigenous producer and the country from which the foodgrain is imported, administrative expenditure, freight, incidental and other charges, losses in transit handling and storage.

[Sl. No. 4 of Appendix II to the 11th Report (4LS)]

Action Taken

The subsidies paid by Government are even now shown distinctly in the Budget documents/Demands for Grants. For example the export subsidies, certain subsidies paid to fertiliser producers (these are no longer in payment now), the subsidies paid to the Food Corporation for selling foodgrains at less than economic cost, certain subsidies paid in lieu of concession in interest-rates, etc. are shown distinctly in the relevant Demands for Grants, with an appropriate write-up in the relevant section of the Budget documents. In the case of the purchase and Sale of Foodgrains, the trading loss in a year is written off over a period of years and such write off is distinctly exhibited in the relevant Demand for Grant. Further, all the details regarding the Trading Scheme, including the quantities handled, the purchases and sales and the losses are reported by the Comptroller and Auditor General in his Annual Audit Reports. However, the existing arrangements have been reviewed in the light of the Committee's recommendation and the following procedure will be adopted in future :

(i) *Export Promotion Schemes* : The budget provision which is now being shown against a single sub-head "Export promotion and marketing schemes" will in future be split up as below :

(a) Product promotion assistance (for fabricated products like engineering and sports goods, etc.)

(b) Commodity Development assistance (for iron and steel, ferrous scrap, etc.)

(c) Export credit development schemes (for subsidies to banks).

(d) Grants-in-aid and contributions to Export development organisations (for Indian Cotton Mills Federation and Export Promotion Councils).

(e) Grants-in-aid for market development (for market research, fairs and exhibitions, publicity, etc.).

The provisions will be suitably explained in the Budget documents but it will not be practicable to give either the commodity-wise break-up or other details, because, firstly, the number of items/commodities is very large, and secondly, any such exhibition will lead to problems of commercial policy and have other repercussions, which will not be in the interest of the country.

The provisions for export promotion measures may have to be augmented during the course of the year either because the exports have gone up or new schemes have been introduced or the rates of subsidies have been enhanced in the interest of export promotion. It will be appreciated that there is a certain compulsiveness and urgency about the entire export promotion effort and the procedure for augmentation of budget provision must take this consideration into account. While on this ground it will not be appropriate to make budget provision for export promotion measures on a very liberal scale, any requirement of prior Parliamentary approval to increases or other changes might lead to practical difficulties and hamper the export promotion effort. Nevertheless, while executive decisions will be taken from time to time as may be necessary, Parliament will be approached, at the earliest opportunity, whenever it becomes necessary to augment the total provision for Export Promotion Schemes or the provision under any one of the detailed heads referred to earlier by more than Rs. 1 crore (advances from Contingency Fund being taken if necessary in urgent cases). Likewise, agumentation of the total provision by re-appropriation of over Rs. 25 lakhs (and less than Rs. 1 crore) or re-appropriations of over Rs. 25 lakhs (and less than Rs. 1 crore) from one detailed head to another but without any overall augmentation of the total provision will be reported to Parliament along with the next batch of supplementary demands for Grants. Grants-in-aid for Export Promotion and market development, etc. will also be regulated under this arrangement and not the one applicable to Grants-in-aid to private institutions (Item III) in view of the special considerations applicable to export promotion.

(ii) *Foodgrains transactions*: The provision for subsidy in foodgrains transactions will be exhibited in future against a distinct sub-head in the relevant Demand for Grant. While commodity-wise details in respect of the previous year will be given, it will not be practicable to give similar details in respect of the year current at the time the Budget is presented and the Budget year. Similarly, the actual trading results for the previous year, together with the details of foodgrains imported/procured will be indicated in the Budget documents, if the Committee so desires, but it will not be possible to do in so far as transactions of the current and Budget year are concerned. However, the likely average cost of purchase both in respect of imported and indigenously procured foodgrains and the likely subsidy, including per quintal subsidy, in respect of major foodgrains, will be indicated. Details of administrative charges, incidentals, etc. will be shown in the actual trading results of the previous year and will be included in the calculation of subsidy for the current and the Budget year.

A change in the provision for subsidy in foodgrains transactions may become necessary either because of increased purchases and/or increase in their prices or because of reduction in issue/sale prices. Nevertheless, while executive decisions in regard to purchase or issue prices will be taken from time to time as may be necessary, Parliament will be approached at the earliest opportunity, whenever, it becomes necessary to augment the provision for subsidy by more than Rs. 1 crore (advances from Contingency Fund being taken if necessary in urgent cases). Likewise, re-appropriation in excess of Rs. 25 lakhs (but less than Rs. 1 crore) to this sub-head will be reported to Parliament along with the next batch of Supplementary demands for grants.

(iii) *Other items*: All other items of subsidies paid by Government will be shown distinctly in the Demands for Grants. New items of subsidies will be treated as New Service and likewise augmentation in existing provision of over Rs. 10 lakhs in respect of any item of subsidy will be treated an New Instrument of Service.

For reasons explained earlier, the alternative limit of 50% of the Budget provision may be dispensed with, Supplementary Demands being restricted to cases of augmentation by over Rs. 1 crore/Rs. 10 lakhs as indicated above.

2. The above procedure will be given effect to from 1969-70.

[Ministry of Finance (Deptt. of Economic Affairs) O.M. No. F. 8(10)-B/68, dated 18-1-69]

CHAPTER IV

RECOMMENDATIONS/OBSERVATIONS REPLIES TO WHICH HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH REQUIRE REITERATION

Recommendation

The limit for non-recurring and recurring grants-in-aid to a private institution should apply in the case of moneys disbursed by Government as a whole rather than by individual Ministries/Departments.

[Sl. No. 3 (Para 1.76) of Appendix II to the 11th Report—4th Lok Sabha]

Action taken

The proposal that the above limits should be applied with reference to all the grants which may be given by Government, *i.e.* all Ministries and Departments of the Government, to an institution will, if implemented, lead to practical difficulties. This will require the centralisation of the work of payment or authorisation or at least approval for such payments, which will mean withdrawal of the powers delegated to various authorities in this regard; other difficulties in this arrangement were explained to the Committee in reply to Sl. No. 2 of Appendix XII of the Committee's 35th Report (Third Lok Sabha); alternatively a central record of such payments will have to be maintained, which will lead to unnecessary and avoidable work not commensurate with the control desired to be exercised, especially as the number of cases of grants to the same institution by two or more Ministries/Departments in relation to the toal grants, is likely to be very small. Moreover, as a rule, grants to private institutions are made for specific purposes and lumping up of all provisions for applying the monetary limits will not also be appropriate. In all the circumstances, therefore, the application of limits with reference to the grants given to any particular institution by all Ministries will not be worthwhile or practicable and the Committee are requested to agree that this may not be insisted upon.

[Ministry of Finance (Deptt. of Economic Affairs) O.M. No. F.-8(10)-B/68, dated 1-11-1968].

CHAPTER V

RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH GOVERNMENT HAVE FURNISHED INTERIM REPLIES

Nil

NEW DELHI;
April, 28th 1969.
Vaisakha 8 1891 (*Saka*).

M. R. MASANI,
Chairman,
Public Accounts Committee.

APPENDIX

Summary of Conclusions/Recommendations

Sr. No.	Para No. of the Report	Ministry/Deptt. concerned	Recommendations
1	2	3	4
1.	1·9	Ministry of Finance (Deptt. of EA)	The Committee are glad that Government have generally accepted their recommendations regarding the nature of expenditure which should constitute a New Service/New Instrument of Service.
2.	1·10	-do-	In view of the difficulties explained by the Ministry in adopting the alternative limit of 50 per cent of the budget provision mentioned in paragraph 1·68, 1·69, 1.71 and 1.72 of 11th Report of the Public Accounts Committee, the Committee do not want to pursue the alternative limit of 50 per cent for this purpose.
3.	1·11	-do-	The Committee note that the monetary limit proposed to be adopted by Government in regard to additional investments in or loans to Departmental Undertakings, Government Companies etc. to be reported to Parliament are substantially higher than those suggested in para 1·69 of the 11th Report. The Committee would like the matter to be reviewed by Government periodically in the light of experience with a view of lowering these limits.
4.	1·12	-do-	The Committee also appreciate the need for flexibility in the matter of short-term loans to Public Sector Companies and Statutory Bodies for working capital or ways and means purposes, and the difficulty in bringing such loans within the purview of New Service/New Instrument of Service. The Committee, therefore, agree that, instead of bringing such loans under the New Service/New Instrument of Service, the loans exceeding the limits (after omitting the alternative limit of 50 per cent mentioned in paragraph 1.68) might be reported to Parliament along with the next batch of Supplementary Demands. The Committee, however, suggest that the category of loans which

1	2	3	4
			would constitute 'short-term' loans should be defined with reference to the duration of the loans which should not exceed one year for this purpose.
5.	1·16	Ministry of Finance (Deptt. of EA.)	The Committee are glad that Government have accepted the suggestion that recurring and non-recurring grants exceeding the limits indicated by the Committee in Paras 1·74 and 1·75 of the 11th Report (Fourth Lok Sabha) should be specifically brought to the notice of Parliment. The Government have, however, expressed difficulty about implementing the allied suggestion that, in the case of grants to private institutions, these limits should apply to totality of the grants sanctioned by the various Ministries/Departments of Government rather than the grants sanctioned by individual Ministries/Departments. The Committee feel that the difficulty could be overcome. As pointed out by Government themselves, the number of cases of grants to the same institution by two or more Ministries/Departments "is likely to be very small". A list of institutions receiving grants-in-aid of more than Rs. 1 lakh from any Ministry may be drawn up on the basis of grants given to various institutions during the last 3 years and brought up to date every year. Whenever a Ministry sanctions a grant to such an institution, it may forward a copy of the sanction to the Ministry of Finance or the coordinating Ministry nominated in this behalf, which will keep a watch over the total grant sanctioned. The individual Ministry may be required to consult the coordinating Ministry before sanctioning a grant of Rs. 1 lakh or more to ensure that the limits accepted by the Government are not exceeded.
6	1·17	-do-	The grantee institutions may also be required to mention in their application the amount of the grant or grants which they have received from other Ministries during the year.
7	1·18	-do-	When the amount of the grant-in-aid to an institution exceeds Rs. 10 lakhs in case of non-recurring grant and

1	2	3	4	
			Rs. 5 lakhs in case of a recurring grant in a year, the matter may be specifically brought to the notice of Parliament.	
8.	1·19	Ministry of Finance (Deptt. of EA.)	The Committee note that Government also give grants to statutory and other public institutions like the University Grants Commission, Indian Institutions of Techonology, Khadi & Village Industries Commission, which, though non-Governmental Bodies are largely financed by Government. The Committee consider that Grants to such institutions beyond the following limits should be treated as 'New Instrument of Service' :—	
			Grants-in-aid to statutory and other public institutions.	
				Rs. lakhs
			(*i*) Institutions in receipt of grants-in-aid of less than Rs. 1 crore per annum.	10
			(*ii*) Institutions in receipt of grants-in-aid of more than Rs. 1 Crore but less than Rs. 2 crores per annum.	20
			(*iii*) Institutions receiving grants-in-aid of Rs. 2 crores and more but less than Rs. 3 crores per annum.	30
			(*iv*) Institutions receiving grants-in-aid of more than Rs. 3 Crores per annum.	50

Sl. No.	Name of Agent	Agency No.
	DELHI	
24.	Jain Book Agency, Connaught Place, New Delhi.	11
25.	Sat Narain & Sons, 3141, Mohd. Ali Bazar, Mori Gate, Delhi.	3
26.	Atma Ram & Sons, Kashmere Gate, Delhi-6.	9
27.	J. M. Jaina & Brothers, Mori Gate, Delhi.	11
28.	The Central News Agency, 23/90, Connaught Place, New Delhi.	15
29.	The English Book Store, 7-L, Connaught Circus, New Delhi.	20
30.	Lakshmi Book Store, 42, Municipal Market, Janpath, New Delhi.	23
31.	Bahree Brothers, 188 Lajpatrai Market, Delhi-6.	27
32.	Jayana Book Depot, Chapparwala Kuan, Karol Bagh, New Delhi.	66
33.	Oxford Book & Stationery Company, Scindia House, Connaught Place, New Delhi—1.	68
34.	People's Publishing House, Rani Jhansi Road, New Delhi.	76
35.	The United Book Agency, 48, Amrit Kaur Market, Pahar Ganj, New Delhi.	88
36.	Hind Book House 82, Janpath, New Delhi.	95
37.	Bookwell 4, Sant Narankari Colony, Kingsway Camp, Delhi-9.	96
	MANIPUR	
38.	Shri N. Chaoba Singh, News Agent, Ramlal Paul High School Annexe, Imphal.	77
	AGENTS IN FOREIGN COUNTRIES	
39.	The Secretary, Establishment Department, The High Commission of India, India House, Aldwych, LONDON, W.C.-2.	59

PUBLISHED UNDER RULE 382 OF THE RULES OF PROCEDURE AND CONDUCT OF BUSINESS IN LOK SABHA (FIFTH EDITION) AND PRINTED BY THE MANAGER, GOVERNMENT OF INDIA PRESS, FARIDABAD.