E.C. No. 313

ESTIMATES COMMITTEE
1962-63

SEVENTEENTH REPORT

(THIRD LOK SABHA)

Action taken by Government on the recommendations contained in the Ninety-Second Report (Second Lok Sabha) of the Estimates Committee.

Growth of Civil Non-Plan Expenditure

LOK SABHA SECRETARIAT
NEW DELHI

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ESTIMATES COMMITTEE

1962-63

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*Elected *w.e.f.* 15th November, 1962 *vice* late Shri B. J. Singh.

**Elected *w.e.f.* 18th August, 1962 *vice* Shri Shivram Rango Rane resigned.

INTRODUCTION

I, the Chairman of the Estimates Committee, having been authorised by the Committee, present this Seventeenth Report on action taken by Government on the recommendations contained in the 92nd Report (Second Lok Sabha) of the Estimates Committee on Growth of Civil Non-Plan Expenditure.

2. The Ninety-second Report of the Estimates Committee was presented to Lok Sabha on the 28th April, 1960. The Government furnished their replies indicating action taken on the recommendations contained in the Report between the 29th November, 1960 and the 10th November, 1961.

The Government's replies to the recommendations contained in the Report, were considered by Study Group 'E' of the Estimates Committee on the 31st August, 1962. Thereafter the Government were requested to furnish further information on certain points arising out of their replies to some of the recommendations. Further information furnished by the Government was considered by Study Group 'E' on the 11th December, 1962. The draft Report on action taken on the recommendations contained in the 92nd Report was considered by Study Group 'E' on the 23rd January, 1963 and adopted by the Committee on the 30th January, 1963.

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

I. Report.

II. Recommendations that have been accepted by Government.

III. Replies of Governments that have been accepted by the Committee.

IV. Replies of Government that have not been finally accepted by the Committee.

4. An analysis of the action taken by Government on the recommendations contained in the Report, is given in Appendix IV.

It would be observed therefrom that out of 17 recommendations contained in the Report, 8 recommendations *i.e.* 47.1% have been accepted fully by Government. Of the rest, replies of Government in respect of 8 recommendations *i.e.* 47.1% have been accepted by the Committee while reply in respect of 1 recommendation *i.e.* 5.8% has not been finally accepted by the Committee.

H. C. DASAPPA,
Chairman,
Estimates Committee.

NEW DELHI-1,
Dated the 4th February, 1963.

CHAPTER I

REPORT

In para 17 of the 92nd Report (Second Lok Sabha) on Growth of Civil Non-Plan Expenditure, the Committee had observed that the total administrative expenditure met from Revenue during the five years period 1956—61 had gone up by Rs. 199 crores as compared to the 1955-56 level. They had expressed the view that intensified efforts were required on the part of all Ministries for checking the growth of administrative expenditure. The Government in their reply (*vide* S. No. 8 of Chapter IV) have stated that the attention of the Ministries had been drawn to the observations of the Committee regarding the need for making intensified efforts for checking the growth of administrative expenditure and the Ministries were urged to study selected sectors of activities under them. The Government have further furnished a statement showing the results of sector studies undertaken by the different Ministries/Departments (Appendix II).

The Committee note that during the two years 1961-62 *and* 1962-63, *the total estimated increase in administrative expenditure met from Revenue over* 1960-61 (*actual*) *level, is Rs.* 58.9 *crores* (*Appendix III*). *Evidently, the economies effected by Government as a result of study of selected sectors of activities of the administrative Ministries must have been negligible as otherwise there would not have been such a large increase in expenditure as Rs.* 58.9 *crores during the period. The Committee recommend that more vigorous and intensified efforts are required on the part of all Ministries for checking the growth of non-plan and non-developmental expenditure. The need for economy cannot be too strongly stressed in these days of national emergency and the Committee hope that the Ministry of Finance would exercise effective check on the growth of any non-developmental and non-plan expenditure.*

CHAPTER II

RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT.

Serial No. (As in Appendix XIII of the 92nd Report	Reference to paragraph No. of the Report	Summary of recommendation/conclusion	Reply of Government
1	2	3	4
6	15	The Committee appreciate the various factors pointed out by Government with regard to the cost of collection of taxes but are not convinced that there is no scope for reduction in the cost of collection especially that of establish d taxes and duties. The Committee have seen the reference to this subject in the Report of the Direct Taxes Administration Enquiry Committee, 1959 where they say tha the cost of adminis ration should be kept as low as possible though later they refer to the fact that come of their suggestions would involve extra expenditure as necessary to check tax evasion and improve the overall efficiency of the Department. It does not appear that there has been an attempt to make a study of the organisations in other countries with a view to reduce the	The Government accept the suggestion made by the Committee in principle. On the Central Excise side reports on the tax structures obtaining in the U.K. have been submitted by officers of the Board who have gone to that country on deputation under the Colombo Plan in the last two years. Their reports and the extent to which char ges can be made in our tax structures are being examined. Arrangements are also under consideration for Central Excise officers who will be shor ly visiting United States of America for some other conference, to study the tax structures obtaining in that country.

		ratio of costs of administration and to improve its efficiency here. The Committee would urge that the procedure of administering the taxes in the advanced countries should be studied and adopted with modifications to suit our conditions. Also a conscious effort should be made for rationalisation and simplification of procedures and improvements of existing methods of work. This, the Committee feel, would not only result in improved efficiency and larger collection but also bring down the percentage cost of collection.	On the Income-tax side, an officer of the Tax Research Bureau who had recently gone on a foreign tour will be reporting on the tax systems obtaining in those countries which will be examined with reference to the suggestion made by the Estimates Committee. Every effort is being made in these two Departments for reducing the cost of collection of taxes, wherever possible. [*Ministry of Finance -Department of Expenditure O.M. No.* 10(12)-*B(Coord)*/60, *dated* 3-1-1961].
7	16	The Committee suggest that in order to have an overall assessment of administrative expenditure in broadly defined fields of activity, it would be desirable if the total administrative expenditure is classified under broad heads such as administrative services, tax collection, developmental and social services separately under Plan and non-Plan heads and included in the Explanatory Memorandum on the Central Budget.	Action has already been taken to give effect to this sugges ion. In this connection, reference is invited to para 42 of the Finance Minister's Budget Speech for 1961-62 and Part II of the Introductory Note of the Explanatory M morandum on the Budget of the Central Government for 1961-62. The question of introducing further changes with effect from the Budget for 1962-63 is under consideration. [*Ministry of Finance-Department of Expenditure O.M. No.* F. 10(12)-*B(Coord)*/60, *dated* 10-11-1961].
9	21	With regard to increase in expenditure on Administrative Services pointed out in para 19	The recommendation has been noted. Instructions had already been issued by the Ministry of Home

1	2	3	4
		and the comments of Government thereon, the Committee observe that the increase in work on account of expansion of activities Plan or non-Plan, should be largely met through a rational husbanding from the existing strength with the minimum possible expansion of establishment.	Affairs in January 1960 imposing a one year ban on recruitment to all posts which are either not connected with the Plan or not required for security purposes. Even in regard to posts connected with the Plan, it has been laid down that new items of work should as far as possible be handled by suitable re-distribution of work among the existing staff and not resort to fresh recruitment. The attention of the Ministries has once again been drawn to the observations of the Committee. [*Ministry of Finance-Dept. of Expenditure O.M. No.* 10(12)-*E*(*Cobrd*)/60, *dated* 29-11-1960].
13	27	It would be observed from the statement regarding number of posts in certain select Ministries (Appendix X) that though the bulk of the work of these Ministries is not directly connected with the Plan, there is a significant rise in the number of posts in each Ministry during the Second Plan period and that the increase is concentrated during the period 1955 to 1957. The Committee are not sure as to what extent the work relating to the Plan contributed to such expansion. The Committee would point out that the increase of staff in these Ministries is symptomatic of the increase in all other	The observations of the Committee have been noted Their attention is invited in this connection to the reply furnished by the Ministry of Finance with reference to paragraphs 43 to 47 of the fifty-fifth Report (Second Lok Sabha) of the Committee. The work study of the various Ministries/Departments and important offices, is being conducted by the Special Re-Organisation Unit, according to a phased programme. These work studies are expected to facilitate laying down of suitable staffing standards on scientific lines and reveal sectors where the growth of staff is not commensurate with the increase in activities. As regards the

		organisations and feel that it is a matter for review whether the growth of staff was commensurate with the increased activities and whether efforts were made to find out personnel from the existing strength. The Committee would refer in this instance to the information gathered by the Estimates Committee in their 55th Report (Second Lok Sabha) on the Ministry of Finance (Department of Expenditure) (*vide* para 38 of that report) that over staffing in Government offices arose because staff requirements were often estimated and sanctioned on the basis of a conjecture in the absence of an analysis of the methods of work. The Committee reiterate the recommendation made in para 46 of that Report that scales of work should be laid down for each job on scientific and business principles and that the staff strength should be based in the light of such standards. They would also emphasise the necessity for properly directed periodical reviews by each Ministry of their standing charges as well as the continuing services.	necessity of each Ministry conducting properly directed periodical reviews of its standing charges as well as the continuing schemes, suitable instructions have already been issued (in July 1959) to all Ministries in pursuance of the recommendations of the Committee in their fifty-fifth Report. [*Ministry of Finance-Department of Expenditure O.M. No. F.* 10(12)-*E(Coord)*/60, *dated the* 29-11-1960].
14	28	The Committee are glad to note the steps taken by Government regarding economy measures. As regards the one year ban imposed on recruitment the Committee suggest that a report may be presented to Parliament next year before the presentation of the Budget showing	The recommendation has been noted and report as suggested will be presented to Parliament by the Government of India in the Ministry of Home Affairs.

1	2	3	4
		the extent of operation of the ban with reference to the relative personnel strength at the end of 1959 and 1960, and also indicating the specific Plan activities of individual Ministries and the actual increase in staff strehgth which had to be resorted to on that account.	[*Ministry of Finance—Deptt. of Expenditure O.M. No. F. 10 (12)-E (coord)/60 dated* 29-11-1960]
15	29	The Committee trust that the studies initiated by Ministries in regard to the working methods in selected sectors within their respective organisations would yield useful results.	Noted. [*Ministry of Finance—Deptt. of Expenditure O.M.No. F.* 10 (12)-*E* (*Coord*)/60 *dated* 29-11-1960].
16	30	The economies effected due to number of posts abolished in the Secretariat do not appear to be considerable when viewed against the total strength of the Secretariat at 21,000, there being considerable increase in the total strength of the Secretariat which rose from 19,174 as on 1-4-1957 to 21,170 on 1-4-1959. The Committee would recommend that a record about the total number of posts abolished in each Ministry every year may be given	The Organisation and Methods Division would include in its Annual Report a statement of the total number of posts abolished and added in each Ministry and the net reduction/addition to the total staff in that particular year. [*Ministry of Finance—Department of Expenditure O.M.No.* 10(12)-*E*(*Coord*)/60 *dated* 29-11-1960].

		in the Annual Report of the O & M Division.	
17	31	The Committee welcome the steps for overhauling the administrative machinery. It is a matter for study whether the reduction of surplus staff has not actually resulted in more efficiency. Such a process of economy will inevitably lead to rationalisation of procedure and methods of work.	The reduction in surplus staff results from rationalisation of procedures and methods of work. It is, therefore, axiomatic that the process of economy in such cases, should lead to better working methods. What really requires to be examined is whether the process of economy has affected the efficiency of the organisation concerned in any way. A few sectors will be taken up for repeat studies in order to assess the effect of the process of economy on efficiency. [*Ministry of Finance—Deptt. of Expenditure O.M. No. F.10(12)-B-(Coord)/60 dated* 29-11-1960].

CAHPTER III

REPLIES OF GOVERNMENT THAT HAVE BEEN ACCEPTED BY THE COMMITTEE

S.No. (as in the Appendix XIII of the Report)	Reference to paragraph No. of the Report	Summary of recommendations/conclusions	Reply of the Government
1	2	3	4
1	51	As against Rs. 420 crores estimated to be available for the Plan, a sum of Rs. 1044·2 crores was realised but in fact only Rs. 439 crores was available for the Plan.	The estimate of Rs. 420 crores in respect of 'balance from current revenues' as visualised in the Second Plan cannot be compared with the figure of Rs. 1044 crores mentioned by the Estimates Committee in paragraph 5 of their Report. The former represents the estimated balance from revenue receipts after meeting all non-plan committed expenditure whereas the latter does not fully take into account the expenditure side. The statement of the Committee would be valid only in the limited sense that revenue resources in the Second Plan could amount to Rs. 1044 crores if the revenue receipts turned out to be as now estimated, but the non-plan expenditure remained at the level visualised at the time of the formulation of the Plan. In actual fact, both receipts and expenditure have

			turned out to be somewhat different from the ones forecast earlier. The reasons for the variations have been explained in the Notes that were furnished to the Committee in February, 1960. It might only be added that increases in receipts under certain items are to some extent related to increases in expenditure. For example, receipts emanating from additional taxation have in certain cases led to large expenditure on tax collection mainly because of requirements of additional staff. Similarly some increases in receipts 'under civil administration' are linked with higher expenditure under 'education' helalth etc.' [*Ministry of Finance O.M. No. F.* 10(12)/*BCoord*/60 *dated* 10-11-1961].
4	8	Assuming that Rs. 252 crores, as noted in para 2 of this Report, were available for the Plan from the anticipated proceeds of revenue at the 1955-56 rates of taxation, the balance, namely Rs. 187·7 crores only (Rs. 439. 7—Rs. 252 crores) should be taken as accruing to the Plan from additional measures of taxation. As the net additional receipts accruing to the Centre from such additional measures of taxation and from better collections from existing sources of revenue come to Rs. 792 crores, it would appear that the balance of about Rs. 604 crores of additional revenue raised has been absorbed by increases over the Plan estimates in the Non-Plan expenditure.	This conclusion sets out the factual position which is based on the material that was supplied by the Planning Commission to the Estimates Committee early in 1960. At that time accounts for the years 1956-57 and 1958-59, revised estimates for 1959-60 and budget estimates for 1960-61 were available. Since then accounts for 1959-60 and revised estimates for 1960-61 have become available which show that the position in regard to 'balance from current revenues' is somewhat better than indicated earlier to the Estimates Committee. [*Ministry of Finance—Deptt. of Expenditure O.M. No. F.*10(12)-*E.Coord*/60 *dated* 10-11-1961].

1	2	3	4
		The Plan estimated that, in addition to the revenue surplus of Rs. 252 crores available from the existing sources of revenue for the Plan Rs. 168 crores would accrue to the Centre from additional taxation making a total of Rs. 420 crores of Plan expenditure to be met from revenue. This left a gap of another Rs. 400 crores which was also expected to be covered largely by additional taxation. Any increase in collection of revenue over Rs. 420 crores should, therefore, have gone to cover this gap. Though additional revenue was raised to the extent of Rs. 792 crores leaving a net advantage of Rs. 624 crores as against Rs. 168 crores, the gap was covered only to a very limited extent of Rs. 19·7 crores.	
3	10	As regards the argument of the Ministry of Finance that one could argue with equal force that nearly the whole of the proceeds from additional taxation available for disbursement by the Centre was utilised for financing the plans of the Centre and the States, the Committee are unable to agree with it for the following reasons :— It appears from a Statement furnished to the Committee by the Planning Commission (Appendix IV) that the total revenue	It is not clear how the Planning Commisson's statement referred to in paragraph 10 of the Committee's Report goes to contradict the argument put forward by the Ministry of Finance regarding the 'pairing of expenditure'. The Committee's inference would be correct only if one were to assume that revenue deficits arise solely because of Plan expenditure on revenue account. Moreover the actuals now available for the first four years of the Second Plan show that during this period there was a surplus on revenue account

expendture including Plan and non-Plan expenditure during the first 4 years of the Plan was Rs. 2,744 crores against which the total revenue receipts during the period was only Rs. 2,620 crores. There was thus a deficit of Rs. 124 crores on revenue account. The balance available from the revenues after deducting non-Plan expenditure was only Rs. 298 crores. In the circumstances, though Plan expenditure to the extent of Rs. 422 crores is shown to have been met from revenue the actual amount of Plan expenditure that could be met from revenue would be only Rs. 298 crores. It does not therefore seem to be correct to say that Plan expenditure to the extent of Rs. 422 crores has been met from revenue.

On the other hand, the Committee consider that in whatever manner the revenue may be paired with the expenditure it is obvious that while Rs. 420 crores was expected to be available from the current sources of revenue and additional revenue was raised to the extent of Rs. 1,044 crores during the full Plan period the amount available to the Plan would be only Rs. 439 crores as shown in Table III and that the gap in the financing of the Plan would be covered only to the extent of Rs. 19 crores.

of Rs. 62 crores. Thus Plan expenditure can be assumed to have been actually met out of revenue.

[*Ministry of Finance—Deptt. of Expenditure O.M. No. F.*10(12)-E.*Coord*/60 *dated* 10-11-1961].

1	2	3	4
4	12	The Committee appreciated the difficulties in making a definite forecast of expenditure for a five year period and the impact of unpredictable developments and conditions which would necessarily affect such a forecast. But they feel that in the context of a planned economy with emphasis on dynamism in the development of the country, too wide a variation in the estimates of resources available for furthering the nation-building activities should not be permitted by allowing too free a play for administrative and other non-Plan expenditure to mount up lest the Plan programme is retarded. The Committee consider that in view of the phenomenal rise in non-Plan expenditure in spite of the reasonable size envisaged by the Planning Commission in that direction, it would be most desirable for the Planning Commission to have a special study made of the disproportionate rise and make suitable suggestions to see that such expenditure is kept under control and will not expand in the Third Plan as it has done during the Second Plan period.	The reasons for increase in non-Plan expenditure under certain broad headings during the Second Plan period have already been explained to the Committee by the Planning Commission and these have been incorporated in the 92nd Report of the Estimates Committee. The position was also explained during the general discussion on the Budget for 1961-62 in Lok Sabha in March, 1961 (*Vide* extract enclosed in Appendix I). Adequate machinery exists in the Govt. Organisation to secure all possible economy in non-Plan as well as Plan expenditure. There is also a continuous effort on the part of the Finance Ministry to check all avoidable expenditure and keep it to the minimum required. No further study in this regard is considered necessary. [*Ministry of Finance—Department of Expenditure O.M. No. F.* 10(12)-*E. Coord*/60 *dated* 10-11-1961].
5	14	As regards non-tPlan developmental expenditure the Committee fqeel that it is a matter for consideration whether there should be such a wide divergence between the estimates and	The procedure for working out the estimates of non-Plan expenditure for the Third Plan period is different from the one adopted in the Second Plan.

		the actual expenditure and whether there should not be a realistic breaking down of the dimensions indicated into specific targets for each Ministry.	For the Third Plan, separate estimates of each of the main budgetary heads were first prepared in the Planning Commission. Comments of the Ministries on these estimates were then invited. In the light of these comments, the five year estimates were suitably revised. It is hoped that this method would give better results than the approach adopted in the Second Plan. It may, however, be emphasised that the estimates of receipts and expenditure made at any point of time are based upon current view of things; if the circumstances change—and they sometimes do-the estimates would stand vitiated to that extent. Even in annual budgets there are variations between budget estimates, revised estimates, and actuals. The object of five year forecasts is to indicate the order of magnitude only, it being always recognised that the estimates would alter from year to year. [*Ministry of Finance—Department of Expenditure O.M. No. F.* 10(12)-*E. Coord/*60 *dated* 10-11-1961].
10	23-24	The following points arising from Table IV regarding staff strength of civilians employed under the Central Government are worthy of note: (i) There has been a steep rise under 'administrative and executive' from 48,685 in 1951 to 74,169 in 1959 *i.e.*, by more than 50%.	*Recommendations* 10 *to* 12. The need to regulate the growth of staff is accepted in principle. Various corrective measures have been taken in that direction, such as, a ban for one year on fresh recruitment, a programme of work studies of important organisations and studies of selected sectors by internal groups in Ministries. It is considered, however, that at

1	2	3	4
		(ii) Under 'Clerical' the rise has been even more marked *i. e.*, from 1,35,201 in 1951 to 2,41,319 in 1959—which is by more than 78%. (iii) While under 'administrative and executive' there has been a sudden and steep drop of 12,000 from 58,747 in 1954 to 46,412 in 1955—all within the span of one year, there has been a rise in 'clerical' skilled and semi-skilled' and 'unskilled' during the same year. (iv) There has been a noticeable increase in the strength of 'administrative and executive' personnel to the extent of 60% during the last 4 years. The increase in 'clerical' staff during the same period is by 34·9 per cent. (v) The strength in the 'unskilled' has fallen from 2,49,544 in 1951 to 2,45,714 in 1959. With regard to the comments of the Ministry of Home Affairs regarding item (iii) in para 23, the Committee feel that the increase in the 'administrative and executive' category and 'clerical' category was above the normal growth.	this stage a retrospective analysis of the growth of personnel of administrative and executive categories during the past years will be a laborious task and it may not be commensurate with its cost in time and effort. Government trust that the Committee will not press for an analysis of the type proposed. [*Ministry of Finance—Department of Expenditure Office Memorandum No. F.* 10(12)-*E. Coord*/60 *dated the* 29*th November*, 1960].

As regards the 'clerical' category it is seen that in the previous years the increases were of the order of 9500, 8000 and 3600 during the years 1952, 1953 and 1954 respectively and that the increase in 1955 set the pace for a faster growth in the succeeding years when the increases were of the order of 22485, 16141, 16153 and 7630 respectively during the years 1956, 1957, 1958 and 1959. The Committee have not been given any reasons for the large increase by 60% in 4 years in the 'administrative and executive' personnel during the period. An analysis of the phenomenal growth in that category may be very revealing and necessary to regulate future expansion.

11 25 The Committee feel that the increase in strength of Joint Secretaries, Deputy Secretaries and Under Secretaries is unduly high.

12 26 The following points are observed from the statement showing the number of posts in the Central Secretariat of the Government of India.

(i) There has been a steep rise in all categories of posts from 1-4-1948 to 1-4-1959.

(ii) The increase in staff in all categories from 1-4-55 to 1-4-1959 which covers part of the Second Plan period is more than double the increase in staff from 1-4-1951 to 1-4-1955 which corresponds to the First plan period, the growth being particularly marked in the

1	2	3	4
		Class II (Non-gazetted), Class III and Class IV categories.	
		(iii) Whereas the number of non-technical posts has risen by 7,970 from 11,538 on 1-4-1955 to 19,508 on 1-4-1959, the number of technical posts has risen by 935 from 727 on 1-4-1955, to 1,662 on 1-4-1959, indicating multiplication of non-technical categories in spite of the demands for technical personnel in the context of the Plan.	
		(iv) The increase is very high during the period 1-4-1955 to 1-4-1957.	
		(v) The number of Class III and Class IV posts has continued to increase despite the restrictions on creation of posts imposed during the economy drive in 1957. (*Vide* Appendix XI).	
		(*Further information called for by the Committee*).	
		(i) What were the broad reasons for increase in the number of posts of staff during each of the years 1956 to 1959?	The information regarding reasons for increase in posts year by year is not available at one place. The O. & M. Division started collecting information regarding posts abolished or added to the

	establishment of the various Ministries/Departments since 1959-60 only, and, therefore, that Division do not have any information in respect of the previous years. One of the broad reasons for increase would be the increased tempo of developmental Plans, social welfare measures etc. under the Second Five Year Plan. As regards reasons for increase in individual Ministries/Departments, information will have to be collected from all concerned. In view of the substantial effort and time that will be involved in collection of such information, the Committee may kindly consider whether such collection should now be undertaken.
(ii) Please also indicate detailed reasons for any marked or significant increase in the number of posts in the Ministries/Departments for the subsequent years *i.e.* for 1959-60, 1960-61 and 1961-62. (This may not be a difficult task now that the statement showing the number of posts abolished/added in the Ministries/Departments is included as an Appendix to the Annual Report of the O. & M. Division).	(ii) Ministries/Departments normally indicate reasons for noticeable additions to their establishment in very broad terms. So far as increase in the establishment of the various Ministries during the year 1959-60, is concerned, attention is invited to para 52 of the Sixth Report of the O. & M. Division (1959-61) relevant extract from which reproduced below: "It must be acknowledged that in spite of all out efforts to keep down additions to the establishment, large scale increases could not be avoided because of the magnitude of the development plans and social welfare measures undertaken or planned by the Ministries concerned during the Second and Third Five Year

1	2	3	4
			Plans. Thus noticeable increases are found in the Department of Atomic Energy and the Ministries of Commerce & Industry, Food & Agriculture, Communications and Civil Aviation, Steel, Mines and Fuel and Works, Housing and Supply on the developmental side and in the Ministries of Education, Health S. R. & C. A., Information & Broadcasting and Labour & Employment on the social services side, the increase in the Department of Revenue being attributable to the administration of new taxes".
			Reasons for significant additions to the governmental establishment during the years 1960-62 also have been substantially similar. The increases are ascribed mainly to increased tempo of Plan Schemes, security considerations, new items of work, or expansion of the existing services *e.g.* increased import of foodgrains, expansion of ware-housing facility, establishment of new missions and posts abroad, increased socio-economic surveys. More detailed reasons for the additions in establishment can be furnished only by the Ministries/Departments concerned.
		(iii) (a) What was the normal pattern of staff *e.g.*, Section Officer, Assistants, Clerks, Daf-	(iii)(a) & (b) : The normal pattern of staff for a conventional Secretariat Section is 1 Section

try, Messengers, etc. laid down for a section of a Ministry/Department in 1956?

(b) What were the changes made in this normal pattern of staff for a section of the Ministry/Department in each of the subsequent years till 1962?

(*L. S. S. O. M. No.* 36-*E.C.*/60 *dated the* 31*st October*, 1962).

Officer, 4-5 dealing hands (Assistants/U.D.Cs). 3 L.D.C.s., 1 Daftry and 1 Messenger.

In September 1956, a new type of Section, known as Pilot Section, comprising 3 Section Officers, 3 U.D.Cs., 3 L.D.Cs., including not more than 2 Steno-typists for rendering stenographic assistance to the three Section Officers, 1 Daftry and 1 Messenger, was introduced on a pilot basis in certain Ministries/Departments. In this set up, the usual number of 4-5 dealing hands were replaced by two additional dealing Section Officers.

This Scheme was, however, discontinued in September, 1962 as it was found to be merely resulting in highly paid personnel being employed on low grade jobs.

In order to control the growth of Class IV Staff, a messeger service system has been introduced from 1958-59 onwards in some Ministries/Departments. Under this sheme personal attachment of peons to Sections and Officers upto varying levels has been dispensed with. A pool of messengers, instead, attends to the needs of a selected number of sections and/or officers.

[*Ministry of Finance—Department of Expenditure O. M. No. F.* 10(12)—*E* (*Coord*)/60 *dated* 30-11-1962.]

CHAPTER IV

REPLIES OF GOVERNMENT THAT HAVE NOT BEEN FINALLY ACCEPTED BY THE COMMITTEE

S.No. (as in the appen. XIII of the Report)	Reference to Para. No. of the Report	Summary of recommendations/ conclusions	Reply of the Government	Remarks
1	2	3	4	5
[illegible]	17	The Committee feel that the increases in total administrative expenditure are of considerable magnitude, the maximum increase having been recorded in 1957-58. Whereas it could be expected that efforts would be made to stabilise the expenditure at the 1957-58 level, in which year the internal economy	The attention of the Ministries has been drawn to the observations of the Committee regarding the need for making intensified efforts for checking the growth of administrative expenditure. Apart from the programme of works studies of various Ministries/Offices being conducted by the Special Reorganisation Unit, adminis-	*Please see chapter I*

committees were set up in the Ministries, expenditure has been increasing under all heads during the subsequent years also. The Committee feel that intensified efforts are required on the part of all Ministries for checking the growth of administrative expenditure. The Committee are glad to note that the Finance Minister in the course of the speech on the Finance Bill on the 21st April, 1960 said that Government was trying to cover all Ministries to see that work was done in a proper manner so that redundant staff was removed and that it was hoped to cover all the Ministries within two or three years.	trative Ministries have been urged to study selected sectors of activities under them. There is also a regular programme of training courses, in work study techniques for officers of different levels. These training courses are conducted on a continuous basis and care is taken to ensure that each Department/Ministry has at least two of its officers trained in this technique. [*Ministry of Finance (Depratment of Expenditure) Office Memorandum No. F.* 10(12)-*E (Coord)*/60 *dated the 29th November*, 1960].
(*Further information called for by the Committee.*) What was the economy achieved as a result of study of selected sectors of activities by the administrative Ministries ? (*L.S.S. Office Memorandum No.* 36-*EC*/60 *dated* 31*st October*, 1962).	A statement showing the results of sector studies undertaken by the different Ministries/Departments is attached (Appendix II). These studies were undertaken by the Ministries/Departments with a view to improving efficiency by simplifying procedures. reviewing organisational pattern etc. and to effecting cost

1	2	3	4	5
			reduction. It is not always possible to assess the resultant savings in precise monetary terms. However wherever possible the savings resulting from the studies undertaken by the Ministries/Departments are also indicated in the Appendix II The information in respect of Ministry of Commerce & Industry and the Department of Economic Affairs is still awaited and will be sent as early as possible. *[Ministry of Finance—Department of Expenditure O.M. No. F.* 10 (12) *E.* (*Coord*)/60, *dt.* 30-11-62].	

NEW DELHI ;
Dated the 4th February, 1963.

H. C. DASAPPA,
Chairman,
Estimates Committee

APPENDIX I

[*Vide* S. No. 4 of 92nd Report in Chapter III]

Extract from speech of the Deputy Minister of Finance (Shri B. R. Bhagat) before Lok Sabha during the General Discussion on Budget for 1961-62 *on* 16*th March,* 1961. [L.S. Deb. *vol.* LII No. 23 columns 5417 to 5419]

* * * * *

During the Second Plan period the additional taxation raised by the Central and the State Governments together was of the order of Rs. 1040 crores of which Rs. 960 crores were expended on developmental schemes included in the Plan. In addition considerable amounts were made out of revenue both at the Centre and in the States for expenditure on developmental schemes outside the Plan. The criticism that the bulk of the additional taxation was absorbed by non-developmental expenditure is, therefore, clearly untenable. While non-Plan expenditure was also larger than what was originally envisaged, this was mostly due to the circumstances which could not be visualised at the time when the resources for the Second Plan were drawn up. For instance, the defence needs went up by Rs. 155 crores and the House will not say that it was unreasonable ; it was quite necessary. We did not visualise this increase. Similarly, the interest payments on public borrowings had gone under what is known as non-plan expenditure. Public borrowings over the Second Plan period were larger than what we expected. It was larger and so were the interest charges ; they went up by about Rs. 15 crores. This is mainly due to increase in the volume of public borrowings and also progressive increase in the interest rates. The statutory and other non-plan grants paid to the States in pursuance of the recommendations of the Second Finance Commission caused a further rise of Rs. 80 crores. In addition during the Second Plan period, Rs. 50 crores were paid to the States as grants for raising the emoluments of low-paid employees and Rs. 20 crores for sharing the expenditure on natural calamities. All these things will explain why there has been some rise in non-Plan expenditure ; they are not only justified but they were entirely necessary.

It does not mean that I minimise the need for putting a curb on the growth of civil expenditure or non-Plan expenditure. The present Finance Minister at the head of the Finance Ministry is himself a safeguard against any untoward increase in expenditure. He comes down heavily with an iron hand on any untoward or unnecessary or unjustified expenditure. Then there are other institutions and built-in arrangements that we have evolved over a period of years to check the growth because we agree that there is an inherent tendency for such expenditure to grow. But all the same over a period of years we are building such institutions which put a curb on it. For instance, we have the Economy Board at the highest level. Then there are internal economy committees in each Ministry. Then we have also an Organisation and Methods Division of the Cabinet. There is a committee on Plan Projects known as C.O.P.P. ; then there is the Special Reorganisation Unit. All these are working and from time to time, their reports are there before the House. There is a continuous effort on the part of the Government to check all avoidable expenditure and to keep it down as much as possible.

APPENDIX II

[*Vide* S. No. 8 of 92nd Report in Chapter IV]

Statement showing the results of the Study of Selected Sectors of activities made by different Ministries/Departments

Sl. No.	Sector studied	Results of the study
1	2	3
	COMPANY LAW ADMINISTRATION	
1	(*i*) Offices of the Registrar of Companies at Bombay, Gujarat, Gwalior, Madras, Mysore, Hyderabad, Orissa, Assam, Punjab, Delhi, Kanpur and Rajasthan.	Reorganised. Resultant saving, 1 UDC. and 6 L.D.Cs.
	(*ii*) Relations with the public.	Time norms for disposal of applications from public fixed and publicised. To facilitate work of the Department, company managements and Company Secretariats, a 'form filling guide' brought out and a bulletin containing circulars of the department published.
	COMMUNITY DEVELOPMENT, PANCHAYATI RAJ & COOPERATION	
2	Prompt payment of contractors' Bills.	Procedure simplified by reducing steps from 47 to 26. Certain standard forms prescribed Existing 'Accounts Register' replaced by 'Demand Register'. Payment to be authorised by reference to the Stock Register and Demand Register.
	DEFENCE	
3	Work-load of certain Under Secretaries and Sections.	One L.D.C. and one Daftry reduced resulting in annual recurring saving of Rs. 4200.

1	2	3
	EDUCATION	
4	(*i*) Scholarships under different Scholarship schemes. (Done in collaboration with the Special Re-organisation Unit).	Various forms in use simplified and standardised. Informative brochures prepared for use of scholars and educational institutions. Periodicity of progress reports on scholars reduced. Work regarding admissions of foreign private scholars at Ministry's level eliminated. Grant of advance equal to 3 months' stipend to foreign scholars immediately on their arrival in India authorised. Procedure simplified to expedite settlement of scholars' claims. Expeditious compliance with requests for application forms for scholarships and prompt acknowledgement of applications and intimation of results secured.
	(*ii*) Scholarships Schemes for the Handicapped. (Done in collaboration with the S.R.U.)	New procedure proposed; preliminary selections to be made by State Governments; time schedule for disbursement of scholarships to be drawn up separately for fresh and old scholars to avoid delay in payment.
	(*iii*) Prize Scheme for Books for Neo-Literates. (Done in collaboration with SRU).	Scheme partially decentralised to relieve Central Government of certain routine work.
	(*iv*) Complaints from teachers or from public against the management of educational institutions in Delhi. (Done in collaboration with the S.R.U.).	Complaints to be addressed to Director of Education/ Education Officer, D.M.C. and to be disposed of within 3 months. Chief Commissioner to be addressed only if the complaint remains unsettled beyond 3 months or for other special reasons. Annual report about complaints received and settled to be sent by the Chief Commissioner to the Education Ministry.

1	2	3
		Complaints pending over a year to be discussed at a meeting of representatives of the Education Ministry, Directorate of Education and Education Officer, D.M.C. for disposal. (Accepted in a modified form).
	EXTERNAL AFFAIRS	
5	(*i*) Organisation of the Territorial Divisions.	4 Territorial Divisions reorganised by eliminating noting at Assistant's level and making Under Secretary/Attachee responsible himself to deal with cases *ab initio*. Resultant saving Rs. 51,000 per annum recurring.
	(*ii*) Staffing in Missions/Posts abroad.	Staff strength of 37 medium—sized Missions/Posts examined. One Accountant, One Cypher Assistant, 11 Assistants/Clerks and 2 Messengers reduced. Resultant saving Rs. 1,03,000 recurring.
	(*iii*) Commission-General of Economic Affairs in the Washington Embassy.	Commission merged with the Embassy resulting in reduction of certain officers and staff resulting in a net recurring saving of Rs. 3,00,000 per annum.
	(*iv*) Ministry proper and Regional Passport Offices.	Ways and means evolved to minimise procedural tangles and increase overall output resulting in avoidance of need for creating additional posts for the future.
	FINANCE—EXPENDITURE DIVISION (CIVIL)	
6	(*i*) Financial and budgeting control.	Kept under constant review. Certain revised arrangements with enhanced delegation of financial powers to Ministries/Departments introduced with effect from 1-6-62.

1	2	3
	(*ii*) Case-studies to locate delays, oversights and other lapses.	Results of case studies widely circulated. Problems thrown up, whether relating to attitudes, application of rules, or procedures, discussed and continually studied.

FINANCE—EXPENDITURE DIVISION (DEFENCE)

7	Pension Regulations for the Army (Part I).	Revised and printed.

AGRICULTURE

8	(*i*) Indian Veterinary Research Institute, Izatnagar—Study of Sectors having contact with the public.	Enquiries from private parties to be answered straightaway by Technical Officer, Poultry Research Division, to avoid delays. Return of earnest moneys speeded by requiring deposits to be returned immediately to all, except the two lowest, unsuccessful tenderers. Delays in payment of bills against supplies remedied. O. & M. control introduced.
	(*ii*) Indian Central Sugar-Cane Committee, New Delhi—Work-load and staff strength of the organisation.	Following posts abolished with resultant annual savlng of Rs. 26064: Scientific Assistant . . . 1 Publicity Assistant . . . 1 Assistants/U.D.Cs. . . . 4 L.D.Cs. . . . . 2 Peons . . . . 2 Dark-Room Attendant . . 1 Artist-*cum*-Photographer . . . 1 (Post redesignated as Artist and the grade revised from Rs. 325—575 to Rs. 150—240).
	(*iii*) Tobacco Grading Station Guntur—Study of Sectors having contact with the public.	Time norms prescribed for disposal of applications on certain items.

1	2	3
	FOOD	
9	(*i*) Vanaspati Section of Sugar & Vanaspati Directorate. (Attached Office).	2 U.D.Cs. and 1 L.D.C. reduced. Post of Store Keeper-*cum*-Laboratory Assistant (60—120 created and 2 technical subordinate posted).
	(*ii*) Storage Sections . .	2 U.D.Cs. and 2 L.D.Cs. reduced.
	(*iii*) Storge and Inspection Directorate.	Returns rationalised. Analysis work decentralised. Regional technical organisations strengthened.
	(*iv*) B.F. & C. Directorate .	Directorate reorganised and some sections merged or abolished. Work relating to fertilizers transferred to Department of Agriculture. Statistical Cell set up with posts provided from within the existing strength by readjustment.
	(*v*) Sugar Shipping and SCD Sections.	2 Sections merged into one section which was eventually abolished, and work transferred with staff to other Sections.
	(*vi*) P & D Directorate . .	1 Section abolished with resultant saving of 1 Section Officer, 6 Assistants, 1 U.D.C. and 3 L.D.Cs. 5 posts of Assistant Directors abolished and 2 posts of Deputy Directors created in their place.
	(*vii*) Establishment Division .	Pilot Sections depilotised. Regional Directors declared as Heads of Department. One Section abolished. U.S. (Welfare) increasingly associated with the work relating to cleanliness, canteen, etc.
	(*viii*) Sugar Sections in Ministry.	Staff reduced by 3 Assistants/ U.D.Cs. and 2 L.D.Cs.

1	2	3
	(*ix*) Movement Directorate	Returns rationalised.
	(*x*) Regional Admn. Section—Necessity to continue an additional temporary post of S.O.	Post recommended for continuance.
	(*xi*) Delays in disposal of audit reports/local check reports/physical verification reports.	Procedure regarding handling of audit reports tightened.
	(*xii*) Delays in submission of timesheets.	Elimination of delay spots suggested.
	(*xiii*) Delays in disposal of damaged foodgrains.	Categorisation of damaged grains decentralised. Financial power of Regional Directors enhanced from 5,000 to 10,000.
	(*xiv*) Contribution of A.Ds. at Headquarters.	Work redistributed. ADs. to be utilised exclusively for field work.
	(*xv*) Procurement Dte.	*Status quo* maintained due to uncertain procurement programme.
	(*xvi*) Basic Plan Division	One section abolished and staff reduced by 1 S.O., 2 U.D.Cs. and 1 L.D.C.
	(*xvii*) Policy and Imports Division.	*Status quo* maintained.
	(*xviii*) Delegation of powers to lower levels for expeditious disposal of work.	List being finalised.
	(*xix*) Requirements of almirahs in the Department for safe custody of records.	Requirements of steel almirahs assessed.
	(*xx*) Sugar sections in the Department.	Staff reduced by 2 Assistants and 2 L.D.Cs.
	(*xxi*) Directorate of Sugar & Vanaspati (Attached Office)	35 posts reduced as a result of decontrol of sugar. Directorate reorganised. S & V section in the Ministry abolished and its work redistributed between the Ministry and the Directorate. Resultant saving Rs. 1 lakh per annum.

1	2	3
	(*xxii*) Demarcation of responsibility of A.P.O. and the PAO in respect of recoveries to be effected on account of sale proceeds of quota rights of tea purchased through export sales.	Responsibility between P.A.O. and A.P.O. demarcated.
	(*xxiii*) Procurement Directorate	*Status quo* due to uncertainties.
	(*xxiv*) Norms of dock staff in Eastern, Southern, Western Regions and Kandla Port.	Norms worked out.
	(*xxv*) Ministerial staff requirements for Central Foodgrains Research & Training Centre, Hapur (a new and expanding Organisation)	Following staff sanctioned : Asstt. Superintendent . 1 Senior Clerk . . . 1 Junior Clerks . . . 2 Sweeper 1
	(*xxvi*) Meetings/group discussions held in Department.	*Status quo* maintained.
	(*xxvii*) Additional Staff for DDGs Coordination Cell.	Cell strengthened by internal adjustments.
	(*xxviii*) Foreign Enclair Telegrams.	No extravagance noticed.
	(*xxix*) Secretariat assistance required by Engineering Officers of Food wing of PWD.	Following staff• recommended to cope with increased construction activity :— U.D.C. . . 1 Steno-typist 1 Draftsmen . . 1 (by transfer from out-station)
	(*xxx*) Delays in submission of Stock Accounts in Western Region.	Orders to be issued to ensure compliance of standing instructions by Depot Officers, Clearing Agent and Regional Offices for avoiding delays.
	(*xxxi*) Inspectorate staff for Fair Price shops.	Number of Inspectors recommended for reduction from 111

1	2	3
	(*xxxii*) Delays in payment of contractors bills, review of contract forms, etc.	Number of procedural changes suggested.
	HOME AFFAIRS	
10	(*i*) Review of the nature and volume of work of all Sections.	Procedures improved and organisational set up changed resulting in elimination of unnecessary work and reduction of 20 Assistants and 30 L.D.Cs.
	(*ii*) Methods of work of the Central Foreigners Bureau.	Procedure and maintenance of records of foreigners simplified. Three periodical reports discontinued. Opening of 20,000 files and preparation of 43,000 cards given up.
	(*iii*) Representation of Scheduled Castes and Scheduled Tribes in service Manual.	A consolidated and simplified compendium of all orders circulated. Forms of annual return reviewed and simplified. Ministries/Departments made responsible for detailed check of returns, Home Ministry exercising only 10% check.
	INFORMATION & BROADCASTING	
11	Requests received from printers by the Directorate of Advertising & Visual Publicity for inclusion in the panel of Printers.	Procedure evolved to simplify and expedite selection of Printers for the Panel.
	MINES & FUEL	
12	(*i*) Geological Survey of India, Calcutta and its Regional Office at Hyderabad.	Work relating to cash and establishment matters simplified. Increased delegation of powers to officers. O & M control mechanism introduced. Officers and staff in various categories reduced resulting in an annual saving of Rs. 97,500/-.

1	2	3
	(ii) Indian Bureau of Mines, Nagpur and its Regional Office at Ajmer.	Procedure for recruiting non-gazetted technical staff, handling of incoming dak, despatch work, processing T.A. bills simplified. Officers and staff in various categories reduced, resulting in an annual saving of Rs. 20,460.
	PLANNING COMMISSION	
13	(i) Procedure regarding cost revision of schemes/projects and references received in the Planning Commission in this regard. (Done with assistance of S.R.U.)	Procedure modified thereby minimising references to Planning Commission.
	(ii) System of progress reporting and periodical review of progress.	Number of improvements effected.
	RAILWAYS	
14	(i) Review of the time taken for payment of bills to contractors executing work for, or making supplies to Railways. (Continuous study).	Time limit of 30-90 days fixed for clearing bills for stores and work done which are measured and certified on the spot before the bills are sent to the Accounts Office. The time taken by Executive Offices and Accounts Offices being subjected to an analysis with a view to further impovement.
	(ii) Prevention of claims for compensation from the public sector for goods lost or damaged, judging effectiveness of steps taken with reference to the claims Prevention Organisation set up on Railways.	Time taken for disposal of claims reduced from 61 days in 1958-59 to 48 days in 1960.
	(iii) Examining the transit time of freight traffic including smalls, with related aspects of speeds of trains, effectiveness of Wagon Chasing Organisation etc.	A small Wagon chasing Organisation developed on all Railways to reduce wagon detentions. To ensure optimum use of resources and maximum movement of traffic, performance at transhipment points and importan

1	2	3
		marshalling yards watched daily Open wagons covered with 'tarpaulins' used instead of closed wagons; free time for loading and unloading reduced; night transhipment introduced, etc. Targets set periodically for loading and other important aspects of operations and special drives initiated to create enthusiasm among staff.

IRON & STEEL

1	2	3
15	A general study of the sections in the Department with reference to their work-load and nature of work.	Staff re-aligned.

COMMUNICATIONS & CIVIL AVIATION

1	2	3
16	(*i*) Licensing of Wireless Stations both Government and private. Issue & Renewal of the following licences :— (*a*) Amateur Wireless Telegraph Station Licence (Gr. I & II). (*b*) Fixed/Land Mobile Station Licence to Police, Railways & private parties. (*c*) Licence to Demonstrate Wireless Transmitting Apparatus (Issue only). (*d*) Aeromobile Station Licence. (*e*) Maritime Mobile Station Licence. (*f*) Licence to establish a wireless station for experiments in wireless telegraphy.	To reduce office work, renewal period of licences issued to Government Departments and Universities/Institutions extended from one year to two years. Renewal of licences staggered to secure even distribution of work-load throughout the year. All licences issued over the signature of Assistant Wireless Adviser instead of Deputy Wireless Adviser, approval of the latter being obtained to the issue of first licence to a private party. Centres for amateur Station Operators' Certificate Examination settled once for all and specified in printed application forms instead of being decided *ad hoc* at the time of examination. Procedure for issuing licences streamlined. As a result of the study number of steps involved in the procedure reduced from 420 to 286.

1	2	3
	(*ii*) Issue of Import Licences for Wireless Transmitting equipment.	Procedures streamlined. Clearnace for import of transmitters and trans-receivers to be obtained by applicants from W.P.C. Organisation before and not after issue of import permits by Chief Controller of Imports.
	(*iii*) Issue of Duty Concession Certificate for Communication Receivers not meant for Broadcast Reception.	Procedure streamlined.
	WORKS, HOUSING & SUPPLY	
17	Department of Explsovies . .	Systematic and regular inspections of licensed premises recommended. Arrangements for imparting instructions to the State Police Officers in handling of explosives etc. decentralised by entrusting the work to Regional Offices in place of Headquarters Office. This would result in some economy in the matter of T.A.

APPENDIX III

[*Vide* Chapter I]

Statement showing the administrative expenditure included in the Civil Expenditure (including Posts and Telegraphs) met from revenue from* 1960-61 (*Actual*) *to* 1962-63 (*Budget Estimates*).

(Figures in lakhs of rupees)

Year	Administrative Expenditure					Total increase over 1960-61 (actual)
	Pay of Officers	Pay of Establishment	Allowances & Honoraria	Contingencies	Total	
1960-61 (actual)	16,75	82,53	35,95	37,29	1,72,52	—
1961-62 (R. E.)	19,20	92,52	36,92	43,03	1,91,67	19,15
1962-63 (B. E.)	21,57	98,46	47,52	44,72	2,12,27	39,75
TOTAL—increase during 1961-62 and 1962-63						58,90

*Figures based on Annexure XIV of Explanatory Memorandum/General Budget 1962-63 p. 174.

APPENDIX IV

[*Vide* para 4 of Introduction]

Analysis of the action taken by Government on the recommendations contained in the 92nd Report (Second Lok Sabha) of the Estimates Committee.

I. Total number of recommendations . 17

II. Recommendations accepted fully by Government (*vide* recommendations at S. Nos. 6, 7, 9, and 13 to 17 in Chapter II)

Number . 8

Percentage to total 47·1%

III. Recommendations not accepted by Government but replies in respect of which have been accepted by the Committee (*vide* recommendations at S. Nos. 1 to 5 and 10 to 12 in Chapter III). . . . . . .

Number 8

Percentage to total . 47·1%

IV. Recommendations in respect of which replies of Government have not been finally accepted by the Committee (*vide* recommendation at S. No. 8 in Chapter IV). .

Number 1

Percentage to total . . . . 5·8%

GMGIPND—LS I—2442 (aii) LS—7-2-63—500.