

SERIES.

G.O. NO. Ms. 795 Education.

Dated 18th April 1947.

[Despatch Abstract.]

Appropriation Accounts relating to grant KXX - Papers Recorded

Department.	Date.	G.O.	No.	Department.	Date.

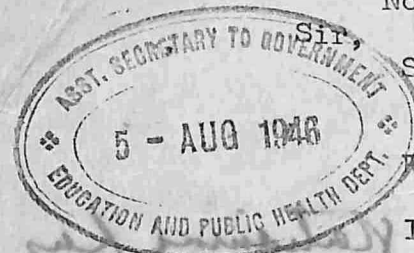
Further Papers.

No.	Department.	Date.	G.O.	No.	Department.	Date.

From
A. Lepper Esq.,
Superintendent,
Government Press, Madras.

To
The Secretary to Government,
Education and Public Health Department,
Fort St. George, Madras.

No.Accts.53/46, dated 1st August 1946.



Sir,
Sub: Detailed appropriation accounts relating to Grant No.XXX -
Stationery and Printing - II Printing - Government Press for
1944-45 - Reasons for variations.
Ref: Government Memo.No.38899-G1-46-1 P.H., dated 26-7-1946.

I have the honour to furnish below explanation relating to items
in respect of which variations exceed Rs 2000 or 10% of the final appro
whichever is great.

- 1) 56. Stationery and Printing - Government Presses, Madras
F. Other Expenditure - 6. Other charges (-) Rs 4,287.

The saving is mainly under Customs Duty on imported stores which
not received as anticipated on account of War conditions.

- 2) a. Charges in England - High Commissioner for India - Printing
(1) Cost of Stores (-) Rs 3,622.

The saving is on account of restricted supply of materials from
England due to War conditions.

Superintendent.

The reply from the Dept of Stationing may be awaited
 tue 15.8.46

WAS
 9.8.46
 5/8
 98rb

On
 108246

The reply received from the Dept of Stationing has
 been handed over to the Section for taking
 action.

The S. & B. has explained the variations on
 page 1 ant. May be sent to Fin. for perusal

WAS
 16.8.46

5/8
 168rb

SME
 17.8.46

DEPUTY
 90 AUG 1946
 EDUCATION

Fin

Fin (Arch)
 May be perused and
 returned to S. & B.

AW
 17.8.46
 19.8.46
 May be worked

44774 AH
 19.8.46
 40020

(27)
 Previous notes on page 2 ant.
 with reference to para 6 of the U.O. note, that
 he submitted to Secy for his use at the
 of the P.A. Committee meeting. This
 lie over for the present (3-10-46)

1/8 (X)
 Received

WAS
 22.8.46
 5/8
 258rb

SVK
 238rb

97/18/1
 Report in P.A. Please see the P.A. Committee's Report below.
 30 (W)
 The papers may be

9.0/10.10.795
 Accounts - 1944-5
 Appropriation
 Accounts relating
 to front xxx.
 Papers Received
 15.4.47

1/45

Received.

WAS
 17/11/47

REPORT OF THE PUBLIC ACCOUNTS COMMITTEE ON THE ACCOUNTS
OF THE PROVINCE OF MADRAS FOR THE YEAR 1944-5.

SECTION I—INTRODUCTORY.

The Committee on Public Accounts for the first session of the Madras Legislative Assembly was constituted as follows :—

MEMBERS.

Ex-officio.

- (1) The Hon'ble Sri T. Prakasam, Premier and Finance Minister.

Elected by the Assembly.

- (2) Sri K. Raghavan, M.L.A.
(3) Sri B. Ananthachar, M.L.A.
(4) Sri M. Bapineedu, M.L.A.
(5) Sri N. S. Varadachari, M.L.A.
(6) Sri K. A. Nachiappa Gounder, M.L.A.
(7) Sri A. Aaron Rao, M.L.A.
(8) Mr. W. J. Fernandez, M.L.A.
(9) Mr. D. Abdul Rawoof Sahib, M.L.A.
(10) Mr. Abdul Hameed Khan, M.L.A.

Dr. D. W. Dodwell, I.C.S., Secretary to Government, Finance Department, is ex-officio Secretary to the Committee.

The constitution and functions of the Committee are detailed in rules 134 and 135 of the Madras Legislative Assembly Rules.

2. We met on the 7th and 8th October 1946 to consider the Audit Report of the Auditor-General relating to the Appropriation Accounts of the Province for the year 1944-5 and other matters referred to us. The Hon'ble the Premier and Finance Minister was elected as Chairman of the Committee at our first meeting. Mr. T. R. Sadasivam, Accountant-General, Madras, was present at these meetings and we wish to express our appreciation of his assistance.

3. We were furnished with notes prepared by the Departments of the Secretariat on matters mentioned in the Appropriation Accounts and the Audit Report falling under the following heads :—

- (i) Unnecessary or excessive supplementary grants,
- (ii) Reappropriations obtained unnecessarily or in excess of requirements,
- (iii) Injudicious reappropriations and surrenders, causing excess over allotments,
- (iv) Failure to surrender savings,
- (v) Un-remedied or uncovered excesses of expenditure over final appropriations, and
- (vi) Financial irregularities and losses.

The Secretaries and the Deputy Secretaries of the Departments of the Secretariat concerned and the heads of the departments concerned were present when we considered the subjects relating to their departments.

A list of the members of the Committee and the officers present at each meeting is given in Appendix A (not printed).

4. The next section of this report contains our specific recommendations on the more important points considered. Our conclusions regarding less important items will be found in Appendix B.

We were also furnished with a Memorandum showing the action taken by the Government on the Report of the *Ad-hoc* Public Accounts Committee on the Accounts of 1943-4. This Memorandum together with our remarks on the action taken will be found in Appendix C.

SECTION II—COMMENTS ON APPROPRIATION ACCOUNTS—GENERAL SUMMARY OF THE FIGURES AND ACCURACY OF BUDGETING.

5. *Percentage of excesses and savings.*—The following table shows the total amounts of grants—Authorised and Charged—and the actual expenditure against them :—

(1)	Total grants. RS. LAKHS.	Total expenditure. RS. LAKHS.	Excess (+) or Savings (—). RS. LAKHS.	Percentage of excess or savings to the total grants. (5)
Authorised	40,20.19	41,03.89	+ 83.70	+ 2.1
Charged	3,01.16	2,95.57	— 5.59	— 1.9
Total	43,21.35	43,99.46	+ 78.11	+ 1.8

The savings for a number of previous years are shown below :—

Year. (1)	Percentage of savings under		
	Voted or authorised. (2)	Charged. (3)	Total voted of authorised and charged. (4)
	(2)	(3)	(4)
1932-3	3.46	1.0	3.03
1933-4	8.23	0.5	6.89
1934-5	5.38	0.5	4.51
1935-6	3.74	0.4	3.10
1936-7	5.89	1.0	5.03
1937-8	5.20	3.5	4.90
1938-9	3.00	2.3	2.90
1939-40	9.60	3.5	8.70
1940-1	5.80	5.6	5.80
1941-2	6.30	3.6	5.90
1942-3	5.80	5.8	5.80

The Public Accounts Committee which examined the Accounts of 1932-3 considered a saving of 3 per cent to be the reasonable limit under normal conditions. In 1943-4 there was an excess of 1 per cent under 'Authorised' and a saving of 2.8 per cent under 'Charged' and the excess over the total final appropriations was 0.6 per cent. In 1944-5 there was an excess of 2.1 per cent under 'Authorised' and a saving of 1.9 per cent under 'Charged' and the excess over the total appropriations works out to 1.8 per cent.

In the 'Charged' section the savings in 1944-5 occurred mainly under (1) Grants VII—Other Taxes and Duties and XVIII—Agriculture due to posting of officers whose pay is 'Authorised' in the place of officers whose pay is 'Charged', (2) Grant XXIII—Miscellaneous Departments due to the abolition of a post and less expenditure than was anticipated under 'Charges in England', and (3) Grant XXXII—Civil Defence, due to a larger recovery from the Central Government. The result in the 'Charged' section as a whole compares favourably with that of the preceding year.

In the 'Authorised' section, there was an excess of 2.1 per cent over the final grant as against an excess of 1 per cent in the previous year. The more important excesses occurred under (1) Grant XIV—Police, due to larger expenditure on travelling and other allowances and to the adjustment of the cost of motor vehicles at the end of the year, (2) Grant XVI—Medical, due to sharp and widespread increases in the cost of many articles of diet and hospital necessities and to increase in the average numbers of in-and out-patients under treatment, and (3) Grant XXXI—Miscellaneous, mainly due to increase in the net Capital outlay on State Trading Schemes transferred to the Revenue section and increase in the transfer to the Revenue Reserve Fund. These excesses were partly offset by savings under several other grants, notably under (1) Grant XXIV—Civil Works—Works, due to non-adjustment of

the cost of large supplies made by the Defence Department for war works, (2) Grant XXVIII—Famine, due to cessation of famine relief operations in the Ceded Districts as a result of better seasonal conditions, (3) Grant XXX—Stationery and Printing, due to the cost of certain supplies of paper not being debited within the year, and (4) Grant XXXVI—Capital Outlay on Electricity Schemes, due mainly to the delay in the receipt of materials for an electricity work.

We note that but for two special items, viz., (i) the net increase of Rs. 170 lakhs in the Capital Outlay on State Trading Schemes initially accounted for under Grant XXXVIII—Capital Outlay on Provincial Schemes connected with the War and subsequently transferred to Grant XXXI—Miscellaneous, and (ii) the increase of Rs. 36 lakhs in the transfer to the Revenue Reserve Fund accounted for under Grant XXXI—Miscellaneous, the result would have been a net saving of Rs. 122.30 lakhs (3.0 per cent of total grants) as against Rs. 96 lakhs (3.3 per cent of total grants) calculated on the same basis in the previous year. The general result is satisfactory.

6. *Excess over Charged and Authorised Grants.*—The following statement shows the various items of excess over 'Charged' and 'Authorised' grants for the year 1944-5 :—

Number and name of grant. (1)	Final grant.		Expenditure.		Excess.	
	Charged. (2)	Authorised. (3)	Charged. (4)	Authorised. (5)	Charged. (6)	Authorised. (7)
	RS.	RS.	RS.	RS.	RS.	RS.
(1) II. Provincial Excise	2,63,100	..	2,63,101	..	1	..
(2) IV. Forest	5,80,000	..	5,81,459	..	1,459	..
(3) XIV. Police	10,05,900	2,38,09,900	10,06,234	2,39,67,271	334	1,57,371
(4) XVI. Medical	1,76,500	1,47,62,900	1,85,175	1,50,76,446	8,675	3,13,546
(5) XXIV. Civil Works—Works	2,73,000	..	2,75,335	..	2,335	..
(6) XXVI. Civil Works—Grants-in-aid.	..	64,08,800	..	64,10,949	..	2,149
(7) XXVII. Electricity	..	55,75,400	..	56,09,242	..	33,842
(8) XXIX. Pensions	..	1,02,37,400	..	1,02,88,386	..	50,986
(9) XXX. Stationery and Printing	3,90,700	..	3,91,025	..	325	..
(10) XXXI. Miscellaneous	26,200	14,35,21,500	26,521	16,22,81,485	321	1,87,59,985
(11) Debt charges	13,19,200	..	13,17,205	..	1,995	..
(12) XXXIII. Capital Outlay on Irrigation.	27,000	..	23,091	..	1,091	..
(13) XXXV. Civil Works outside the Revenue account.	500	..	553	..	53	..

His Excellency the Governor has sanctioned the excess expenditure in all these cases.

7. *Re-appropriation obtained unnecessarily or in excess of requirements.*—Grant XXXVIII. Capital Outlay on Provincial Schemes connected with the War—c. Other miscellaneous schemes—B. Purchase and distribution of paddy and other seeds—3. *Suspense (Personal Deposits)* [Paragraph 12 (2) on page 10 of the Audit Report and page 262 of the Appropriation Accounts].—The original appropriation under this head was Rs. 2,98,700. A re-appropriation of Rs. 4,04,900 was sanctioned bringing the final grant to Rs. 7,03,600. The actual expenditure, however, amounted only to Rs. 2,33,550, resulting in a saving of Rs. 4,70,050. It has been explained to us that the final appropriation of Rs. 7,03,600 was made on the assumption that larger quantities of paddy seed would be purchased and kept in stock at the close of the year but that seed could not be purchased to the extent anticipated, as sufficient stock was not available because of adverse seasonal conditions, and this could not be anticipated when the re-appropriation was obtained.

We accept the explanation but trust that every effort will be made to avoid such large savings in future.

8. *Failure to surrender savings.*—(i) Grant VIII. Irrigation—18. Other revenue expenditure financed from ordinary revenues—Navigation, Embankment and Drainage works—Works for which no capital accounts are kept—Public Works Department—n. Extensions and Improvements [Paragraph 12 (4) on page 10 of the Audit Report and page 45 of the Appropriation Accounts].—The Accountant-General has brought to notice that savings to the extent of Rs. 92,244, as compared with the final appropriation of Rs. 1,06,600, were not surrendered. It has been explained to us that the lapse was almost entirely in the provision made for the work "Improvements to Pooraparamba cut" due to the non-adjustment of land acquisition charges as the proceedings in connexion with the acquisition could not be completed by the end of the year as had been anticipated.

We accept the explanation but would suggest an examination of the question whether anything can be done to reduce delays in land acquisition in such cases and the consequent lapsing of funds provided for land acquisition charges. (See also items 2 and 5 in Appendix B, under which similar savings occurred for similar reasons.)

(ii) *Grant XI—District Administration and Miscellaneous—v. Miscellaneous—F. Buckingham Canal Transport* [Paragraph 12 (4) on page 10 of the Audit Report and page 69 of the Appropriation Accounts].—The Accountant-General has brought to notice that savings to the extent of Rs. 17,975, as compared with the final appropriation of Rs. 18,000, were not surrendered. It has been explained to us that, when the post of Special Officer for the Buckingham Canal Transport scheme was abolished on 12th November 1943, all the connected records were transferred to the Chief Engineer (Irrigation), who became the sole authority controlling the canal traffic. The Board of Transport, which was originally in charge of the Scheme, was also abolished subsequently from 1st May 1945. The Board of Revenue continued to be the estimating and controlling authority for the head mentioned above, but it did not submit a report surrendering the savings in the appropriation for 1944-5 under the head until the Accountant-General drew attention to the matter in November 1945. The Government could not accept the surrender of savings proposed by the Board of Revenue in February 1946 as the year 1944-5 had closed and the latest date for acceptance of such surrenders was 25th February 1945.

We consider that the failure to surrender the savings in this case was due to an oversight in the office of the Board of Revenue.

9. *Unremedied or uncovered excess—Grant XXV—Civil Works—Establishments and Tools and Plants—e. Establishments—E. Executive Establishments—I. Ordinary areas—8. Charges recoverable from Governments, departments, etc.—Authorized* [Paragraph 12 (5) on page 11 of the Audit Report and page 172 of the Appropriation Accounts].—The Accountant-General has pointed out that there was an excess of Rs. 3,30,785 over the final minus appropriation of Rs. 3,90,700 i.e., the actual recoveries shown as credits by deduction from expenditure under the head were only Rs. 59,915 instead of the Rs. 3,90,700 anticipated in the budget. It has been explained to us that the final appropriation represented the estimated cost of establishments employed by the Madras Public Works Department on Defence works executed for the Government of India, that the accounting arrangements with the Government of India for the recovery of these establishment charges were not settled in time for full recovery to be made from the Government of India within the year according to the original forecast and that it was not possible to foresee this in time to obtain the necessary re-appropriation of funds to cover the excess over the appropriation, i.e., the shortfall in the recovery.

We accept the explanation but as we are told that the matter is still under correspondence with the Government of India, we wish to emphasize the need for arriving at a final settlement with the Government of India in the matter without further delay.

10. *Other items—(i) Loss on account of missing of some gold and silver coins in the Government Museum* [Paragraph (2) on page 96 of the Appropriation Accounts].—The Accountant-General has brought to notice that the stock verification made in 1942 at the Government Museum disclosed that some gold and silver coins acquired at a cost of Rs. 1,382 were missing and that as a result of an enquiry into the circumstances of the case, the Government came to the conclusion that it was not possible to fix the responsibility for the loss on any particular person or persons and ordered that the amount be written off. We have been informed that, at the time when the loss took place, a part-time Curator was employed in the Numismatic Section of the Government Museum, that his services were dispensed with, that to safeguard the Government against such losses in future rules have been issued providing for adequate supervision of the work and the collections in the Numismatic Section, that the Government have sanctioned a post of full-time Curator for the Numismatic Section though the appointment has not yet been made, and that a security of Rs. 500 is to be taken from the Curator when he is appointed.

We consider the loss a matter for regret and note the arrangements made for the future, which appear to be suitable.

(ii) *Loss due to the holding of the re-auction of the supply of milk to a hospital in 1942-3* (Paragraph 2 on page 104 of the Appropriation Accounts).—The Accountant-General has pointed out that, in the auction held for the supply of milk to a hospital during 1942-3, a bid by a Milk Producers' Co-operative Society was accepted, that the society supplied milk to the hospital for a few days from 1st April 1942 till the town was bombed by enemy planes on the 6th of April 1942 and stopped supply from that date, that the milk required had to be obtained elsewhere at a higher price by holding a re-auction which resulted in an extra expenditure of Rs. 9,875 to the Government, that under the terms of contract the society was liable to make good this amount but the amount could not be recovered from the society as it ceased to function as a corporate body and had no assets, and that the recovery of the amount was, therefore, waived by the Government.

It has been explained to us that as an examination of the financial position of the society showed that it had been working at a deficit and was on the verge of liquidation, the Government waived the recovery of the amount lost.

We consider that, when any co-operative society enters into a contract with the Government, the contract should be enforced as strictly as in the case of contracts with private individuals or firms, and suggest that all Heads of Departments be informed accordingly and requested to make this point clear to any co-operative societies with whom they contemplate entering into contracts at any time.

(iii) *Loss due to damage to a transformer in the Electricity Department*. [Paragraph 2 (1) on page 189 of the Appropriation Accounts].—The Accountant-General has brought to notice that, at an electric power generating station, damage valued at about Rs. 5,000 was caused to a 12,500 K.V.A. transformer by leakage of water through corrosion of its cooler tubes and that an expenditure of Rs. 9,600 was sanctioned for its re-construction and re-commissioning.

We have been informed that the repairs to the transformer were carried out expeditiously, that the transformer has been giving satisfactory service since it was repaired and that suitable action is being taken by means of frequent inspection, etc., to guard against the occurrence of corrosion in the cooler tubes of transformers in future.

We note the action taken by the Chief Engineer for Electricity.

11. *Government Commercial concerns*.—Copies of the Administration Reports of the Cinchona, Fisheries and Industries Departments for the year 1944-5 and the Audit Reports for the year 1944-5 of the following Commercial concerns under the Development Department have been placed before us:—

- (1) Cinchona Department;
- (2) Pearl and Chank Fisheries;
- (3) Fish-curing yards;
- (4) Kerala Soap Institute, Calicut; and
- (5) Industrial Engineering Workshops.

A note has also been furnished in regard to the financial results and other points of importance raised in the Audit Reports.

The Accountant-General reported in his Audit Report that the yield of cinchona bark from the area harvested in the Anamalai Plantations in 1943-4 appeared to be disproportionately low as compared with the yield in 1944-5. The Director, Cinchona Department, has explained to us that the low yield in 1943-4 was mainly due to the fact that many of the trees harvested in that year were sick and dying trees of small size, while those harvested in 1944-5 were mostly of good size. He further explained that, as the cinchona tree is not indigenous in India, considerable variations in the yield per acre are only to be expected, and the variation pointed out by the Accountant-General cannot be considered abnormal. We accept the explanation for the variation.

We note that there was a loss on the Fish-curing yards, but that this was due to the decision of the Government not to put up the price of salt charged to fishermen to the full extent necessary to cover the increased cost to the Government, as this would have caused undue hardship to the fishermen and restricted the supply of fish.

We have no special remarks to offer in regard to the other commercial concerns.

12. *State Trading Schemes*.—A note on the working of the State Trading Schemes in 1943-4 has been placed before us.

The Accountant-General has reported that the state of the initial accounts maintained in the Civil Supplies Department for the year 1943-4 was not quite satisfactory and that there were defects in the maintenance of these accounts. It has been explained to us that, as the Trading Schemes were undertaken by the Government as emergency measures to mitigate distress due to the food crisis and other acute shortages of necessities that arose during the war, and as the activities were of a novel character and new situations had to be met immediately as they arose, it was not possible in the early stages to build up an Accounts organization fully competent to deal with all the expanding activities under these schemes as the need for them arose. Further great difficulty was experienced in securing suitable trained personnel to maintain the accounts in the prescribed manner. We accept this explanation of the defects pointed out by the Accountant-General but trust that these difficulties have now been fully overcome and that the accounting and internal audit of the Trading Schemes are now satisfactory in all respects.

We note that the *pro forma* accounts for the year 1943-4 in respect of all schemes except the Standard Cloth Schemes have been duly audited by the Accountant-General and included in the Appropriation Accounts for 1944-5. The *pro forma* accounts for the year 1944-5 in respect of the schemes for the Supply of Aloe Fibre and Small Scale Industries alone have been included by the Accountant-General in the Appropriation Accounts for 1944-5.

We are informed that the audited *pro forma* accounts for the years 1943-4 and 1944-5 in respect of the remaining schemes are likely to be ready by about the end of December 1946. We trust that it will be possible to place these accounts before a later meeting of the Committee in about January 1947.

13. *Matters brought to the notice of the Committee by the Finance Department*.—The Finance Department has placed before us a list of certain schemes of expenditure treated as 'New Services' in 1945-6 and not clearly covered by the existing rulings for our opinion as to which of them were 'New Service' and which were not, and also notes on certain other matters on which our advice was requested. The notes of the Finance Department together with our remarks will be found in Appendix D.

T. PRAKASAM, (Chairman),
K. RAGHAVAN,
B. ANANTACHAR,
N. S. VARADACHARI,
K. A. NACHIAPPA GOUNDER,
A. AARON RAO,
W. J. FERNANDEZ,
D. ABDUL RAWOOF,
ABDUL HAMEED KHAN.

MADRAS,
14th December 1946.

APPENDIX A.

(Please see paragraph 3 of the report.)
(List of officers present—Not printed.)

APPENDIX B.

(Please see paragraph 4 of the report.)

We have considered the explanations submitted to us in the following cases and have accepted them and we consider that adequate action has been taken where action was necessary:—

Reference to Audit Report and Appropriation Accounts, 1944-5. (1)	Head of account. (2)	Defect brought to notice. (3)	Explanation submitted to the Committee. (4)
UNNECESSARY OR EXCESSIVE SUPPLEMENTARY GRANTS.			
(1) Page 10, paragraph 12 (1) and page 34.	10. Forest—b. Conservancy and works— I. Ordinary areas— H. Suspense—Works— —Advances.	Saving of Rupees 1,00,055 on a final appropriation of Rs. 58,800.	Chiefly due to recoveries in 1944-5 on account of the sale of rice to labourers in the previous year not having been taken into account in fixing the final requirements for the year under a misapprehension. The Chief Conservator of Forests has been asked to avoid such mistakes in future.
(2) Page 10, paragraph 12 (1) and page 44.	18. Irrigation—Other Revenue expenditure financed from ordinary revenues— Irrigation works— Works for which no capital accounts are kept—Public Works Department—b. Extensions and improvements.	Saving of Rupees 1,06,103 on a final appropriation of Rs. 2,84,800.	Due to the non-adjustment of land charges for the foreshore lands in Nilambur tank by the Revenue Department, as it was found at the end of the year that owing to certain mistakes the award in the land acquisition proceedings in respect of this work could not be passed within the year as originally anticipated.
(3) Page 10, paragraph 12 (1) and page 69.	25. General Administration—District Administration and miscellaneous—w. Miscellaneous—H. Subsidy to ryots for reclamation of lands in Cauvery-Mettur Project and other areas.	Saving of Rupees 2,59,565 on a final appropriation of Rs. 3,19,900.	This was a new scheme introduced in certain districts in connexion with the Grow More Food campaign. The saving was mainly due to the fact that many applications for subsidy from ryots did not satisfy the required conditions. Further, as the scheme was a new one, the amount required in the year could not be forecast correctly.
(4) Page 10, paragraph 12 (1) and page 83.	29. Police—c. District Executive Force— A. District Police— I. Ordinary areas— 7. Clothing, arms and equipment.	Saving of Rupees 1,73,171 on a final appropriation of Rs. 12,23,600.	Mainly due to certain indents for the supply of clothing, boots, etc., not having been complied with before the close of the year.
(5) Page 10, paragraph 12 (1) and page 112.	40. Agriculture—c. Experimental farms— —Agricultural Research Stations— 2. Contingencies.	Saving of Rupees 71,440 on a final appropriation of Rs. 5,79,300.	The entire amount provided with reference to the rise in prices of livestock materials, stores, enhanced rates of wages and dearness allowance to coolies, etc., could not be spent owing to certain materials not being available on account of war conditions. Further, the amount provided towards land charges for the site required for a rice research station could not be spent as the acquisition proceedings were not completed within the year.
(6) Page 10, paragraph 12 (1) and page 113.	40. Agriculture—d. Agricultural Demonstration and propaganda including public exhibition and fairs— I. Ordinary areas— 7. Bonus for growing food crops in lieu of cotton.	Saving of Rupees 3,08,952 on a final appropriation of Rs. 3,18,600.	As most of the claims could not be settled within the year, payment of bonus could be ordered only in a few cases before the close of the year.
RE-APPROPRIATIONS OBTAINED UNNECESSARILY OR IN EXCESS OF REQUIREMENTS.			
(7) Page 10, paragraph 12 (2) and page 67.	25. General Administration—District Administration and Miscellaneous—u. Other Establishments—B. Ryotwari Village service— 1. Ordinary areas— 2. Allowances.	Saving of Rupees 1,13,439 on a final appropriation of Rs. 2,33,300.	The amount provided for payment of allowances to village servants at Jamabandi was not fully utilized due to absence of the village servants in some cases and the postponement of Jamabandi in some cases.
(8) Page 10, paragraph 12 (2) and page 67.	25. General Administration—District Administration and Miscellaneous—u. Other Establishments—C. Proprietary Estates Village service— 1. Ordinary areas— 2. Other charges.	Saving of Rs. 31,157 on a final appropriation of Rupees 58,800.	The same as against item (7) above.

Reference to
Audit Report
and Appropriation
Accounts,
1944-5.

Head of account.

Defect brought to
notice.

Explanation submitted to the Committee.

(1)

(2)

(3)

(4)

RE-APPROPRIATIONS OBTAINED UNNECESSARILY OR IN EXCESS OF REQUIREMENTS—cont.

(9) Page 10, paragraph 12 (2) and page 68.	25. General Administration—District Administration and Miscellaneous—u. Other establishments—C. Proprietary Estates Village service—II. Partially excluded areas—1. Pay of establishments.	Saving of Rupees 13,538 on a final appropriation of Rs. 31,000.	Due to provision being made by the Board of Revenue a second time for the pay of the village establishments in the proprietary areas of the Polavaram tank, under a misapprehension that the Collector had not included it in the appropriation originally asked for by him. The Board has been asked to verify in doubtful cases before obtaining additional appropriation, whether provision has already been included in the original appropriation so as to avoid such savings in future.
(10) Page 10, paragraph 12 (2) and page 113.	40. Agriculture—d. Agricultural demonstration and propaganda including public exhibition and fairs—1. Ordinary areas—3. Purchase and distribution of seeds, manure etc.	Saving of Rupees 1,24,273 on a final appropriation of Rs. 9,74,100.	Due to paddy, pulses, green manure and onion seeds not being available to the extent anticipated on account of adverse seasonal conditions, and to non-receipt of bills for payment for vegetable seeds supplied from abroad as Lease-Lend supplies.
(11) Page 10, paragraph 12 (2) and page 260.	85-A. Capital outlay on Provincial Schemes connected with the war, 1939—A. Grain Supply Schemes—c. Other grains—1. Cost of purchase of grains.	Saving of Rupees 61,74,357 on a final appropriation of Rs. 79,21,100.	Due to delay in the closing of the accounts of 1944-5 and in the completion of the <i>pro forma</i> accounts for that year, the actual loss sustained by the Government on the subsidized sales of millets could not be determined and adjusted in the accounts of the year.
(12) Page 10, paragraph 12 (2) and page 260.	85-A. Capital outlay on Provincial Schemes connected with the war, 1939—A. Grain Supply Schemes—E. Government depots for rice—3. Suspense (Personal deposits).	Saving of Rupees 91,23,377 on a final appropriation of Rs. 59,36,300.	Due mainly to smaller purchases of rice for the Madras, Salem and Vizagapatam depots than were anticipated.
(13) Page 10, paragraph 12 (2) and page 263.	85-A. Capital outlay on Provincial Schemes connected with the war, 1939—c. Other Miscellaneous Schemes—C. Purchase and distribution of manure—1. Pay of establishment and other charges.	Saving of Rupees 14,83,589 on a final appropriation of Rs. 21,73,100.	The payment for chemical manures purchased in 1944-5 was actually made in 1945-6. Instructions have been issued to the officers concerned to see that the cost of the supplies received before the end of March in any year is debited in the accounts of the same year as far as possible.
(14) Page 10, paragraph 12 (2) and page 263.	85-A. Capital outlay on Provincial Schemes connected with the war, 1939—c. Other Miscellaneous Schemes—D. Purchase and distribution of iron and steel for agricultural implements—3. Suspense (Personal deposits).	Saving of Rupees 24,66,153 on a final appropriation of Rs. 15,38,000.	Due to non-supply of materials by stockists and producers, and to the fact that sanction for appropriation for a sum of Rs. 10 lakhs diverted to the Iron and Steel Scheme from the Potato Fertilizer Scheme was not obtained under a misapprehension. The Director of Agriculture has been asked to take steps in future to obtain the necessary appropriations as soon as any expenditure is sanctioned.
(15) Page 10, paragraph 12 (2) and page 283.	Interest Free Advances—Advances Repayable—Deposits and advances—Advances not bearing interest—c. Special Advances—D. Other Advances.	Saving of Rupees 95,305 on a final appropriation of Rs. 9,95,700.	The provision for advances to cattle-owners for the purchase of milch animals to improve the supply of milk could not be utilized as the rules for the grant of the advances were issued too late in the year.
(16) Page 10, paragraph 12 (2) and page 290.	Loans and Advances bearing interest—Loans and advances by Provincial Government—c. Advances to cultivators—C. Loans under the special rules for Agricultural implements.	Saving of Rupees 19,403 on a final appropriation of Rs. 38,700.	Some of the items of agricultural plant required by applicants for loans were not available and applications from ryots were on a smaller scale than was anticipated.

Reference to
Audit Report
and Appropriation
Accounts,
1944-5.

Head of account.

Defect brought to
notice.

Explanation submitted to the Committee.

(1)

(2)

(3)

(4)

INJUDICIOUS RE-APPROPRIATIONS AND SURRENDERS CAUSING EXCESS OVER ALLOTMENTS.

(17) Page 10, paragraph 12 (3) and page 113.	40. Agriculture—d. Agricultural demonstration and propaganda including public exhibitions and fairs—1. Ordinary areas—10. Deduct Recoveries from Governments, Departments, etc.	Excess of Rupees 5,26,042 on a final appropriation of Rs.—6,69,100.	Full recoveries could not be made within the year, as the matter was under correspondence with the subordinate offices. The Director of Agriculture has been asked to issue necessary instructions to his subordinate officers to avoid delays in correspondence in such matters in future.
(18) Page 10, paragraph 12 (3) and page 263.	85 A. Capital outlay on Provincial schemes connected with the war, 1939—c. Other Miscellaneous Schemes—B. Purchase and distribution of Paddy and other seeds 4. Deduct—Receipts and recoveries on Capital account.	Excess of Rupees 1,42,953 on a final appropriation of Rs.—1,27,800.	Due mainly to write back of the contribution given by the Government of India in 1943-4 as it was found that this Government were not eligible for any grant, as the overhead charges were realized through the sales.

CASES OF NON-SURRENDER OF SAVINGS.

(19) Page 10, paragraph 12 (4) and page 69.	25. General administration—District Administration and Miscellaneous—W. Miscellaneous—1. Expenditure from Rural Reconstruction grants.	Saving of Rupees 30,995 on a final appropriation of Rs. 77,500.	The saving was due to over-estimation of probable expenditure by Collectors. Instructions had already been issued to the Collectors to avoid this defect.
(20) Page 10, paragraph 12 (4) and page 174.	50. Civil Works—Establishment and Tools and Plant—c. Establishments—M. Charges payable to or recoverable from Governments, etc.	Saving of Rupees 4,45,249 on a final appropriation of Rs.—1,20,000.	Recoveries of centage charge on several isolated Defence works undertaken by the Public Works Department for the Government of India could not be taken into account in fixing the final appropriation as particulars could not be obtained in time.
(21) Page 10, paragraph 12 (4) and page 196.	56. Stationery and Printing—b. Purchase of Stationery Stores—A. Stationery purchased in India.	Saving of Rupees 7,71,962 on a final appropriation of Rs. 22,29,960.	Due to non-payment by the Controller of Supply Accounts of bills for paper supplied by certain mills, which could not be foreseen owing to the inherent difficulty in the system of initial payment by the Central Government. The Superintendent of Stationery has been asked to make preliminary entries in his book in future of the cost of supplies as ascertained from the consignees' receipts sent by the mills and to apply for additional appropriation or surrender savings on the basis of the latest information available with him.
(22) Page 10, paragraph 12 (4) and page 253.	85-A. Capital outlay on Provincial Schemes connected with the war, 1939—A. Grain Supply schemes—A. Rice—4. Deduct—Receipts and recoveries on Capital account.	Saving of Rupees 10,25,877 on a final appropriation of Rs.—51,100.	Cost of rice purchased without the aid of advances and the sale proceeds in respect of sales effected in 1943-4 were transferred to the personal deposit account by corresponding credit or debit to this head after the close of the year. This adjustment was not anticipated.
(23) Page 10, paragraph 12 (4) and page 260.	85 A. Capital outlay on Provincial Schemes connected with the war, 1939—A. Grain Supply Schemes—c. Other grains—4—Deduct—Receipts and recoveries on Capital account.	Saving of Rupees 20,73,289 on a final appropriation of Rupees —68,100.	Cost of other grains purchased without the aid of advances and the sale proceeds in respect of sales effected in 1943-4 were transferred to the personal deposit account by corresponding credit or debit to this head after the close of the year. This adjustment was not anticipated.

CASES OF UN-REMEDIED OR UNCOVERED EXCESS.

(24) Page 11, paragraph 12 (5) and page 65.	25. General Administration—District Administration and Miscellaneous—s. General Establishments. A. Collectors and Magistrates—6. Contingencies—Authorized.	Excess of Rupees 51,347 on a final appropriation of Rs. 4,86,900.	The correct final appropriation under this head should be Rs. 5,11,600, as against Rs. 4,86,900 shown in the Appropriation Accounts. The excess is then only Rs. 26,647. This excess was due to increased expenditure under 'other charges' and 'Tree planting on river banks' which was a new item of expenditure.
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Reference to Audit Report and Appropriation Accounts, 1944-5.	Head of account.	Defect brought to notice.	Explanation submitted to the Committee.
(1)	(2)	(3)	(4)
CASES OF UN-REMEDIED OR UNCOVERED EXCESS—cont.			
(25) Page 11, paragraph 12 (5) and page 66.	25. General Administration — District administration and Miscellaneous — t. Subdivisional establishments. A. Subdivisional establishment (excluding Rural debt Redemption Scheme and Debt Conciliation Boards). 3. Allowances—Authorized.	Excess of Rupees 62,549 on a final appropriation of Rs. 4,77,900.	Due to the enhanced rates of dearness and war allowances and travelling allowances sanctioned by the Government during the year.
(26) Page 11, paragraph 12 (5) and page 83.	20. Police—c. District Executive Force—P. other Miscellaneous Police Establishments—4. Police guards for Royal Naval Air Stations.	Excess of Rupees 49,333 on a final appropriation of Rs. 4,800.	This new sub-head was opened to exhibit charges on account of the Police guards supplied to Royal Naval Air Stations. The Inspector-General of Police did not make any provision under this head for want of details of the correct procedure for the debit of the expenditure due to change in classification, and the adjustment of the expenditure under this head was detected by the Inspector-General's Office only at the time of the verification of the March final accounts. The Inspector-General of Police has been informed that he should have taken steps to have the necessary alterations made in the appropriations soon after the new sub-head was ordered to be opened without waiting for the Accountant-General to take up the matter.
(27) Page 11, paragraph 12 (5) and page 99.	38. Medical—b. Hospitals and dispensaries—B. Mufasal hospitals and dispensaries—I. Ordinary areas—7. Medicines and hospital necessities.	Excess of Rupees 1,98,177 on a final appropriation of Rs. 14,36,000.	Due to day-to-day increase in the cost of drugs, instruments and other hospital necessities at the end of the year on account of the unsteady and fluctuating conditions in the market during the war.
(28) Page 11, paragraph 12 (5) and page 188.	52. Interest on Capital outlay on Electricity Schemes—I. Hydro-Electric Schemes—c. Papanasam Hydro-electric scheme—charged.	Excess of Rupees 69,697 on a final appropriation of Rs. 6,75,400.	Due to omission to provide for interest on the full capital outlay on the works transferred during the year from Pykara to Papanasam system.
(29) Page 11, paragraph 12 (5) and page 204.	63. Extraordinary charges—a. charges in India—D. Amount transferred from 85. A. Capital outlay on Provincial Schemes connected with the war, 1939—Authorized.	Excess of Rupees 1,67,04,795 on a final appropriation of Rs. 1,37,17,500	The excess is the net result of numerous excesses and savings of various kinds relating to the State Trading Schemes. As these Schemes were novel developments and operations were on a very large scale and there was difficulty in keeping the accounts up to date and compiling them promptly at that time, it was not possible to forecast the net financial result of all the Schemes in the year accurately and get an additional appropriation to cover this excess at the proper time.
(30) Page 11, paragraph 12 (5) and page 259.	85. A. Capital outlay on Provincial schemes connected with the war, 1939— a. Grain Supply Schemes—A. Rice— 3. Suspense (Personal deposits).	Excess of Rupees 1,07,46,278 on a final appropriation of Rs. 12,40,900.	The excess is due mainly to remittances in transit and to the fact that large credits expected in the year on account of replacement cost of rice supplied to the Defence Services and several Indian States and of the sale proceeds of Eastern States rice were not realized within the year.
(31) Page 11, paragraph 12 (5) and page 259.	85. A. Capital outlay on Provincial Schemes connected with the war, 1939— a. Grain Supply Schemes—B. Wheat and wheat products— 3. Suspense (Personal deposits).	Excess of Rupees 1,79,24,518 on a final appropriation of Rupees —4,21,500.	The excess is due mainly to larger purchases being made within the year and larger stocks remaining unsold at the end of the year than had been anticipated, and to large amounts realized provisionally as sale proceeds before 31st March 1945 being kept by Collectors in their personal deposit accounts and remitted to the Board only later after the final fixing of the issue prices.
(32) Page 11, paragraph 12 (5) and page 260.	85. A. Capital outlay on Provincial Schemes connected with the war, 1939— a. Grain Supply Schemes—C. Other grains—3. Suspense (Personal deposits).	Excess of Rupees 1,68,28,347 on a final appropriation of Rupees —22,68,700.	The same as against item (31) above.

Reference to Audit Report and Appropriation Accounts, 1944-5.	Head of account.	Defect brought to notice.	Explanation submitted to the Committee.
(1)	(2)	(3)	(4)
CASES OF UN-REMEDIED OR UNCOVERED EXCESS—cont.			
(33) Page 11, paragraph 12 (5) and page 260.	85-A. Capital outlay on Provincial Schemes connected with the war, 1939— a. Grain Supply Schemes—B. Government depots for rice—2. Advances.	Excess of Rupees 40,000. (Final appropriation, nil.)	The advance of Rs. 40,000 sanctioned in April 1944 to a Collector to meet incidental charges connected with the import of rice was not regularised by the formal sanctioning of an appropriation, as the Board of Revenue was not informed of the drawal of the advance till the close of the year.
(34) Page 11, paragraph 12 (5) and page 263.	85. A. Capital outlay on Provincial Schemes connected with the war, 1939— c. Other Miscellaneous Schemes—D. Purchase and distribution of iron and steel for agricultural implements—2. Advances.	Excess of Rupees 10,00,000. (Final appropriation, nil.)	Due to the fact that the advance of Rs. 10 lakhs diverted from the Potato Fertilizer Scheme was not regularised by the formal sanctioning of an appropriation before the close of the year under a misapprehension. The Director of Agriculture has been requested to see that such mistakes are avoided in future.
OTHER ITEMS.			
(35) Page 80, paragraph (2).	Grant XIV—Police	Loss of Rs. 1,042 due to misappropriation of Government moneys in respect of pay, allowances, etc., of Police staff in a Police Station.	A sum of Rs. 1,042 representing the pay, allowances and General Provident Fund Advances of the Police staff and the contingent expenditure of a Police Station was misappropriated by a station-writer constable. The misappropriation was rendered possible because the station writer-constable was allowed to maintain the cash book, whereas the sub-inspectors who held charge of the station, should have maintained it themselves, as required by the rules. The constable, who has been absconding, has been placed under suspension, pending disposal of the criminal case launched against him. Suitable disciplinary action was taken against the other persons concerned for their neglect of duty. The Sub-Inspector of Police who was mainly responsible for the loss of Government money was reduced from I grade to II grade for a period of two years. This had the effect of a recovery of Rs. 360 against Rs. 1,042 lost. Two Inspectors of Police and another Sub-Inspector of Police were also censured.
(36) Page 40, paragraph 4.	Grant XVII—Public Health.	Unprofitable outlay of Rs. 18,562 written off in connexion with Rural water-supply schemes financed from the Rural Water Supply Fund.	Several well works proved abortive as water could not be tapped even at great depths, or the water tapped was brackish and unfit for drinking purposes, or the springs tapped were very feeble, or hard rock was found in the course of excavation. The percentage of unprofitable outlay to total outlay is lower than in previous years and is reasonable.
(37) Page 148, paragraph 3.	Grant XXIII—Miscellaneous departments.	Loss due to misappropriation of Government moneys in a Criminal Tribes Settlement.	Sums aggregating Rs. 1,129 were misappropriated in a Criminal Tribes Settlement by fabricating accounts, vouchers, etc. The Manager of the Settlement, who was held to be responsible for the irregularities and the Commercial Accountant, who was also involved in the matter, were dismissed from service. A sum of Rs. 21-14-5 was recovered from the Commercial Accountant. The increment of the store clerk was withheld for a period of six months without cumulative effect.
(38) Page 218, paragraph 2 (f).	Grant XXXII—Civil Defence.	Loss of Rs. 1,103 due to misappropriation of Government moneys by a clerk of an A.R.P. depot and Transport office.	During 1942-43 sums aggregating Rs. 12,999 were drawn on three forced bills by a clerk of an A.R.P. depot and Transport office and misappropriated by him. A sum of Rupees 11,196 was, however, recovered from him and the balance of Rs. 1,103 was written off by the Government as irrecoverable. The clerk was prosecuted and was convicted and sentenced to rigorous imprisonment for one year. He was also dismissed from service. The Accountant-General was asked whether there was any need for tightening up the existing arrangements for scrutiny of bills before payment in his Pay office and he has stated that the existing arrangements are generally satisfactory and no change need be made in them.
(39) Pages 270-271, paragraph 1 (b).	Grant XXXVIII—Capital outlay on Provincial Schemes connected with the war.	Losses incurred by the Government on (i) rice, (ii) wheat and wheat products, (iii) other grains, (iv) firewood, (v) small scale industries and (vi) other schemes.	The Government have written off sums aggregating Rs. 4,00,409 being losses incurred by them under the various State Trading Schemes introduced on account of the shortages of food, etc., during the war. It was inevitable that there should be some losses under these schemes due to deterioration of grain in storage, etc., especially in the early stages before experience had been gained in carrying out these large-scale novel operations. A loss by dryage of firewood in the depots is unavoidable at all times and the percentage of loss is considered reasonable. In all these cases the Government considered that no individual Government servant or servants could be held responsible and blame-worthy so as to justify any recovery from them or other punishment.

APPENDIX C.

(See paragraph 4 of the Report.)

MEMORANDUM SHOWING THE ACTION TAKEN BY THE GOVERNMENT ON THE REPORT OF THE AD HOC PUBLIC ACCOUNTS COMMITTEE ON THE ACCOUNTS OF 1943-4.

The Committee met on the 2nd and 3rd August 1945 to consider the report of the Auditor-General relating to the Appropriation Accounts of the Province for the year 1943-4 and other matters. His Excellency the Governor considered the report of the Committee and approved the recommendations made therein.

2. The action taken by the Government with reference to the recommendations of the Committee and the opinions expressed by them is detailed in the following paragraphs.

3. *Paragraph 6.—Cases of excess over charged and authorised grants.*—The Committee recommended that the expenditure in all the cases of excess might be sanctioned by His Excellency the Governor. His Excellency the Governor has sanctioned them.

4. *Paragraph 7.—Unnecessary supplementary grant—Grant XXVIII—Famine—Gratuitous relief.*—In addition to the original appropriation of Rs. 75,000 under the above head, a supplementary appropriation of Rs. 8,52,400 was obtained, bringing the final grant to Rs. 9,27,400. The actual expenditure amounted to Rs. 5,26,635 and there was a saving of Rs. 4,00,765. It was explained to the Committee that the supplementary appropriation was obtained on the basis of expenditure reported by the Collectors in December 1943, that owing to lack of materials, such as, bamboos, thatching grass and ropes, the cyclone relief works could not be completed and paid for within the financial year and that the expenditure on gratuitous relief was of a fluctuating nature depending upon the number of persons seeking such relief and could not be foreseen with precision.

The Committee remarked that more up-to-date information might have been obtained before applying for the supplementary appropriation.

The attention of the Board of Revenue was drawn to the remarks of the Public Accounts Committee in the report.

5. *Paragraph 9.—Excess expenditure over final appropriation—Grant VIII—Irrigation—Minor irrigation—Revenue Department—Establishment—Other charges.*—There was an excess expenditure of Rs. 11,466 over the final appropriation of Rs. 77,000. It was explained to the Committee that the rates of travelling allowance and fixed travelling allowance were increased in December 1943 and that consequently the expenditure in the latter part of the year was more than what was anticipated when the proposals for additional allotments were submitted to the Government. The Committee considered that the increased expenditure due to the higher rates of allowance might have been anticipated at the time of application for additional allotments, as the orders sanctioning enhanced rates of travelling allowance and fixed travelling allowance were issued in December 1943.

The remarks of the Committee were communicated to the Board of Revenue for information and future guidance.

6. *Paragraph 11.—State trading schemes.*—The Accountant-General pointed out that the *pro forma* accounts of the several State trading schemes for 1943-4 were not maintained completely and in a proper manner, and that this had caused delay in his audit and consequently it had not been possible to append to the Appropriation Accounts duly audited *pro forma* accounts showing the financial results of these schemes for 1943-4.

The Committee considered it unsatisfactory that there had been so much delay by the authorities in charge of State trading schemes in completing the *pro forma* accounts of the schemes for 1943-4 and rendering them in a proper form for audit by the Accountant-General. While realizing that the great volume and complexity of transactions, the speed with which the schemes had to be improvised and the shortage of experienced accounting staff made it very difficult to ensure satisfactory

accounting in the initial stages of the schemes, the Committee hoped that these difficulties had been overcome and that it would be possible for the Accountant-General to append a duly audited *pro forma* account of each State trading scheme for the two years 1943-4 and 1944-5 to the Appropriation Accounts for 1944-5. They suggested that the audit of the *pro forma* accounts of the schemes for 1943-4 might be speeded up by not pursuing audit objections relating to the transactions of that year unless they were really substantial and important. Efforts were made to complete the preparation of *pro forma* accounts for both 1943-4 and 1944-5 in time for incorporation in the Appropriation Accounts for 1944-5, but as progress was too slow to make this possible the Government considered the matter in consultation with the Accountant-General and decided that the procedure indicated below should be followed:—

(1) The *pro forma* accounts of all the State trading schemes pertaining at least to the year 1943-4 should be embodied in the final copy of the Appropriation Accounts for 1944-5. Heads of departments were, therefore, requested to take very special steps to ensure that the departmental authorities concerned furnished their replies to the Chief Auditor without delay and the Chief Auditor was requested to complete his audit and make the audited figures available to the Accountant-General not later than the 10th February 1946, so that by taking special steps the Accountant-General could complete the check of these accounts by the end of February and embody them in the final copy of the Appropriation Accounts for 1944-5.

It was also ordered that, as recommended by the Public Accounts Committee, audit objections need not be pursued unless they were really substantial and important and that any important points outstanding might be mentioned in the report.

(2) As regards the *pro forma* accounts for 1944-5 these might be included subsequently in the Appropriation Accounts for 1944-5 on completion of audit by means of Addenda to the report to be issued by the Accountant-General. For this purpose the Heads of Departments and the Chief Auditor, State Trading Schemes, were requested to take adequate steps to see that all the audited *pro forma* accounts were made available to the staff of the Accountant-General's office for audit not later than the 15th June 1946.

The present position is as follows:—

The *pro forma* accounts for the year 1943-4 in respect of all schemes excepting standard cloth schemes which are based on figures audited by the Examiner of Local Fund Accounts, have been duly checked by the Accountant-General and are appended to the Appropriation Accounts of Grant No. XXXVIII—Capital Outlay on Provincial Schemes connected with the war.

As regards the *pro forma* accounts for 1944-5, the accounts of the schemes for the supply of aloe fibre and small-scale industries have been included by the Accountant-General in the Appropriation Accounts for 1944-5. The Examiner of Local Fund Accounts informed the Government that the internal departmental audit of the initial and the subsidiary *pro forma* accounts of the remaining schemes would be completed only towards the end of June 1946.

The Food Department have since stated, however, that the audit of the *pro forma* accounts by the Accounts Officer is likely to be completed only by about the 15th of July 1946 and that it might not, therefore, be possible to present complete accounts before the second week of August 1946.

The Accountant-General desired that the audited *pro forma* accounts should be made available to him for audit two clear months before the date of the meeting of the Public Accounts Committee. In view of the inability of the Food and other departments to furnish the audited *pro forma* accounts in time to the Accountant-General, it has not been found possible to include the audited *pro forma* accounts of the remaining schemes. These will be included by the Accountant-General in an Addenda, if possible, and placed before the Public Accounts Committee at a later meeting in the current year.

7. *Paragraph 12—New services and other items.*—A list of certain schemes of expenditure treated as 'New Services' in 1944-5 and not clearly covered by the existing rulings and also notes on certain other matters were placed before the Committee. The recommendations of the Committee are noted in Appendix D of their Report on the accounts of 1943-4. These recommendations were communicated to the Departments of the Secretariat for information and guidance.

T. N. S. RAGHAVAN,
5th September 1946.

RECOMMENDATION OF THE COMMITTEE.

We have perused the Memorandum and approve of the action taken on the Report on the Accounts of 1943-4.

APPENDIX D.

(Please see paragraph 13 of the Report.)

NOTE BY THE FINANCE DEPARTMENT.

SCHEMES OF 'NEW EXPENDITURE' TREATED AS 'NEW SERVICES' IN 1945-6 AND OTHER ITEMS ON WHICH THE COMMITTEE'S ADVICE IS REQUESTED.

With reference to paragraphs 3 and 4 of the Introductory Note to the pamphlet "Rulings of the Madras Public Accounts Committee on the interpretation of the term New Service" (copy attached), a list of schemes of new expenditure treated as "New Services" during the year 1945-6 and not specifically covered by the existing rulings is placed before the Public Accounts Committee. The Committee is requested to advise as to whether the items in the annexed list were correctly treated as "New Services."

2. "New Services"—*Monetary limits.*—In the course of the year it becomes necessary from time to time to sanction new schemes of expenditure for which no provision has been made in the budget of the year. With reference to rulings based on recommendations by the Public Accounts Committee in the past, which are embodied in the "New Services" pamphlet, some of these schemes have to be treated as "New Services." In respect of each "New Service" scheme orders are now taken in full circulation of the case to all the Ministers including the Finance Minister, and His Excellency the Governor, if its cost exceeds Rs. 25,000 per annum recurring or Rs. 1,00,000 non-recurring. If the cost does not exceed these limits, orders are taken in circulation to the Minister or Ministers in charge of the subject, the Finance Minister, and His Excellency the Governor. It is also necessary to obtain a supplementary grant ("token" or otherwise) in respect of each "New Service" scheme from the Legislative Assembly before the close of the year.

In order to minimise the number of "New Service" cases, the advice of the last Public Accounts Committee was sought at its meeting held on 2nd August 1945 on the question of raising the monetary limits, or prescribing new limits, for the purpose of the "New Service" procedure in respect of certain classes of cases. The classes of cases placed before the Committee and the Government's suggestions made in regard to them together with the Committee's recommendations are mentioned below:—

(1) *Employment of additional staff.*—Prior to 1939 the employment of additional staff, gazetted or non-gazetted, required either as a temporary measure or to deal with normal increase of work according to existing standards of administration, did not require to be treated as a "New Service". In 1939, the Government decided that this procedure should be changed and that a proposal for the employment of any officer of gazetted rank, or of non-gazetted staff costing more than Rs. 2,500 per annum, should be brought forward as a Part II Scheme for the next year's budget or treated as a "New Service" if it was to be sanctioned immediately. The Public Accounts Committee accepted this principle. According to this decision, the appointment of a Gazetted Officer for a very short period of even one or two months had to be treated as a "New Service," as the monetary limit of Rs. 2,500 per

annum applied to non-gazetted staff only. The Government considered that this was unnecessary, and in 1941 it was suggested to the Public Accounts Committee that, as in the case of non-gazetted staff, the employment of gazetted officers at a cost not exceeding Rs. 2,500 per annum need not be treated as a "New Service." The Committee accepted this suggestion and at the same time recommended that the limit should be raised from Rs. 2,500 to Rs. 5,000 per annum, as the limit of Rs. 2,500 was too low to be of much use. The Government accepted the Committee's recommendation.

Since 1941, when the limit of Rs. 5,000 was fixed, certain concessions have been granted to Government servants on account of the steep rise in prices, viz., (1) restoration of the 1933 scales of pay, (2) grant of dearness and war allowances, and (3) increase in the rates of fixed travelling allowance. As a result, an establishment which would have cost less than Rs. 5,000 per annum in 1941 came to cost more than that amount and many cases which would not have been treated as "New Services" in 1941 had to be so treated, and the elaborate procedure prescribed for obtaining sanction in such cases by circulation to all the Members of the Government and by obtaining supplementary grants had to be followed. The average increase in the cost of staff on account of the concessions mentioned above was about 45 per cent.

In view of the altered circumstances, the Government considered in 1945 that it was desirable to raise the monetary limits for the "New Service" procedure suitably, at least for the duration of the war, and requested the advice of the Public Accounts Committee whether, for the purpose of the "New Service" procedure, the monetary limit might be raised from Rs. 5,000 to Rs. 7,500 per annum, and if so, whether the higher limit should be in force only for the duration of the war.

The Committee recommended that the limit might be raised to Rs. 20,000 and that the higher limit should remain in force for the duration of the section 93 situation. The Government accepted the Committee's recommendation. This decision applies to cases of sanction of additional staff for an existing office or department on account of normal increase of work or on account of temporary needs.

(2) *Major works.*—According to rulings V and IX on pages 15 and 16, respectively, of the "New Services" pamphlet, any new civil work (other than one relating to a Government House), irrigation work or hydro-electric scheme estimated to cost over Rs. 10,000 (i.e., any "major work") should be treated as a "New Service." The cost of labour and materials had gone up considerably since the outbreak of the war, and a work which would have cost Rs. 10,000 in the pre-war years had come to cost considerably more. The Government considered that the monetary limit fixed for treating a new civil, irrigation or hydro-electric work as a "New Service" might be raised to Rs. 15,000 and that the change might be in force till further orders.

The Public Accounts Committee, whose advice was sought on this point in 1945, recommended that the monetary limit should be raised to Rs. 30,000 for the duration of the section 93 situation. The Government accepted the Committee's recommendation.

(3) (a) *Grants to local bodies and private institutions.*—According to the rulings of the Public Accounts Committee in sub-sections (d) to (i) in section B on pages 6 to 9 of the "New Services" pamphlet, grants to local bodies and private institutions for the following purposes are treated as "New Services" if funds have not been provided for them in the budget of the year concerned:—

- (1) Educational purposes.
- (2) Medical and Public Health purposes.
- (3) Agricultural purposes.
- (4) Veterinary purposes.
- (5) Co-operative purposes.
- (6) Roads and bridges.

No monetary limit for treating the expenditure as on a "New Service" had been prescribed in the above cases, except in regard to the grant to a local body for the maintenance of a road transferred to it by the Government. Even where the amount involved was petty, the elaborate "New Service" procedure had to be followed in every case. The Government considered this unnecessary.

On the advice of the Public Accounts Committee of 1943, the Government decided that expenditure on a contribution to a local body for the maintenance of a road transferred to it by the Government should be treated as on a "New Service" only if the cost exceeded Rs. 1,000 per annum. On that analogy, the Government considered in 1945 that a grant to a local body or private institution for any of the purposes mentioned above might in future be treated as expenditure on a "New Service" only if it exceeded Rs. 1,000 per annum recurring or Rs. 2,500 non-recurring.

(3) (b) *Expenditure on establishments for specific new objects, committees, etc.*—According to the rulings in sub-sections (j), (k) and (m) to (r) on pages 9 to 14 of the "New Services" pamphlet, a new item of expenditure for which no provision is made in the budget is treated as expenditure on a "New Service", irrespective of the cost involved if it falls under one of the following headings:—

- (1) Establishments for specific new objects.
- (2) Special establishments.
- (3) Committees.
- (4) Opening of new institutions or new courses in existing institutions.
- (5) New experiments.
- (6) New demonstrations.
- (7) Purchase of additional machinery.

As in the case of grants to local bodies and private institutions, the Government considered that expenditure relating to the above items might in future be treated as on a "New Service" only if it exceeded Rs. 1,000 per annum recurring or Rs. 2,500 non-recurring.

The Public Accounts Committee was consulted in 1945 on the suggestions under sub-paragraphs (3) (a) and (3) (b) above, and it recommended that a monetary limit of Rs. 2,500 per annum recurring, or Rs. 10,000 non-recurring, should be fixed for the purpose of treating expenditure on any item falling under any of the heads listed in sub-paragraphs (3) (a) and (3) (b) above as expenditure on a "New Service" and that the limit might be in force for the duration of the section 93 situation. The Government accepted the recommendation of the Public Accounts Committee.

To sum up, the monetary limits according to the old rulings and the recommendations made by the Public Accounts Committee in 1945 and accepted by the Government are as follows:—

(1)	Old monetary limit for purpose, of the 'New Service' procedure.		Limit according to the recommendations of the Public Accounts Committee in 1945.	
	(2)		(3)	
	RS.		RS.	
(1) Employment of additional staff (for normal increase in work or on account of temporary needs).	5,000 per annum	..	20,000 per annum.	
(2) New major works	10,000	..	30,000.	
(3) Grants to local bodies and private institutions for the purposes mentioned in sub-paragraph (3) (a) above and expenditure on items mentioned in sub-paragraph (3) (b) above.	No monetary limit except in respect of grants for maintenance of roads for which a limit of Rs. 1,000 per annum was fixed.		Rs. 2,500 per annum recurring; Rs. 10,000 if non-recurring.	

Though the Public Accounts Committee recommended the higher limits only for the duration of the section 93 Proclamation, the present Government, as constituted after the revocation of the Proclamation, decided to adopt the revised

limits until the new Public Accounts Committee of the Legislative Assembly was constituted and its advice taken, as a return to the old limits would have greatly impeded the despatch of urgent business. The circumstances which necessitated the adoption of the revised limits for the purpose of the "New Service" procedure in the cases mentioned in the above paragraphs continue to exist. It seems desirable therefore that these limits should be allowed to continue.

The advice of the Public Accounts Committee is requested as to whether the monetary limits for application of the "New Service" procedure adopted on the recommendation of the Public Accounts Committee in 1945 should continue to be in force.

3. *Expenditure on famine relief measures—Treatment as 'New Service'.*—In 1943 the advice of the Public Accounts Committee was requested as to whether expenditure on establishments sanctioned for famine relief or plague operations need be treated as on a "New Service" as in the case of establishments required for other purposes, if the cost exceeded the limit prescribed for the purposes of the "New Service" procedure in respect of establishments (Rs. 5,000 per annum at that time and Rs. 20,000 per annum now). The Committee was informed that the practice was not to treat expenditure on such establishments as on a "New Service," since the scale of expenditure on their account was regulated in accordance with the Famine Code and Plague Regulations respectively. The Committee recommended that expenditure on such establishments need not be treated as on a "New Service" and the Government accepted the Committee's recommendation—see Note under ruling (l) on page 11 of the "New Services" pamphlet.

Again in 1944 the question was placed before the Public Accounts Committee whether expenditure on works required for famine relief or plague control should be treated as on a "New Service" if the cost exceeded the limit prescribed for the purpose of the "New Service" procedure in respect of works (Rs. 10,000 at that time and Rs. 30,000 now). The following are the extracts from the note placed before the Committee then—

"It has not hitherto been the practice to treat these works as 'New Service.' Sheds for plague control will be required urgently and their construction is regulated by Plague Regulations. Under Plague Standing Order No. 20, Collectors are authorized to incur expenditure up to Rs. 5,000 in anticipation of the sanction of the Government. Similarly expenditure on famine relief work is controlled by the Board of Revenue, and the Board can authorize the Collectors of affected districts either monthly or quarterly, to incur expenditure on departmental and civil relief in the succeeding month or quarter up to specified amounts subject to the condition that the total amount so authorized does not exceed the total provision made in the schedule of authorized expenditure for the year as a whole.

The Finance Department consider that, on the analogy of the establishments for famine relief or plague control, expenditure on famine or plague works need not be treated as on a "New Service" even though the cost exceeds Rs. 10,000. The Accountant-General has agreed with this view."

The Committee recommended that the "New Service" procedure need not be applied to works undertaken in connexion with famine relief or for the control of plague and the Government accepted their view—see Note (8) under ruling V on page 15 of the "New Services" pamphlet.

4. As a measure of giving relief in famine areas the Government decided to supply milk or milk powder free of cost to children and mothers in famine relief centres. For this purpose, the Government asked the Regional Food Commissioner, Madras Region, to allot 50 tons of 'Milk Maid Brand' sweetened condensed milk, the cost of which was estimated at Rs. 82,500. According to sub-section XIII on page 18 of the "New Services" pamphlet any scheme involving large expenditure should be treated as a "New Service". In view of this ruling and of the fact that the rulings mentioned in paragraph 3 above applied only to establishments and works required

for famine relief on plague control, the Finance Department held that the expenditure on the purchase of the condensed milk should be treated as on a "New Service."

5 The question has, however, been raised whether the ruling that the "New Service" procedure need not be applied to establishments and works required for famine relief may be extended to other items of expenditure connected with famine relief such as free supply of milk to famine areas. Expenditure on free supply of milk to famine areas had been incurred even before the case mentioned in paragraph 4 above. The budget of each year includes a lump sum provision (usually Rs 14 lakhs in a normal year) for expenditure on famine relief, as the actual needs cannot be foreseen at the time when the budget is placed before the Legislature. The extent of expenditure and the form of relief to be given will necessarily depend on the actual famine conditions in each year. All famine expenditure will generally have to be incurred very urgently and it is a matter for consideration whether, for the purpose of the "New Service" procedure, any expenditure on famine relief need be treated as on a "New Service." The advice of the Public Accounts Committee is requested whether the "New Service" procedure should be applied to items of expenditure connected with famine relief which are not specifically covered by the existing rulings of the Committee, and, if not, whether a clause may be added to sub-section VII of section A of the "New Services" pamphlet to the effect that no expenditure on famine relief need be treated as on a "New Service."

FORT ST. GEORGE,
31st August 1946.

D. W. DODWELL,
Secretary to Government.

ANNEXURE.

Cases of "New Service" not covered by the existing rulings.

Description.	Reasons for treating as "New Service."
Grant IV—Forest— 1. Grant of Rs. 500 to each of the serving foresters deputed for training at the Madras Forest College, Coimbatore, for the purchase of the compulsory initial equipment required during the course of the training.	Expenditure of the kind not incurred in the past.
Grant XI—District Administration and Miscellaneous— 2. Refund from Provincial revenues of the additional income-tax paid by officers of the Indian Services while on key leave in the United Kingdom who, on account of their detention in that country beyond six months through no fault of their own, became liable to United Kingdom income-tax.	Do.
Grant XIV—Police— 3. Training of officiating Sub-Inspectors of Police in the Police Training School, Vellore.	Expenditure of the kind not incurred in the past. (Training was being given in the past to direct recruits and not to officiating sub-Inspectors.)
4. Payment of a grant towards initial expenditure on equipment, etc., in connexion with the formation of Boy Scout Groups for the sons of head constables and constables in the Armed Reserve Lines of Tinnevely district.	Expenditure of the kind not incurred in the past.
Grant XV—Education— 5. Deputation of students for technical and scientific studies abroad involving payment of stipends and allowances.	Do.
6. Opening training class for training demobilized soldiers as elementary grade teachers.	Do.
Grant XVI—Medical— 7. Payment of stipends to compounders while under training.	Do.

Cases of "New Service" not covered by the existing rulings—cont.

Description.	Reasons for treating as "New Service."
Grant XIX—Veterinary— 8. Deputation of a Veterinary Assistant Surgeon to undergo specialised training in Animal Nutrition Research at Izatnagar, for two years.	Deputation for a new purpose.
Grant XXI—Industries— 9. Payment of a portion of the expenditure on the investigation instituted by the Joint Mica Mission into the cost of producing mica in this Province.	Contribution from Provincial funds to other Governments and associations outside the Province.
10. Deputation of the Sericultural Expert to China for a period of three months to study improved methods of silk worm rearing and to purchase good silk worm seeds.	Deputation for a new purpose.
11. Manufacture of photographic paper on a semi-commercial scale.	Expenditure on new demonstrations.
12. Employment of special staff for investigating the production on a small scale of starch and starch conversion products from tapioca and sweet potatoes and to evolve methods of extraction of starch from tubers growing in the Agency tracts of Vizagapatam district.	Do.
13. Employment of a glass technologist to conduct a survey of the raw materials available for the development of glass industry and to explore the possibility of manufacturing glass.	Do.
14. Scheme to organise a centre for training students in the manufacture of glass bangles and glass beads on improved lines.	Expenditure of the kind not incurred in the past.
Grant XXII—Chinchona and Fisheries— 15. Expenditure on payment of half the cost of the supply of wood, yarn and cloth to the distressed fishermen in North Vizagapatam district who were affected by the cyclone and floods of 1943.	Do.
Grant XXIII—Miscellaneous Departments— 16. Deputation of a Labour Officer for Social Service course in the Calcutta University.	Deputation for a new purpose.
17. Training in the United Kingdom of Officers for Labour Administration in the post-war period.	Do.
Grant XXXI—Miscellaneous— 18. Ex-gratia expenditure of Rs. 10,000 on the purchase of salwood or the construction of boats for distribution to certain boat-owners who lost their boats in cyclone in Vizagapatam district.	Expenditure of the kind not incurred in the past.
19. Payment of money grants to members of the fighting services for conspicuous gallantry in the field.	Do.
Grant XXXII—Defence— 20. Expenditure on travelling allowance, etc., of officials and honorary workers of the National War Front at the farewell meeting held before dissolving the organization.	Do.

RECOMMENDATIONS OF THE COMMITTEE.

Paragraph 1 of the note.—We consider that all the items were correctly treated as "New Services."

Paragraph 2 of the note.—We agree that the monetary limits for application of the "New Service" procedure adopted on the recommendation of the Public Accounts Committee in 1945 should continue to be in force.

Paragraph 5 of the note.—We consider that the "New Service" procedure should not be applied to items of expenditure connected with famine relief which are not specifically covered by the existing rulings of the Committee and agree that a clause may be added to sub-section VII of section A of the "New Services" pamphlet to the effect that no expenditure on famine relief need be treated as on a "New Service."

