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CENTRAL GOVERNMENT

COMPILATION OF THE  
GENERAL FINANCIAL RULES

Volume I

FIRST EDITION



सत्यमेव जयते

1955

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## PREFACE.

The constitutional changes resulting from the Government of India Act, 1935, made it necessary to revise the financial rules and delegations contained in the Book of Financial Powers, the Civil Account Code and in other general orders and instructions issued by Government from time to time. The revised orders are now issued in these two volumes of the General Financial Rules.

2. In bringing out the revised rules, the simplification and clarification of financial rules and delegations and their systematisation have been prominently kept in view. The opportunity has also been taken of extending the scope of these rules by including certain matters which were not previously embodied in any code. The main financial principles and procedure to be observed in regard to acquisition of stores and works and the accounts to be maintained generally in regard to them have for the first time been clarified in Chapters 8 and 9 respectively. Appendix 4 to these rules details the powers which a subordinate authority exercises in virtue of its being declared a head of a department. This has been included for the convenience of heads of departments.

3. The rules and orders contained in these volumes should be observed in common by all departments and authorities under Government, except where they are indicated as applying only to named departments. Departmental authorities should follow these rules and orders, supplemented by the special orders and instructions, if any, contained in their departmental regulations.

4. The revised rules provide for financial powers of Governors of Provinces who act as Agents to the Governor-General under Section 123 of the Government of India Act, 1935. Entrustment of Central functions to Provincial Governments is governed by Section 124 of the Act and normally, the only financial transaction involved is the payment [under sub-section (4) of that section] of the extra cost of establishments necessitated by the entrustment. As these charges have to be approved by the Central Government in each case, Provincial Governments now have no power to sanction expenditure from the revenues of the Central Government. Chapter IV' of Part II of the old Book of Financial Powers has therefore been omitted from the revised rules.

Specific cases in which provincial Governments exercise direct control over Central expenditure will be regulated by special orders of the Central Government.

5. On the 1st April, 1937, instructions were issued to departments and other authorities that the then existing rules of treasury ; financial and accounts procedure contained in the Civil Account and other Codes would continue in force after that date, except to the extent that they were inconsistent with the provisions of the Government of India Act, 1935, and the rules issued thereunder, until they were replaced by revised rules. The rules and orders contained in the Compilations of the Central Treasury Rules, the General Financial Rules, the Central Public Works Account Code and the Account Code, now supersede the rules and instructions contained in the Civil Account Code, Volumes I and II, the Public Works Account Code, the Forest Account Code, the Book of Financial Powers (1st edition), and the Resource Manual.

6. The various departmental codes, regulations, etc., should now be modified to conform to the revised rules and orders contained in the new publications. For facility of reference, two explanatory memoranda have been incorporated in this Compilation, one showing the source of each of the rules and orders contained in the General Financial Rules and the other showing how each of the rules and orders contained in the Civil Account Code and other Codes, etc., now superseded, have been dealt with in the new issues.

7. The Crown Representative has been pleased to adopt and extend the application of the General Financial Rules of the Central Government *mutatis mutandis* as executive instructions to transactions under his control, except where there are special or general orders to the contrary. In so adopting and extending the application of these rules, the Crown Representative has directed that, except where the context otherwise requires, the terms "Government", "Central Government", and "Governor-General", wherever they occur in the rules should be understood as the "Crown Representative".

8. The forms prescribed in these rules have been distinguished from those prescribed in the Treasury Rules, Fundamental Rules and the Account Code by being grouped in a separate series marked as "G.F.R." Supplies will be obtained from the Manager, Forms Press, in accordance with the procedure prescribed by the Controller of Printing and Stationery.

GENERAL FINANCIAL RULES OF THE CENTRAL GOVERNMENT <sup>GE.</sup>

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# General Financial Rules of the Central Government

## VOLUME I

### CHAPTER I.—INTRODUCTORY.

1. The rules contained in this volume, which are essentially executive orders of the Governor General, describe primarily the financial powers of different authorities subordinate to the Central Government and the procedure prescribed by the Governor General, which should be followed by them in the securing and spending of the funds necessary for the discharge of the functions entrusted to them. In the matter of receipt, custody and disbursement of Government moneys these rules are supplementary to treasury rules and should be applied in conjunction with them. Departmental authorities should follow these rules, supplemented or modified by the special rules and instructions, if any, contained in their departmental regulations and other special orders applicable to them.

### DEFINITIONS.

2. Unless there be anything repugnant in the subject or context, the terms defined in this chapter are used in these rules in the sense hereby explained—

(i) **Accountant General**—means the head of an office of accounts and audit or of accounts who keeps the accounts of the Central Government.

(ii) **The Act**—means the Government of India Act, 1935.

(iii) **Appropriation**—means the assignment to meet specified expenditure of funds at the disposal of the assigning authority.

(iv) **Auditor General**—means the Auditor General of India.

(v) **The Bank**—means the Reserve Bank of India or any office or agency of the Reserve Bank of India and includes any branch of the Imperial Bank of India acting as the agent of the Reserve Bank of India in accordance with the provisions of the Reserve Bank of India Act, 1934 (Act II of 1934).

“ **Reserve Bank** ” means the Reserve Bank of India.

(vi) **Competent authority**—means Government or any other authority to which the relevant powers may be delegated by Government.

(vii) **Controlling Officer**—means a head of a department or other departmental officer who is entrusted with the responsibility of controlling the incurring of expenditure and/or the collection of revenue by the authorities subordinate to the department.

(viii) **Finance Department**—means the Finance Department of the Central Government and includes the Financial Advisor, Military Finance, the Financial Commissioner, Railways, the Financial Advisor, Communications, the Crown Finance Department and such other authorities in which the powers of the Finance Department are vested by the Governor General.

(ix) **Financial year**—means the year beginning on the 1st of April and ending on the 31st of March following.

(x) **Government**—means the Central Government.

(xi) **Governor General**—means “ Governor General in Council ” until the commencement of Part II of the Act.

(xii) **Head of a department**—(1) means any authority declared to be such with reference to Rule 2(10) of the Supplementary Rules, if the declaration is made in general terms and not with reference to certain specified rules only, and (2) includes any other officer declared to be such by the competent authority.

(xiii) **Non-recurring expenditure**—means expenditure sanctioned as a lump sum charge, whether the money be paid as a lump sum or by instalments.

(xiv) **Primary unit of appropriation**—means a lump sum of money placed by the Governor General at the disposal of a subordinate authority by the method prescribed in rules 5 to 7 of the Book of Financial Powers *vide* Appendix 3.

(xv) **Public Account or Public Account of the Central Government**—means the consolidated fund into which moneys received on account of the revenues of the Governor General as defined in Section 136 of the Act are paid or credited and from which all disbursements of, or on behalf of, the Government are met.

**NOTE.**—Without prejudice to anything contained in Section 136 of the Act, "Revenues of the Governor General" would include all moneys received by Government officers on behalf of Government as such; not only the proceeds of taxation and the yield of ordinary revenues but also capital receipts, such as the proceeds of sales of land; the proceeds of borrowing operations; unfunded debt; and, unless the contrary intention appears, such receipts of a banking or deposit nature as by virtue of any statutory provision or of any general or special executive order of Government have to be held in the custody of Government.

(xvi) **Public Works**—means civil works and irrigation, navigation, embankment and drainage works.

(xvii) **Public Works Department**—means the Department of the Central Government in administrative charge of public works.

(xviii) **Re-appropriation**—means the transfer of funds from one unit of appropriation to another such unit.

(xix) **Recurring expenditure**—means all expenditure which is not non-recurring.

(xx) **Subordinate authority**—means a Department of the Central Government or any authority subordinate to or acting as Agent to the Governor General.

(xxi) **Treasury Rules**—means the Treasury Rules of the Central Government.

3. Heads of departments have been authorised to declare any gazetted officer subordinate to them to be the "head of an office" for the purpose of these and other financial rules of Government.

## CHAPTER 2.—GENERAL SYSTEM OF FINANCIAL MANAGEMENT AND CONTROL.

### I.—RECEIPT OF MONEY.

#### GENERAL.

4. All transactions to which any officer of Government is a party in his official capacity must be brought to account without delay.

5. Moneys received as dues of Government or for deposit in the custody of Government should be credited into the Public Account in accordance with the Treasury Rules.

6. If a Government officer receives in his official capacity moneys which are not Government dues or the deposit of which in the custody of Government has not been authorised by Government, he must open an account with a bank for their deposit. Such accounts may be opened without special sanction with a branch of the Imperial Bank of India or with a Post Office

Savings Bank. The prior approval of Government is required to their deposit in any other bank. The Government officer receiving such moneys is personally responsible for seeing that they are disbursed in strict conformity with the rules, regulations or orders governing the fund to which the moneys appertain, that a precise record of all the transactions is kept in a form complying with the regulations of the fund concerned and that the accounts are subjected to proper audit checks.

#### WITHDRAWAL OF MONEYS FROM THE PUBLIC ACCOUNT.

7. Unless otherwise expressly authorised by any law or rule or order having the force of law, moneys may not be removed from the Public Account for investment or deposit elsewhere without the consent of the Finance Department.

#### ASSESSMENT, COLLECTION AND CHECK OF REVENUES.

8. Subject to such general or specific instructions as may be issued by Government in this behalf, it is the duty of the Revenue or Administrative Department concerned, to see that the dues of Government are correctly and promptly assessed, collected and paid into the treasury. Detailed instructions on the subject are contained in Chapter 3.

### II—EXPENDITURE AND PAYMENT OF MONEYS

#### ESSENTIAL CONDITIONS GOVERNING EXPENDITURE FROM PUBLIC FUNDS.

9. As a general rule no authority may incur any expenditure or enter into any liability involving expenditure from public funds until the expenditure has been sanctioned by general or special orders of the Governor General or by an authority to which power has been duly delegated in this behalf and the expenditure has been provided for in the authorised grants and appropriations for the year.

#### STANDARDS OF FINANCIAL PROPRIETY. /

10. Every officer incurring or authorising expenditure from public funds should be guided by high standards of financial propriety. Among the principles on which emphasis is generally laid are the following :—

(i) Every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money.

(ii) The expenditure should not be *prima facie* more than the occasion demands.

(iii) No authority should exercise its powers of sanctioning expenditure to pass an order which will be directly or indirectly to its own advantage.

(iv) Public moneys should not be utilised for the benefit of a particular person or section of the community unless—

(1) the amount of expenditure involved is insignificant, or

(2) a claim for the amount could be enforced in a court of law, or

(3) the expenditure is in pursuance of a recognised policy or custom.

(v) The amount of allowances granted to meet expenditure of a particular type should be so regulated that the allowances are not on the whole a source of profit to the recipients.

### CONTROL OF EXPENDITURE.

11. Each head of a department is responsible for enforcing financial order and strict economy at every step. He is responsible for observance of all relevant financial rules and regulations both by his own office and by subordinate disbursing officers.

12. A Controlling Officer must see not only that the total expenditure is kept within the limits of the authorised appropriation but also that the funds allotted to spending units are expended in the public interest and upon objects for which the money was provided. In order to maintain a proper control, he should arrange to be kept informed, not only of what has actually been spent from an appropriation but also what commitments and liabilities have been and will be incurred against it. He must be in a position to assume before Government and the Public Accounts Committee, if necessary, complete responsibility for departmental expenditure and to explain or justify any instance of excess or financial irregularity that may be brought to notice as a result of audit scrutiny or otherwise.

### INTERNAL CHECK AGAINST IRREGULARITIES, WASTE AND FRAUD.

13. In the discharge of his ultimate responsibilities for the administration of an appropriation or part of an appropriation placed at his disposal, every Controlling Officer must satisfy himself not only that adequate provisions exist within the departmental organisation for systematic internal checks calculated to prevent and detect errors and irregularities in the financial proceedings of his subordinate officers and to guard against waste and loss of public money and stores, but also that the prescribed checks are effectively applied.

### DELAYS IN PAYMENT.

14. Delay in the payment of money indisputably due by Government is contrary to all rules and budgetary principles and should be avoided, *vide* also paras. 105 and 106.

## III—DUTIES AS REGARDS ACCOUNTS.

### MAINTENANCE OF ACCOUNTS.

15. Every officer whose duty it is to prepare and render any accounts or returns in respect of public money or stores is personally responsible for their completeness and strict accuracy and their despatch within the prescribed date.

16. An officer who signs or countersigns a certificate is personally responsible for the facts certified to, so far as it is his duty to know or to the extent to which he may reasonably be expected to be aware of them. The fact that a certificate is printed is no justification for his signing it unless it represents the facts of the case. If in its printed form it does not represent the facts, it is his duty to make any necessary amendment which will call attention to the deviation and so to give the authority concerned the opportunity of deciding whether the amendments cover requirements.

### DEMAND FOR INFORMATION BY AUDIT.

17. It is the duty of every Departmental and Controlling Officer to see that the Accountant General is afforded all reasonable facilities in the discharge of his functions and furnished with the fullest possible information for which he may ask, for the preparation of any account or report,

which it is his duty to prepare. No such information nor any books or other documents to which the Auditor General has a statutory right of access may be withheld from the Accountant General.

#### IV—CONTRACTS.

##### GENERAL PRINCIPLES.

18. No contracts may be entered into by any authority which has not been empowered to do so by or under the orders of the Governor General.

The various classes of contracts and assurances of property authorised by the Governor General in Council in exercise of powers conferred by subsection (3) of Section 175 of the Act, to be executed by different authorities are specified in Appendix 1.

Subsidiary orders of Government as to the limitation upon the powers of these authorities, the conditions under which such powers should be exercised and the general procedure prescribed with regard to such contracts, such as calling for and acceptance of tenders, etc., are laid down in the appropriate departmental regulations.

NOTE—The powers of the authorities subordinate to the Crown Representative are regulated by the special orders of the Crown Representative issued from time to time.

19. The following general principles have been laid down for the guidance of authorities which have to enter into contracts or agreements involving expenditure from Public funds :—

(i) The terms of a contract must be precise and definite and there must be no room for ambiguity or misconstruction therein.

(ii) As far as possible, legal and financial advice should be taken in the drafting of contracts and before they are finally entered into.

(iii) Standard forms of contracts should be adopted, wherever possible, the terms to be subject to adequate prior scrutiny.

(iv) The terms of a contract once entered into should not be materially varied without the previous consent of the authority competent to enter into the contract as so varied. No payments to contractors by way of compensation, or otherwise, outside the strict terms of the contract or in excess of the contract rates may be authorised without the previous approval of the Finance Department.

(v) No contract involving an uncertain or indefinite liability or any condition of an unusual character should be entered into without the previous consent of the Finance Department.

(vi) Whenever practicable and advantageous, contracts should be placed only after tenders have been openly invited and, in cases where the lowest tender is not accepted, reasons should be recorded.

(vii) In selecting the tender to be accepted, the financial status of the individuals and firms tendering must be taken into consideration in addition to all other relevant factors.

(viii) Even in cases where a formal written contract is not made, no order for supplies, etc., should be placed without at least a written agreement as to the price.

(ix) Provision must be made in contracts for safeguarding Government property entrusted to a contractor.

(x) When a contract is likely to endure for a period of more than 5 years, it should, wherever feasible, include a provision for an unconditional power of revocation or cancellation by Government at any time on the expiry of 6 months' notice to that effect.

## V—DEFALCATIONS, LOSSES, ETC.

## REPORT OF LOSSES.

20. (1) With the exceptions noted below any loss of public money, departmental revenue or receipts, stamps, opium, stores or other property held by or on behalf of Government, caused by defalcation or otherwise, which is discovered in a treasury or other office or department, should be immediately reported by the officer concerned to his immediate official superior as well as to the Accountant General, even when such loss has been made good by the party responsible for it. Such reports must be submitted as soon as a suspicion arises that there has been a loss; they must not be delayed while detailed enquiries are made. When the matter has been fully investigated a further and complete report should be submitted of the nature and extent of the loss showing the errors or neglect of rules by which such loss was rendered possible, and the prospects of effecting a recovery.

(2) If the irregularity be detected by Audit in the first instance, the Accountant General will report it immediately to the administrative authority concerned, and if he considers necessary, to Government as well.

*Exception 1.*—In the case of Customs Revenue, (a) mistakes in assessments which are discovered too late to permit of a supplementary claim being made, and (b) under-assessments which are due to the interpretation of the law by the local Customs authority being overruled by higher authority more than three months after the assessment was made, need not be reported to the Accountant General. A record should, however, be kept of such cases for examination by the Accountant General at the time of audit.

*Exception 2.*—Petty cases, that is, cases involving losses not exceeding Rs. 200 each, need not be reported to the Accountant General, unless there are, in any case, important features which merit detailed investigation and consideration.

21. The officers receiving a report submitted to him under para. 20 must forward it forthwith to Government through the usual channel with such comments as may be considered necessary. He should also submit a detailed report, after completing such departmental investigations as may be necessary or expedient, on the causes or circumstances which led to the defalcation or loss, the steps taken to prevent its recurrence and the disciplinary or any other action proposed as regards the persons responsible.

## ACCIDENTS.

22. Any serious loss of immovable property, such as buildings, communications, or other works, caused by fire, flood, cyclone, earthquake or any other natural cause, should be reported at once by the departmental officer to the head of the department and by the latter to Government. When a full enquiry as to the cause and extent of the loss has been made, the detailed report should be sent by the departmental officer concerned to the head of the department, a copy of the report or an abstract thereof being simultaneously forwarded to the Accountant General.

## RESPONSIBILITY FOR LOSSES, ETC.

23. Every Government officer should realise fully and clearly that he will be held personally responsible for any loss sustained by Government

through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government officer to the extent to which it may be shown that he contributed to the loss by his own action or negligence. Detailed instructions for regulating the enforcement of such responsibility are embodied in Appendix 2.

### WRITE-OFF OF LOSSES, ETC.

24. The powers delegated to different authorities to write off the irrecoverable value of public money or stores lost through fraud or negligence of individuals or other causes are indicated in Chapter 4.

### VI—DEPARTMENTAL REGULATIONS.

25. All departmental regulations in so far as they embody orders or instructions of a financial character, or have important financial bearing should be made by, or with the approval of, the Finance Department.

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## CHAPTER 3—REVENUE AND RECEIPTS.

### I—GENERAL.

26. Subject to any special arrangement that may be authorised by competent authority with respect to any particular class of receipts it is the duty of the departmental Controlling Officers to see that all sums due to Government are regularly and promptly assessed, realised and duly credited in the Public Account. They should accordingly arrange to obtain from their subordinates monthly accounts and returns in suitable form claiming credit for so much paid into the treasury or otherwise accounted for and compare them with the statements of treasury credits furnished by the Accountant General to see that the amounts reported as collected have been duly credited in the Public Account.

If wrong credits thus come to the notice of the Controlling Officer, he should at once inform the Accountant General with a view to the correction of the accounts. If any credits are claimed but not found in the accounts, enquiries should be made first of the responsible departmental officer concerned.

NOTE 1.—For this purpose, each Accountant General will send to the departmental Controlling Officer, an extract from his accounts showing the amounts brought to credit in them in each month.

NOTE 2.—It is essential that the departmental accounts of revenue should not be compiled from the returns prepared by the treasury. But the Treasury Officer may be required, where necessary, to verify the returns prepared for submission to the departmental Controlling authority.

NOTE 3.—In order to minimise the differences between the treasury figures and the departmental figures, it is essential that the chalangis with which money is remitted to the treasury should bear full and correct accounts classification.

27. Detailed rules and procedure regarding assessment, collection, remission, etc., of revenue should be laid down in the departmental regulations of the revenue and collecting departments concerned.

NOTE.—In departments in which officers are required to receive moneys on behalf of Government and issue receipts therefor in Form T.R. 5, the departmental regulations should prescribe the procedure rules for the maintenance of a proper account of the receipts, and issue of the receipt books, the number of receipt books to be issued at a time to each Officer and check with the Officer's accounts of the used books when returned.

No amount due to Government should be left outstanding without sufficient reason, and where any dues appear to be irrecoverable the orders of competent authority for their adjustment must be sought.

29. Unless specially authorised by any rule or order made by competent authority, no sums may be credited as revenue by debit to a suspense head : the credit must follow and not precede actual realisation.

30. Heads of departments in charge of important sources of revenue should keep the Finance Department fully informed of the progress of collection of revenue under their control and of all important variations in such collections as compared with the Budget estimates.

## II—SPECIAL RULES FOR PARTICULAR CLASSES OF RECEIPTS.

### RENTS OF GOVERNMENT BUILDINGS, LANDS, ETC.

31. The detailed rules and procedure regarding the demand and recovery of rents of Government buildings and lands, are contained in the departmental regulations of the departments in charge of those buildings.

When the maintenance of any rentable building is entrusted to a civil department other than the Public Works Department, the head of the department concerned will be responsible for the due recovery of the rents thereof. The procedure for the assessment and recovery of the rents of such buildings will be regulated generally by the rules applicable to residences under the direct charge of the Public Works Department.

### FINES.

32. It is the duty of every court or authority having the power to fine to see that the money realised reaches the treasury and that adequate precautions are taken against double refunds or fines or refunds of fines not actually paid into the treasury.

33. The duty of realizing fines and of checking the receipts and refunds rests with the departmental officers. Each court, civil or criminal, is required to submit to the District Judge or to the District Magistrate, as the case may be, on the last working day of each calendar month, a statement in the prescribed form showing the demand, collection and balance of fines levied and written off by it as well as of the refunds therefrom, the statement being made up for the account month of the treasury or sub-treasury with which the court deals. The District Judge and the District Magistrate should each consolidate these returns into a monthly fines statement for the courts under him and for his own and forward it to the Treasury Officer, as soon as possible after the beginning of the month, for verification of the amounts shown as remitted into the treasury with the credit appearing in the treasury account. The Treasury Officer should certify to the correctness or otherwise of these amounts. Where there is any discrepancy between a consolidated statement and the treasury account, the Treasury Officer may, if necessary, before giving his certificate, request the District Judge or the District Magistrate as the case may be, to explain the discrepancy.

NOTE 1.—The statement should exhibit the amounts under each head of accounts, *e.g.*, Magisterial fines, fines under the Prevention of Cruelty to Animals Act, etc., separately.

Compensation fines due to an injured party which are creditable to deposits and fines which under the orders of competent authority are creditable to a Municipal or Local Fund, should be excluded from this statement.

NOTE 2.—When fines are received in another district, an intimation should be given by the recovering officer to the officer concerned, who should note the fact in his monthly fine statements.

### CONVICT CHARGES RECOVERABLE FROM INDIAN STATES.

34. Where Indian States are responsible for the cost of maintenance of convicts imprisoned in British Indian Jails for offences committed in such States, the Jail Officials should communicate to the Accountant General any amount recoverable on this account and the Accountant General will then see to its due recovery.

NOTE.—The rules fixing the responsibility of Indian States in the case of convicts sentenced by British Indian Courts or Officers for offences committed in such States are contained in the Government of India, Foreign Department, Resolution No. 3384-1, dated the 10th October, 1890.

### MISCELLANEOUS DEMANDS.

35. Realisation of miscellaneous demands of Government not falling under the ordinary revenue administration will be watched by the Accountant General. Such are payments due from Indian States, contributions from Provincial Governments, Local Funds, Contractors and others towards Establishment charges, etc.

### III.—REMISSIONS OF, AND ABANDONMENT OF CLAIMS TO, REVENUE.

36. The sanction of the competent authority is necessary for the remission of, and abandonment of claims to, revenue.

NOTE.—The powers of subordinate authorities to sanction the write off of loss of revenue are indicated in Schedule V to the Book of Financial Powers.

37. Heads of departments and Local Administrations should submit annually on the first of June to the Accountant General concerned statements showing the remissions of revenue and abandonment of claims to revenue sanctioned during the preceding year by competent authorities in exercise of the discretionary powers vested in them otherwise than by law or rule having the force of law. For inclusion in these statements remissions and abandonments should be classified broadly with reference to the grounds on which they were sanctioned and a total figure should be given for each class. A brief explanation of the circumstances leading to the remission should be added in the case of each class.

Subject to any general or special order issued by Government, individual remissions below Rs. 100 need not be included in the statement.

NOTE 1.—Heads of Local Administrations may make rules defining remissions and abandonments of revenues for the purpose of this rule.

NOTE 2.—Where the administrative year does not coincide with the financial year, the figures of the former, if this prove more convenient to the departmental authorities, may be given in the statement.

NOTE 3.—This rule does not apply to Railways and Posts and Telegraphs Departments.

### IV.—AUDIT OF RECEIPTS.

38. When the audit of the receipts of any department of Government is entrusted to the Auditor General under the provisions of para. 13(2) of the Government of India (Audit and Accounts) Order, 1936, it will be conducted in accordance with the regulations reproduced in Annexure A to this Chapter.

NOTE 1.—The procedure in respect of particular classes of receipts, e.g., stamps, opium, foreign service contributions, etc., will be governed by special orders issued by Government.

NOTE 2.—The audit of receipts accruing under Debt and Remittance heads and of those included in the subsidiary accounts of Government Commercial undertakings devolve on the Auditor General under para. 13 (1) of the Government of India (Audit and Accounts) Order, 1936, and is conducted in such manner and to such extent as may be prescribed by him.

## ANNEXURE A.

(See para. 38.)

## REGULATIONS FOR THE CONDUCT OF THE AUDIT OF RECEIPTS.

1. It is primarily the responsibility of the departmental authorities to see that all revenue, or other debts due to Government, which have to be brought to account, are correctly and promptly assessed, realised and credited to Public Account and any investigation by Audit must be so conducted as not to interfere with this executive responsibility. Audit shall, however, have power to examine the correctness of the sums brought to account in respect of receipts of any department in such manner and to such an extent as may be determined by Government in consultation with the Accountant General.

2. In conducting the audit of receipts of any Government department, the chief aim should be to ascertain that adequate regulations and procedure have been framed to secure an effective check on the assessment, collection, and proper allocation of revenue, and to see by an adequate detailed check that any such regulations and procedure are being observed. In the audit of receipts ordinarily the general is more important than the particular.

3. In the audit of receipts it would be necessary in the case of a department which is a receiver of public money, to ascertain what checks are imposed against the commission of irregularities at the various stages of collection and accounting and to suggest any appropriate improvement in the procedure. Audit might, for instance, suggest in a particular case that a test inspection should be carried out by comparing a sample set of receipt counterfoils with the receipts actually in the hands of the tax-payers or other debtors the results of such an inspection being made available to Audit.

In no case, however, should independent enquiries be made among the tax-payers or the general public. Audit should confine itself to calling upon the Executive to furnish necessary information and, in cases of difficulty, it should confer with the Administrative authorities concerned as to the best means of obtaining the evidence which it requires.

4. The Audit of receipts should be regulated mainly with reference to the statutory provisions or financial rules or orders which may be applicable to the particular receipts involved. If the test check reveals any defect in such rules or orders, the advisability of amendment should be brought to notice.

It is, however, rarely if ever the duty of Audit to question an authoritative interpretation of such rules or orders, and in no case may Audit review a judicial decision, or a decision given by an Administrative authority in a quasi-judicial capacity. This instruction does not, however, debar an auditor from bringing to notice any conclusion deducible from the examination of the results of a number of such decisions.

5. Where any financial rule or order applicable to the case prescribes the scale or periodicity of recoveries, it will be the duty of Audit to see, as far as possible, that there is no deviation without proper authority from such scale or periodicity. When this check cannot be exercised centrally, a test audit may be conducted at local inspections, the aim being to secure that disregard of rule or defects of procedure are not such as to lead to leakage of revenue rather than to see that a particular debt due to Government was not realised at all or on due date.

6. Ordinarily Audit will see that no amounts due to Government are left outstanding on its books without sufficient reason. Audit will continue carefully to watch such outstanding and suggest to departmental authorities any feasible means for their recovery. Whenever any dues appear to be irrecoverable, orders for their adjustment should be sought. But unless permitted by any rule or order of a competent authority, no sums may be credited to Government by debit to a suspense head; credit must follow, and not precede, actual realisation.

7. The procedure prescribed by the Auditor General for raising and pursuing audit objections in relation to expenditure, including powers of Audit Officers to waive recovery of Government dues under certain conditions, shall apply *mutatis mutandis* in respect of audit objection on any accounts of receipts.

## CHAPTER 4.—POWERS OF SANCTION.

I.—POWERS OF VARIOUS AUTHORITIES IN THE MATTER OF  
SANCTIONING EXPENDITURE.  
GENERAL.

39. (1) Under the provisions of part X of the Act, the Secretary of State for India retains the powers of issuing and amending rules affecting the conditions of service of certain Services of the Crown in India. While

retaining ultimately the powers of this description, the Secretary of State for India may delegate the exercise of some of them to specified authorities in India.

The Secretary of State for India also retains some measure of control through directions issued under the relevant provisions of the Act. The responsibility for securing that such directions, when they are of a financial or *quasi*-financial character, are observed, will rest on the Finance Department.

NOTE.—Directions of a financial character issued by the Secretary of State for India under Section 314 of the Act are contained in his Financial Despatch No. 1, dated the 24th January, 1939, an extract from which is reproduced in Annexure A to this Chapter.

(2) Subject to the above-mentioned limitations, the responsibility for financial operations of the Central Government as also for the exercise of all executive authorities rests on the Governor General, whose sanction, given either directly or by persons to whom the necessary power has been delegated, is necessary to all expenditure from the revenues of the Governor General. The extent to which powers to sanction expenditure have been delegated to various authorities is indicated in the following paras.

NOTE.—The performance of functions by the Secretary of State for India on behalf of the Central Government will be held to carry with it the general authority to sanction such expenditure as may be involved in the performance of those functions without any formal transfer of authority from the Governor General.

#### **POWERS OF SUBORDINATE AUTHORITIES IN INDIA.**

40. All the most important general orders on the subject of financial powers of subordinate authorities in relation to expenditure from the revenues of the Governor General are embodied in Appendix 3 and the relevant chapters of this compilation. Delegations made under those orders are incorporated in the departmental regulations or in the Manuals of the Accountant General concerned.

The financial powers of subordinate authorities in certain departments, *e.g.*, Railways, etc., are regulated by separate schedules of powers relating to those departments and by general orders issued with the concurrence of the Finance Department, which are embodied in the respective departmental regulations.

NOTE.—In respect of expenditure from the Provincial revenues of Coorg, the financial Powers of the Chief Commissioner, Coorg, are regulated by special orders of the Governor General.

41. The powers which are commonly shared by all heads of departments and may, in the absence of any orders to the contrary, be exercised by any subordinate authority in virtue of its being declared as the head of a department, are shown in Appendix 4.

42. The financial powers of the Central Government, which have not been delegated to any other department or authority vest in the Finance Department.

43. Unless otherwise provided by any special rule or order of Government, a higher authority may exercise the powers delegated to an authority subordinate to it.

#### **POWERS OF THE HIGH COMMISSIONER FOR INDIA.**

44. The functions now performed by the High Commissioner for India on behalf of the Central Government are specified in the list given in Appendix 5. The extent to which powers to sanction expenditure connected with the performance of these functions have been delegated to the High Commissioner for India, is set out in Annexure B to this Chapter.

## II—POWERS IN REGARD TO CERTAIN SPECIAL MATTERS.

### GRANTS OF LAND, ASSIGNMENTS OF REVENUE AND OTHER CONCESSIONS, ETC.

45. No department or authority may, without previous consent of the Finance Department, issue any orders (other than orders in pursuance of general delegations made by or with the approval of the Finance Department) which—

(i) involve any grant of land, or assignment of revenue, or concession, grant, lease, or licence of mineral or forest rights, or right to water power, or any easement or privilege in respect of such concessions; or

(ii) in any way involve any relinquishment of revenue.

NOTE.—The powers to execute instruments are governed by the orders given in Appendix I and other departmental and local orders on the subject.

### PAYMENT OF COMMUTATION MONEY.

46. The powers of the Central Government under rule 32 in section IV of Appendix 3 to the Account Code, Vol. I, to authorise, in respect of pensions which are divisible between the Central Government and Provincial Government and in which the latter cannot find funds to meet the due share of the commutation money, the debit to the revenues of the Governor-General of the whole commuted value of a portion of the pension (not exceeding the commuted value of the Central Government's share of the pension), may be exercised by the Departments of the Central Government administratively concerned.

### WRITE-OFF OF LOSSES.

NOTE.—The orders in the following paras. do not apply to the Defence and the Railway Departments whose powers in the matter of write off of losses are regulated by special orders incorporated in the departmental regulations.

47. (1) Subject to the limits and conditions specified in Schedule V to the Book of Financial Powers, a competent authority may sanction the writing off finally of the irrecoverable value of stores or public money lost by fraud, negligence of individuals or other causes, provided that—

(i) the loss does not disclose a defect of system the amendment of which requires the orders of higher authority ; and

(ii) there has not been any serious negligence on the part of some individual Government officer or officers which may possibly call for disciplinary action requiring the orders of any higher authority.

These orders apply also to the writing off of losses of revenue, irrecoverable loans and advances and of deficiencies, depreciation, etc., in the value of stores included in the stock and other accounts. (See also para. 166.)

NOTE.—The expression "Value of Stores" used in this sub-para. should be interpreted as meaning "Book Value" where priced accounts are maintained and "Replacement Value" in other cases.

(2) All sanctions to write-off should be communicated to the Accountant General for scrutiny in each case and for bringing to notice any defect of system which requires attention.

NOTE.—Sanctions to the writing off of irrecoverable balances of income-tax demands accorded by competent authorities need not be communicated to the Accountant General.

Irrecoverable balances of income-tax demands written-off by competent authorities should, however, be included in the statement required to be submitted to the Accountant-General under para. 37.

48. The orders contained in the last preceding para. do not apply to loss of cash in treasuries, whether in the course of remittance or out of treasury balance, small coin depot or currency chest. Individual cases of such losses should be reported to the Finance Department and its specific approval obtained before any item can be written-off in the accounts of the Central Government.

NOTE.—It has been decided with the concurrence of Provincial Governments and the Auditor General, that, in general, losses sustained by the Central Government through the negligence or culpability of the staff paid for by a Provincial Government and *vice versa*, should be borne as they occur *i.e.*, by the Central Government, if the loss occurs in connection with Central transactions and, by the Provincial Government, if it is on account of a Provincial transaction.

In cases where recoveries are made in cash, *e.g.*, by deductions from pay or otherwise, from the persons responsible for a loss, the entire amount recovered should be credited to the Government which, under the above arrangement, would bear the loss for this purpose. Recoveries made indirectly, *e.g.*, by stoppage of increment or promotion as a measure of punishment, should not be treated as recoveries made in cash. Where the staff is paid for by one Government and the loss is borne by another Government, a copy of the orders regarding the action taken against the persons responsible for the loss should be communicated by the former to the latter.

#### REMISSION OF DISALLOWANCES BY AUDIT AND WRITING-OFF OF OVERPAYMENTS MADE TO GOVERNMENT SERVANTS.

49. (1) Departments of the Central Government, Governors of Provinces acting as agents to the Governor-General under Section 123 of the Act and the Chief Commissioner and Agent to the Governor-General, Baluchistan, may, for reasons to be recorded, waive the recovery of an amount disallowed by an Audit Officer or otherwise found to have been overpaid to a Government servant, if—

(i) the amount disallowed has been drawn by the Government servant concerned under a reasonable belief that he was entitled to it;

(ii) the enforcement of the recovery will, in the opinion of the competent authority, cause undue hardship, or it will be physically impossible to effect the recovery; and

(iii) in the case of disallowances of emoluments of the nature of pay as defined in Fundamental Rule 9(21), made within one year of the date of payment—

(1) the Government servant is not in receipt of pay exceeding Rs. 12,000 a year or, in the case of others, the overdrawal has not the effect of raising the Government servant's pay beyond Rs. 12,000 in any year; and

(2) the overdrawal has not been occasioned by delay in notifying a promotion or reversion.

These powers may be exercised by the authorities noted below, provided that the yearly pay limit referred to in sub-clause (1) above does not exceed Rs. 1,500 in any individual case :—

(a) All Chief Commissioners other than the Chief Commissioner and Agent to the Governor-General, Baluchistan.

(b) Political Resident in the Persian Gulf.

(c) First class Residents under the Crown Representative.

(d) His Majesty's Minister, Kabul.

(e) Any other authority to which the powers may be specially delegated by Government.

(2) All sanctions to forego recovery under these orders should be communicated to the Accountant-General. It is open to the Accountant-General to require that the action taken in any case should be reported to the Finance Department for orders.

50. The powers delegated to Audit Officers to waive objection to, or to forego recovery of irregular expenditure in individual cases are laid down in paras. 248 to 250 of the Audit Code, from which relevant extracts are reproduced in Appendix 6.

### III—COMMUNICATION OF SANCTIONS.

51. Financial sanctions and orders of competent authorities under these or any other authorised rules, *e.g.*, the Fundamental and Supplementary Rules, the Civil Service Regulations, the Simla Allowance Code, the Provident Fund Rules, the Civil Pensions (Commutation) Rules, the Treasury Rules, the Ecclesiastical Rules, the Public Works Department Code, the Central Public Works Account Code, etc., will be communicated to the Accountant General concerned in accordance with the procedure set out below :—

(i) All financial sanctions and orders issued by a Department within its own financial powers as a Department of the Central Government will be communicated direct to the Accountant-General by the Department concerned. All other orders involving financial sanctions, which may be issued by Departments of the Central Government, *i.e.*, sanctions beyond their financial powers will be communicated to the Accountant-General through the Finance Department.

(ii) All financial sanctions and orders, of the Secretary of State for India including orders with regard to—

(1) matters relating to conditions of service of officers under the rule making control of the Secretary of State for India working in Provinces, which are referred to the Secretary of State for India through the Central Government, as also.

(2) matters in which the Central Government have been consulted by the Secretary of State for India, will be communicated to the Accountant-General and to the Auditor General direct by the Department of the Central Government concerned, a copy being simultaneously sent to the Finance Department.

(iii) Sanctions and orders of any other authority to which the power of sanction has been delegated will be communicated to the Accountant-General by that authority.

(iv) In cases referred to in clause (i) above, if an order sanctioning expenditure is sent to the Accountant-General direct by a Department and that Department is not competent to sanction the expenditure, the Accountant-General will not refuse obedience but will report to the Finance Department that such an order has been issued and request that it may be communicated to him by the Finance Department in due course.

(v) If an order or sanction has been issued with the concurrence of the Auditor-General, the fact should be mentioned in the endorsement to the Accountant-General.

(vi) In all orders conveying sanction to expenditure of a definite amount or up to a specified limit, the amount of sanctions should always be expressed both in words and in figures.

(vii) All letters or orders conveying sanctions to expenditure, appointments, etc., must be signed by an authorised gazetted officer.

**NOTE.**—In cases in which the documents relating to any sanction or order are deemed secret, the Accountant General will accept a statement of fact signed by the Governor General in lieu of those documents.

52. All orders conveying sanction to the grant of additions to pay, such as special pay and compensatory allowance, should contain a brief but clear summary of the reasons for the grant of the addition so as to enable the Accountant-General to see that it is correctly classified as special pay or compensatory allowance, as the case may be. In cases in which an official record in an open letter is considered undesirable, the reasons for the grant of such additions to pay should be communicated confidentially to the Accountant-General. A similar procedure should also be followed in all other cases in which the rules require that reasons for the grant of special concessions or allowances should be recorded.

53. Sanctions accorded by competent authority to grants of land and alienation of land revenue, other than those in which assignments of land revenue are treated as cash payment, should be communicated to the Accountant-General in a consolidated monthly return giving the necessary details to enable him to audit the sanctions accorded.

54. When proposals for a new grant-in-aid are placed before the Standing Finance Committee, details should be furnished showing the purpose of the grant and the exact nature of the conditions on which it is proposed to be made. To enable the Accountant-General to compare such purposes and conditions with those enumerated by the sanctioning authority in its subsequent orders of sanction, the Accountant-General should be supplied, when the sanction is conveyed to him under para. 51, with relevant extracts from the Proceedings of that Committee.

#### IV.—INDICATION OF THE SOURCE OF APPROPRIATIONS IN THE SANCTION TO EXPENDITURE.

55. In all applications for sanction to expenditure it should be distinctly stated whether provision for the proposed charge has, or has not, been made in the budget estimates of the year, and, if it has not been made, whether the funds can be found by valid re-appropriation.

56. Authorities which sanction new expenditure after funds have been communicated, should be careful to indicate the source of appropriation.

Where it is desired to sanction expenditure before funds have been communicated, as may be necessary in order to avoid delay in starting work at the beginning of a new financial year (*vide* para. 87), or to prevent duplication of orders, the authority which does so should be careful to add the words "subject to funds being communicated in the budget of the year."

**NOTE.**—Vague expressions such as, "subject to budget provision" should be carefully avoided in conveying sanctions to expenditure.

#### V.—DATE OF EFFECT OF SANCTION.

57. Statutory Rules made by the Secretary of State for India have effect from the date on which they are passed and executive orders issued by the Secretary of State for India take effect from the date of issue of the despatch, letter or telegram in which the sanction is conveyed. A sanction of any other authority has effect from the date of orders conveying the sanction.

In all cases, these orders are subject to the general order contained in para. 3 of the Book of Financial Powers regarding appropriation of funds and to any special provisions as to the date of effect in the rules, orders or sanctions themselves.

**NOTE.**—Orders sanctioning the creation of temporary posts should, in addition to the sanctioned duration of the post, invariably specify the date from which it is to run, whether it be the date of entertainment or otherwise.

#### VI—RETROSPECTIVE SANCTION.

58. (1) All authorities which are competent to sanction revision of pay or the grant of concessions to Government servants should bear in mind that retrospective effect should not be given to financial sanctions, except in exceptional circumstances, without the special approval of Government.

(2) In the absence of special reasons to the contrary, concessions regarding rates of pay for any class of Government servants should take effect as from the first of March and not from some date in the middle of a financial year.

#### VII—LAPSE OF SANCTION.

59. A sanction for any fresh charge which has not been acted on for a year must be held to have lapsed, unless it is specifically renewed.

**NOTE.**—This order does not apply to a case where an allowance sanctioned for a post or a class of Government servants has not been drawn by a particular incumbent or incumbents, nor does it apply to additions made gradually from year to year to a permanent establishment under a general scheme which has been sanctioned by competent authority.

60. An order of the Secretary of State for India, in the absence of any indication to the contrary in the order itself, will lapse only if and when it is superseded by an order of a later date.

#### VIII—SPECIAL RULES FOR WORKS EXPENDITURE.

61. Special rules for regulating administrative approvals and sanctions to expenditure on works are contained in the Central Public Works Department Code and other departmental regulations—see also Chapter 9.

#### ANNEXURE A.

[See Note below Para. 39 (1)]

**EXTRACT COPY OF THE SECRETARY OF STATE'S FINANCIAL DESPATCH NO. 1, DATED THE 24TH JANUARY, 1939.**

Limitation of the financial powers of the Governor-General in Council.

3. I have decided, [ \* \* \* \* \* ] that my previous consent shall be sought upon the following matters to the extent indicated against each:—

(i) Expenditure in respect of the Governor-General's staff and household, the residences, furniture and motor-cars provided for his use, his equipment and travelling allowances, his sumptuary allowances and his contract allowance, shall be regulated by such requirements as have been or may be made in this regard by the Secretary of State.

(ii) Expenditure in respect of Diplomatic and consular Services in Iran and the Persian Gulf shall be subject to the previous sanction of the Secretary of State except in the following cases:—

(a) fresh expenditure on salaries up to an amount not exceeding £100 per annum in the aggregate at any one Consulate;

(b) increased expenditure on contingencies, except as regards an unusual item exceeding £100;

(c) increased expenditure on travelling.

The previous sanction of the Secretary of State shall also be sought to any addition to the total annual limit of expenditure fixed by him for office allowances and other contract grants for all Agencies and Consulates in Iran and the Persian Gulf where such expenditure is divisible between His Majesty's Government in the United Kingdom and the Government of India, except temporary excesses in the permissible aggregate limit not exceeding Rs. 250.

(iii) Expenditure on the purchase of imported military stores shall be subject to such rules as have been or may be made in this regard by the Secretary of State, and no purchases not covered by such rules shall be made without his prior consent.

(iv) The consent of the Secretary of State shall be obtained before any dispute arising out of the terms of a contract executed in England with a Railway Company of English domicile is referred to arbitration.

\* \* \* \* \*

## ANNEXURE B.

(See Para. 44.)

### MEMORANDUM SHOWING THE FINANCIAL POWERS OF THE HIGH COMMISSIONER FOR INDIA.

#### (1) Powers of creating posts.

1. The High Commissioner may sanction the creation of a temporary post—  
 (i) for any specified period, or for an indefinite period terminable on a week's or a month's notice, if the consolidated pay of the post does not exceed £400 a year ;  
 (ii) for not more than three months, if the consolidated pay of the post exceeds that limit but does not exceed £650 a year.

2. For the creation of any temporary post carrying consolidated pay in excess of £650 a year and for the creation of any permanent post the previous sanction of the Central Government is necessary.

3. The High Commissioner may reduce the pay of a temporary post or increase it within the limit mentioned in rule 1 (i) above.

#### (2) Power of sanctioning Superannuation allowances and expenditure on contingencies, etc

4. The High Commissioner may sanction the grant of Superannuation allowances to officers on his own permanent establishment who have duly qualified for such allowances, under such conditions and at such rates as are laid down in the Superannuation Acts for similar service, under his Majesty's Government.

5. The High Commissioner may, within the limit of his budget allotment, sanction expenditure on—

- (i) contingencies, including the purchase of articles required for his office ;
- (ii) grants-in-aid to Indian students, or contributions to educational and other institutions conducive to Indian interests.

#### (3) Powers of sanctioning writing off of losses.

6. The High Commissioner may sanction the writing off of irrecoverable losses incurred in the discharge of functions under his administrative control, or of overpayments which owing to lapse of time or special considerations he considers it unreasonable to recover.

#### (4) Power of re-appropriation.

7. The High Commissioner may, in the case of Central expenditure, other than Railway and Defence expenditure, sanction re-appropriations between allotments for voted expenditures, subject to the conditions that—

(i) no re-appropriations may be made from one grant voted by the Central Legislature to another such grant ;

(ii) funds allotted for non-voted items of expenditure may not be re-appropriated to meet votable items, and funds allotted for voted items may not be re-appropriated to meet non-voted items.

(iii) Without the previous consent of the Finance Department no re-appropriations may be made—

(a) to meet expenditure of a kind for which no provision has been included in the budget as voted by the Central Legislature, or

(b) which involves a new recurring liability.

## CHAPTER 5—BUDGET, GRANTS AND APPROPRIATIONS.

### I—BUDGET.

#### INTRODUCTORY.

62. A statement of the estimated annual revenue and expenditure of the Governor-General, together with all other receipts and disbursements of the Central Government, arising both in India and in England, is prepared by the Finance Department and presented to the Central Legislature. This statement is generally known as the "Annual Financial Statement" or the "Budget".

63. The proposals of the Governor-General in connection with the votable part of the Budget are submitted to the vote of the Legislative Assembly in the form of Demands for Grants. The detailed estimates presented in support of each demand include provision both for votable and non-votable expenditure, though the two classes of expenditure are clearly distinguished. A separate demand is presented in respect of expenditure controlled by the head of each of the centrally administered areas, other expenditure relating to such areas being included in the relevant subject Demands.

NOTE.—A separate statement of estimated revenue and expenditure relating to Railways, together with detailed estimates and Demands for Grants, is presented to the legislature in advance of the general Budget.

64. The form of the Budget and Demands for Grants is laid down by the Finance Department and no alteration of arrangement or classification can be made without the approval of that Department.

65. The material on which the Budget and Demands for Grants are based is obtained by the Finance Department in the form of detailed estimates submitted by heads of departments, administrations, etc., who in their turn depend for the material on heads of offices and other officers who collect the revenues or incur expenditure. The Accountant-General is responsible for rendering such assistance in the preparation, check and the consolidation of Budget Estimates and Demands for Grants as may be settled by the Finance Department in consultation with the Auditor-General.

66. All estimates of revenue and expenditure included in the Budget are for the financial year.

### II—PREPARATION AND SUBMISSION OF DETAILED ESTIMATES.

#### GENERAL PROCEDURE FOR ESTIMATING.

67. Except in cases in which Government has expressly directed otherwise, departmental estimates of revenue and expenditure should be prepared in two parts—

(i) Part I, relating to revenue and ordinary expenditure (Standing and Fluctuating charges), and

(ii) Part II, relating to new expenditure. \*

The term "new expenditure" applies not only to expenditure on all new services the provision for which has not been previously included in the sanctioned grant or appropriation but also to new items like those involved in additions to, or extensions of, an existing service, commitment or facility, e.g., provisions for new buildings, new roads, additions to existing establishments, grants-in-aid, contributions and similar items of expenditure.

In cases of doubt whether expenditure of a particular kind should be included in the statement of new expenditure, the matter should be referred to the Finance Department for orders.

68. The sanctioned procedure for the preparation and submission of the several classes of detailed estimates which go to make up the Budget Estimates of revenues and expenditure of Government is set out in Annexure A to this Chapter. Supplementary instructions for the collection of local details and preparation and scrutiny of local estimates are contained in the Codes, Manuals, etc., of the departments concerned.

Special rules for the preparation and submission of departmental estimates, e.g., the Defence, Railways, Posts and Telegraphs, etc., are laid down in the departmental regulations of the respective departments.

NOTE.—The procedure for the preparation and submission of the budget estimates relating to the head "33—Payments to Crown Representative" will be as prescribed by the Crown Representative.

## ESTIMATES OF REVENUE AND ORDINARY EXPENDITURE.

### (Part I.)

69. The detailed estimates should be prepared on forms supplied by the Account Office, which contain separate columns to show—

- (i) the sub-heads and detailed heads of the estimates;
- (ii) actuals of the past three years under each detailed head or sub-head (a) for the full year and (b) broken periods like first six months and last six months, etc.;
- (iii) the budget estimates for the current year;
- (iv) the revised estimates for the current year; and
- (v) the budget estimates for the ensuing year.

The actuals for the past three years will be filled in by the Accountant General in the forms sent out by him to the estimating authorities; the latter should fill in the last six months figures of the previous year and the first six months figures of the current year and the revised estimates in the relevant columns with reference to information available with them. The revised estimates, like past actuals, are one of the material factors to be taken into account in preparing the budget estimates. The column "Revised" should therefore be invariably filled in and great care should be taken in including or omitting commitments that are likely to materialise or not during the year.

70. The making of the revised estimates should always precede an estimate of a future year. A revised estimate should be framed in the light of—

- (i) actuals so far recorded in the current year;
- (ii) the actuals of the same period of the last and previous years;
- (iii) the 12 months' actuals of the past and previous years;
- (iv) orders, already issued or contemplated, of appropriation or re-appropriation or any sanction to expenditure; and
- (v) any other relevant facts.

Any information required from the Accountant-General in connection with these estimates should be obtained from him separately.

71. In framing the budget estimates, the estimating authorities should exercise the utmost foresight. All items of receipt and expenditure that

can be foreseen should be provided for and care should be taken in consultation with the Accountant-General, where necessary, to see that the provision is included under the proper heads. Needless to say, although the estimating authorities are asked to provide for all foreseeable items, the Finance Department will exercise its right to excise or reduce the provision for any item which it thinks unjustifiable. An exhortation to show foresight is not an invitation to provide for additional items of expenditure without justification. While provisions should be made for all items of expenditure that can be foreseen, it is essential that the amount of the provision should be restricted to the absolute *minimum* necessary.

72. In making estimates in respect of fixed charges, it must be borne in mind that what are called fixed establishments are not irrevocably fixed for all time and should be brought under the formal review of heads of departments from time to time. Even when there is no thought or intention of making any change in establishments, heads of departments should review the entire estimate of the requirements of their departments. Similarly, sanctions to recurring contingent expenditure should also be brought under the review of heads of departments from time to time.

73. The following are the chief rules for the preparation of the detailed estimates—

(i) The estimates should be prepared on the basis of what is expected to be actually received or paid (under proper sanction) during the ensuing year, including arrears of previous years and not only for the demand or the liability falling due within the year. In no case should merely the net receipts or the net charges be entered, but the gross transactions in full, even where receipts are to be shown as deductions from expenditure.

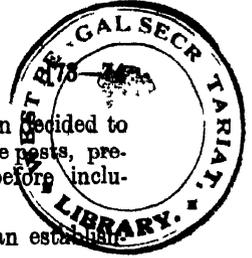
(ii) No item of expenditure should be provided for, which is not covered by sanction, either general or specific. If any provision be considered necessary for an unsanctioned item, it should be included in Part II (New Expenditure), and on no account be incorporated in Part I (Standing and Fluctuating charges). The necessary provision will be included by the Accountant-General on receipt of orders from the Finance Department.

(iii) The statement of details of provision for pay of officers and of establishments should be prepared in Form G. F. R. I.

(1) In framing estimates for sanctioned establishment whether permanent or temporary, the full amount of the pay, including increments which is likely to be drawn by men on duty during the year should be provided for. Suitable provision should be made for leave salary both of officers and establishment on the basis of past actuals, regard being had to any known factors which may affect the past actuals. Provision for those who are on deputation or otherwise absent and unlikely to return to the strength within the period of the budget should be excluded, but the names of the personnel on deputation should be shown. A lump deduction should then be made where experience shows that a saving may be anticipated for posts likely to be kept vacant or for other reasons.

NOTE.—Leave-salaries on account of Government servants on leave in the United Kingdom and Overseas pay drawn in sterling will be provided for in the estimates for Charges in English (see para. 81) and should not therefore be provided here. Necessary deductions should be made from pay of officers for family allotments payable in England which are separately provided for under Charges in England.

(2) The columns of numbers must be carefully checked; the rate of pay should be stated, whenever possible, in order to admit of verification with the columns of charge. Variations in the columns of numbers as well as in amount should be explained. If they rest on an order of Government the number and date should be quoted.



(3) No provision should be made for posts which it has been decided to leave unfilled. If it is however, desired to revive any of these posts, previous consent of the Finance Department should be obtained before including any provisions in the estimates on this account.

(iv) For all fixed recoveries and fixed payments (other than establishment charges) the sanction fixing the amount should be quoted.

(v) Opposite every item of fluctuating charges, such as travelling allowances, contingent charges, official postage and the like, a note in red ink should be made of the actual expenditure of each of the three years last passed together with a brief explanation of any abnormal variation; and in all cases where estimates for the coming year differ from those of the preceding year, full explanation must be given.

NOTE 1.—In the case of contract contingent charges, only the sanctioned amount of the contract grant should be shown.

NOTE 2.—The estimates of contingent charges should be checked by the Controlling Officer by comparison of the expenditure of various offices.

(vi) The estimate of receipts and varying charges should not be merely an arithmetical average of three years figures. The average is a guide, but it should not be taken absolutely.

(vii) Calculation of fixed revenue should be based on actual demand, including arrears and probabilities of realisation during the year. The arrears and current demand should be separately shown, and reasons given if full realisation cannot be expected.

(viii) Every department will provide for the whole receipt and charge with which it deals finally; thus, when the Public Works Department collects irrigation revenue, it will estimate for it.

(ix) No lump provision should be made in the budget, except under definite orders.

(x) Provision for losses should not be made in the estimates. If, however, the nature of the work of a department is such that some losses must be regarded as inevitable each year, provision may be made with the special sanction of the Finance Department in each case.

(xi) Estimates of anticipated revenue both for current and subsequent years will be prepared by each department and rendered to the Accountant-General on dates to be prescribed by him. It is not necessary to transmit these estimates to the Finance Department, unless the latter specifically calls for them.

## ESTIMATES OF NEW EXPENDITURE

### (Part II.)

74. Subject as provided in Annexure A to this Chapter, proposals, if any, involving new expenditure should be submitted by heads of departments and other estimating authorities to the Administrative Department concerned not later than the 15th October each year to permit the latter to undertake an examination of the proposals in their various aspects. It is open to the Administrative Departments to require heads of departments, etc., to submit proposals for new expenditure in the course of the year without reserving them for a consolidated report at the time of the submission of the budget estimates of the ensuing year and also to require them to submit direct to other Departments of the Central Government such of the proposals for new expenditure as require to be consolidated by the latter, in order to ensure that the proper consideration of the proposals from the administrative and financial points of view is completed before the 15th of November.

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75. No scheme of new expenditure will be included in the Budget unless it is complete and finally approved. In submitting proposals for new expenditure, administrative difficulties and delays in sanctioning processes should always be borne in mind and not more should be recommended for provision in the Budget than is likely to be spent during the course of the financial year.

76. All proposals for new expenditure should be referred to the Finance Department not later than November 15th of each year. Ordinarily no proposals will be accepted after that date, but the Finance Department will exercise its discretion in admitting provision for items which have not been completely through all the requisit sanctioning processes. This does not mean that the Finance Department will provide for unforeseen items, nor in general admit items into the Budget in regard to which there is insufficient proof that expenditure will be undertaken in the following year. In any case, the mere existence of budget provision does not imply the acceptance of the proposals when it comes up for detailed scrutiny.

November 15th has been fixed as the latest date for referring proposals to the Finance Department, but special efforts should be made by Administrative Departments, to ensure that schemes are prepared and submitted as early as possible so as to avoid rush of work during the last few days. Suitable instructions should accordingly be issued by the Administrative Departments to all authorities subordinate to them.

77. The Finance Department will complete the examination of all proposals and communicate its decisions to the Administrative Department concerned by the 1st December. Proposals which it accepts in principle will be classified into three broad categories :—

(i) Items which in the opinion of the Finance Department are inevitable or obligatory.

(ii) Items which in the opinion of the Finance Department are remunerative or which do not involve net additional expenditure.

(iii) Items which do not fall within either of the two above categories and which, however desirable, could be postponed. This class can be further divided into (1) major and (2) minor items.

78. The Finance Department will agree to budget provision being made for classes (i) and (ii) and ordinarily for (iii) (2) also and ask for new item statements in respect of them to reach it before the 10th of December at the latest. Items under category (iii) (1) and, if necessary, under (iii) (2) will normally be referred to a Conference of Secretaries of all the Departments for consideration in the light of the total provision which it may be found possible to make in the Budget. Immediately on receipt of intimation from the Finance Department, the Administrative Department should send new item statements in respect of finally accepted items.

79. The procedure detailed in paras 76. and 77 will not apply to works expenditure under "34—Tribal Areas", "50—Civil Works", and other Public Works major heads. The allotment of funds for major works in progress, minor works, maintenance and repairs etc., will be regulated *mutatis mutandis* by the rules contained in Appendix 6 to the Central Public Works Account Code. Proposals for new major works should, just like other new items of expenditure be referred to the Finance Department which will either reject them or accept them in principle. A consolidated list in Form G. F. R. 2 of all new major works accepted by the Finance Department should be sent to that department by the Administrative Department concerned by the 10th December. The Finance Department

will allot the lump sum for new major works under each of the major heads "34-Tribal Areas" and "50-Civil Works" (including "78-Initial Expenditure on New Capital at Delhi") and for Irrigation major heads taken collectively, and the distribution of these lump sums between the various new works accepted by the Finance Department in principle will be settled in accordance with the procedure described in Appendix 6 to the Central Public Works Account Code, unless otherwise settled at the Secretaries' Conference.

80. Code adherence to the time-table given above is an essential part of the procedure and all departments should make every possible effort to submit their original proposals and subsequent statements in advance of the last dates fixed above.

NOTE.—Reference to the Standing Finance Committee, where it is required, will not in any case be affected by the procedure outlined in paras. 78 to 79.

### ESTIMATES OF EXPENDITURE IN ENGLAND.

81. The charges incurred by the Secretary of State for India and the High Commissioner for India on behalf of the Central Government will be estimated for separately in their respective Budgets, but except for establishment charges of the High Commissioner for India and the share of India Office expenses payable to His Majesty's Government, provision for all charges in England should be made in the appropriate Subject or Area demands under a separate sub-head "Charges in England" under the control of the Secretary of State for India or the High Commissioner for India, as the case may be.

The estimates will be framed mostly with reference to forecasts, authorities for payment and other data furnished by authorities in India in accordance with general or special instructions issued by Government from time to time.

82. For purposes of the Budget, the sterling figures for receipts and charges in England will be converted at the rate of Rs. 13½ to the £1, no separate provision being made for gain or loss by exchange. For purposes of the Revised Estimates, the necessary provision for loss or gain by exchange under each grant or major head will be worked out in India each year on the basis of the estimated average rate of exchange for the year communicated by the Finance Department to the authorities concerned.

### III.—CONSOLIDATION OF THE ESTIMATES AND DEMANDS FOR GRANTS.

83. The estimates framed in the individual Budgets are consolidated by the Accountants-General under orders issued by the Finance Department. The following instructions should be carefully borne in mind by all authorities concerned in the preparation of the Demand Statements :—

(i) The demand for each Centrally administered area should include all expenditure actually incurred in the area, whether voted or non-voted, which is under the administrative control of the Head of the Administration concerned. The heads of expenditure included in the other Demands should, however, be shown at the foot of the summary so as to bring out the total expenditure of the Administration.

(ii) The details of each Demand should be grouped under the sub-heads fixed by the Finance Department. The sub-heads as they appear in the Demands for grants for a year (as voted by the Legislative Assembly) will be the sub-heads prescribed by the Finance Department for that year. Any changes in the prescribed sub-heads found necessary by the departmental authorities or the Accountants-General during the course of the

year will be introduced only under the formal authority of the Finance Department. A sub-head which remains inoperative for three consecutive years is automatically deleted from the Demands for Grants. Its revival will also require the formal sanction of the Finance Department.

**NOTE.**—Subject to any general or special orders of Government, these sub-heads will be treated as the units of appropriation within the meaning of paras. 6 and 7 of the Book of Financial Powers. The sub-heads of Demands are distinct from sub-heads of account (See para. 305).

(iii) In the volume of "Details of Civil Demands and Appropriations", under Pay of Officers and Pay of Establishments there will be a column for strength showing the strength as it exists at the time of preparation of the estimates for the next year. There will also be an Annexure to each Demand showing for the two heads, "Pay of Officers" and "Pay of Establishments", the total number and cost in the Budget year and in the previous year.

(iv) The new items and all fresh recurring charges for which a Supplementary Grant has not been obtained from the Legislative Assembly so far and which are appearing in the Demands for Grants for the next year for the first time, are to be printed in thick type and are to be shown separately under the correct sub-head and properly described.

(v) The non-voted items should be shown in italics throughout and distinction between non-voted and voted expenditure should be made in all the columns.

(vi) A reserve should be shown as a distinct sub-head of a Demand.

(vii) The units "Pay of Establishments" and "Pay of Officers" should be shown as distinct sub-heads. They should not be mixed up with other sub-heads.

(viii) Leave salary should be shown as a distinct item and classified under the head "Pay of Officers" or "Pay of Establishments" as the case may be.

(ix) The distribution of the totals between voted and non-voted of the sub-heads of a grant should agree with those given in the Details of Civil Demands and "Appropriations" under each sub-head.

(x) Combined establishments the charges of which are distributed between the Central Government and a Provincial Government or between two Departments of the Central Government should be exhibited at their full amount in one place, and the portions recoverable from the Provincial Government or other Departments as the case may be, shown under the sub-head "Establishment charges recovered from other Governments, Departments, etc." Lump sum amounts recoverable from other Governments should be exhibited under the same head without any details, lump sum payments being similarly exhibited under the head "Establishment charges paid to other Governments, Departments, etc."

#### IV—COMMUNICATION AND DISTRIBUTION OF GRANTS.

84. (1) The grants voted by the Legislature, together with any sums sanctioned for non-votable expenditure will be communicated by the Finance Department to the Administrative Department and the Accountant-General concerned, in the shape of lump sums known as primary units of appropriation (see para. 7 of the Book of Financial Powers). The Administrative Department will then made arrangements for distributing the sanctioned funds, where necessary, among the controlling and disbursing officers subordinate to them in accordance with the instructions laid down in clause (2) of para. 89. The Accountant-General will render such assistance in the distribution of grants as may be settled in each case.

(2) Subject to any special rules or orders of Government, the distribution of grants should usually be effected as under :—

(i) The whole or part of the appropriation for a primary unit may be placed at the disposal of a Controlling or a disbursing officer or the primary unit may be broken up into a number of secondary units (each of which will cover either one or a number of detailed heads of account) and the appropriation for any of these, wholly or in part may be placed at his disposal.

(ii) A Controlling officer at whose disposal an appropriation for a primary or secondary unit has been placed, may out of it allot funds for expenditure on a specific item or on a group of items.

(iii) Any distribution of appropriation among specific items, or groups of items, which may be made by a disbursing officer for purposes of his control over the expenditure, will not be recognised by the Accountant-General and should not be intimated to him.

85. An appropriation is intended to cover all the charges including the liabilities of any of past years, to be paid during the year or to be adjusted in the accounts of it. It can be authorised by competent authority at any time before, but not after the expiry of the financial year. Any unspent balance lapses and is not available for utilisation in the following years, except in so far as it has been anticipated and re-included in the estimates.

86. The Secretary of State for India and the High Commissioner for India as also the Auditor, Indian Home Accounts, will be informed by the Finance Department of the amounts allotted under the each head of account for charges in England on stores and otherwise.

#### V.—INCURRING OF EXPENDITURE IN ANTICIPATION OF FUNDS.

87. In the event of the orders communicating the allotment of funds under para. 84 not being received before the commencement of the financial year, disbursing officers may authorise expenditure in anticipation of funds on pay and other charges on the basis of that incurred in the last month of the preceding year.

NOTE.—Appendix 6 to the Central Public Works Account Code lays down the rules for incurring expenditure in the Public Works Department in anticipation of funds. These rules will apply *mutatis mutandis* to the expenditure on works executed by other departments, except where the Controlling authority directs otherwise.

#### VI—CONTROL OF EXPENDITURE.

88. The authority administering a grant is ultimately responsible for watching the progress of expenditure on public services under its control and for keeping the expenditure within the grant. In order that the control of departments over such expenditure may be effective and real and that the Controlling officer should be in a position from month to month to estimate the likelihood of savings and excesses over grants and appropriations, the procedure laid down in the following rules should be observed by all departments and Controlling and disbursing officers subordinate to them, except where the Finance Department have agreed in writing to some other procedure.

NOTE.—The Head of a Local Administration will be regarded as head of a Department for purposes of these rules.

89. (1) The head of each department will be responsible for controlling expenditure from the grant or grants at his disposal, and will exercise his

control through the Controlling officers, if any, and the disbursing officers subordinate to him.

(2) Control over expenditure must be exercised, with reference to the grant as it stands from time to time. It is the duty of the head of the department to distribute the grant as voted by the Assembly or, in the case of non-voted appropriation, as sanctioned by the Governor-General, among the various Controlling and disbursing officers subordinate to him, so far as this has not been done by the Finance Department. In so doing he must take into account lump sum cuts made by the sanctioning authority. He must similarly distribute any increases or reductions subsequently made in the grant or in any part of it by the competent authority, whether the alteration is due to a supplementary grant, to a lump reduction or to a re-appropriation. When making his distributions, he must invariably communicate to the officer concerned the complete accounts classification of each item distributed, including the major, minor and detailed heads of account and the primary unit. Such distribution is, however, not essential in the case of provision for pay of officers and of establishments. In making a distribution, it is always open to the head of a department to keep a portion of the grant as an undistributed reserve in his own hands.

(3) The following procedure must be followed by every disbursing officer in submitting claims for money :—

(i) He must attach to each bill a slip in Form G. F. R. 3, which will be returned by the Treasury Officer, with the cash or cheque, after noting thereon the voucher number and the date assigned to the bill.

(ii) He must enter on each bill the complete accounts classification of the proposed expenditure, from major head down to detailed head of account and state whether the charge is voted or non-voted. When a single bill includes charges falling under two or more detailed heads, the charges must be distributed accurately over the respective heads.

(iii) Except in the case of bills for the pay of officers or of establishments and for allowances drawn with pay, he must enter on each bill and on each slip in Form G. F. R. 3, the progressive total of expenditure up to date under the sub-head or sub-heads to which the bill relates, including the amount of the bill on which the entry is made.

(4) In order to enable all concerned to watch expenditure against those portions of grants which are peculiarly liable to fluctuation, the following procedure must be followed in respect of all bills other than those for pay of officers or of establishments and for allowances drawn with pay :—

(i) Every disbursing officer and in respect of his own expenditure from portions of the grant retained in his own hands, every Controlling officer and head of department, must maintain a separate register in Form G. F. R. 4, for each minor or sub-head of account with which he is concerned. In this must be entered the necessary particulars of the charges drawn on each bill under the appropriate primary unit and detailed head.

(ii) On the third day of each month, a copy of the entries in this register, so far as these record sums actually drawn from the treasury during the preceding month, must be sent in full detail by the officer maintaining it to the head of the department or other Controlling officer. As certain of the entries in each month will represent bills which were not actually cashed before the end of that month, the copy sent will include a few entries of a previous month and exclude a few made in the month for which the return is submitted. With the copy must be forwarded all the slips in Form G. F. R. 3 which relate to the bills entered in it. If there be no entries in the register in any month, a "nil" statement must invariably be sent.

(iii) In order to watch the receipt of the returns prescribed in the foregoing sub-clause the Controlling officer must maintain a broad-sheet in Form G. F. R. 5, in which a serial number will be allotted to each individual disbursing officer. This broad-sheet must be carefully watched and reminders sent if any returns are not received by the 7th of the month, since the accuracy of the Controlling officer's accounts will depend upon the receipt of complete returns. The serial number allotted to each disbursing officer must be communicated to the Accountant-General.

(iv) On receipt of the returns from disbursing officers, the Controlling officer must carefully examine them and must satisfy himself—

- (1) that the accounts classification has been properly given;
- (2) that progressive expenditure has been properly noted on the slips and the available balances worked out;
- (3) that expenditure up to date is within the grant;
- (4) that the returns have been signed by the disbursing officers; and
- (5) that all relevant slips in Form G. F. R. 3 have been attached.

If he finds defects in any of these respects, he must take immediate steps to rectify them.

(v) When all disbursing officers' returns for a particular month have been received and found to be in order, the Controlling officer must prepare a statement in Form G. F. R. 6, in which he will incorporate—

- (1) the totals of the figure supplied by disbursing officers;
- (2) the totals taken from his own registers in Form G. F. R. 4; and
- (3) the totals of adjustments under the various detailed heads which will be communicated to him by the Accountant-General on account of transfer entries and expenditure debited to the grant through accounts current.

If the Controlling officer be not the head of the department, he must forward to the latter authority a copy of this statement, supporting it by the slips in Form G. F. R. 3, and the copies of Form G. F. R. 4, submitted by disbursing officers and by a copy of the month's entries in the register in Form G. F. R. 4 maintained in his own office with the relevant slips in Form G. F. R. 3.

If any adjustment communicated by the Accountant-General affects the appropriation at the disposal of a subordinate disbursing officer, the fact that it has been made must be communicated by the Controlling officer to the disbursing officer concerned.

(vi) On the receipt of all the necessary returns, the head of the department must prepare an account in Form G. F. R. 7, showing the complete expenditure from the grant at his disposal up to the end of the preceding month. The figures of expenditure upon pay of officers and establishments and upon allowances drawn with pay will be communicated to him by the Accountant-General as prescribed in sub-para. (5) below.

(vii) In May of each year, the head of the department must forward to the Accountant-General a copy of his account for April in Form G. F. R. 7. In subsequent months, it will suffice to send an abstract of the expenditure up to date under the various heads of disbursements in three columns, showing—

- (1) expenditure up to the end of the preceding month;
- (2) expenditure during the month just concluded; and
- (3) total expenditure up to date, being the total of (1) and (2).

The subsidiary records in Forms G. F. R. 4 and 6 will be retained by the head of the department in his own office, unless in any case the Accountant-General requires that the whole or any part of them should be sent to him with the statement.

(viii) The head of the department, and the Accountant-General will be jointly responsible for the reconciliation of the figures given in the accounts maintained by the head of the department with those that appear in the Accountant-General's books. Unless in any case there are special rules or orders to the contrary, such as those contained in para. 90, the reconciliation should be made monthly, the initial responsibility resting with the Accountant-General. The reconciliation need not be very close; its extent should be determined by the following considerations :—

(1) that the account figures finally published will be those maintained by the Accountant-General, and

(2) That the main object of the reconciliation is to ensure that the departmental accounts are sufficiently accurate to render possible an efficient departmental control of expenditure.

(5) Expenditure on the pay of officers and establishments is not, as a rule, liable to violent fluctuation. Moreover, the provision for such expenditure is frequently not distributed among disbursing officers. It is therefore unnecessary to watch such expenditure through the forms and registers prescribed in sub-para. (4) above. The figures of such expenditure will be communicated monthly by the Accountant-General to the head of the department, who must enter them in his account in Form G. F. R. 7 and watch the progress of expenditure against the grant.

(6) The head of the department and his Controlling officers must further take steps to maintain a careful watch over expenditure incurred from time to time on important non-recurring objects, such as grants and contributions, purchase of rations and purchase of uniforms. It is necessary to deal with such items separately from the accounts of ordinary monthly expenditure since they occur once or twice only in the course of a year. The head of the department or Controlling officer must decide for himself what method of watching such expenditure he will adopt. In some cases he may prefer to keep the entire grant under his own control and to order disbursing officers who wish to spend money against it to apply to him for a special allotment. In other cases, he may prefer to distribute the grant and to order his disbursing officers to report expenditure against it as soon as they incur such expenditure, separately from their ordinary monthly accounts. Whatever method he adopts, it is essential that he should keep himself informed, not only of actual expenditure against such grants, but also of liabilities which have been incurred and must ultimately be met from them. Without such information, no adequate control over expenditure can be exercised.

(7) Under the procedure prescribed in these rules, a head of department or Controlling officer should be in a position from month to month to estimate the likelihood of savings or excesses and to regularise them in accordance with the instructions laid down in paras. 94 *et seq.* The processes involved should receive the personal attention of the heads of departments and Controlling officers and must on no account be left to be conducted entirely by subordinates.

90. The procedure outlined in sub-paras. (3) to (5) of the preceding para. will not apply to Departments of the Central Government and subordinate and attached offices at the headquarters of the Government of India, which are under the audit control of the Accountant-General, Central Revenues. The special procedure to be adopted by those departments and offices is laid down in the Finance Department Office Memorandum No. D-2839-B., dated the 8th July, 1933, which is reproduced as Annexure B to this Chapter.

NOTE 1.—Special rules for the control of expenditure under Public Works are laid down in Appendix 6 to the Central Public Works Account Code. Those rules apply *mutatis mutandis* to works expenditure under "34—Tribal Areas".

NOTE 2.—Special rules for the control of expenditure in other departments to which the procedural rules in sub-paras. (3) to (5) of para. 89 do not apply, will be contained in the departmental regulations and the Manuals of the Accountants-General concerned.

91. The Accountant General will warn the department concerned immediately of the first appearance of any excessive proportionate outlay under any grant or under any primary unit of appropriation. It must be clearly understood, however, that the authority administering a grant and not the Accountant-General is ultimately responsible for the control of expenditure against the grant.

92. The High Commissioner for India and the Secretary of State for India as disbursing authorities for charges in England will incur expenditure within the budget allotments under the respective grants as communicated to them by the Finance Department. The head of the department or Controlling officer in India will be responsible for keeping watch over expenditure under the unit. "Charges in England" with reference to the grant as a whole and obtain from the Accountant General details of monthly expenditure adjusted in his accounts from time to time.

#### VII—PROVISION OF FUNDS FOR WORKS EXECUTED THROUGH A DIFFERENT AUTHORITY.

93. In order to ensure that a department undertaking a work on behalf of another does not exceed the sanctioned estimates without the authority of the employing department, the department responsible for providing the funds should intimate to the department undertaking the work the sanctioned grant within which the expenditure is to be incurred. The department incurring the expenditure shall be responsible not only for seeing that the allotment placed at its disposal is not exceeded but also that any anticipated savings are notified and surrendered in time. In cases where an excess is anticipated, the department incurring the expenditure shall be responsible for obtaining the additional allotment in proper time through the employing department.

#### VIII—SURRENDER OF ANTICIPATED SAVINGS.

94. A department or disbursing officer may find in the course of the year that the expenditure under some sub-head is likely to be less than the provision in the Budget. The saving may be due to one or more of the following causes :—

- (i) actual postponement of expenditure ;
- (ii) real savings due to economy ; and
- (iii) normal savings due either—
  - (1) to original over-estimating ; or
  - (2) to the usual administrative causes, *e. g.*, casualties, etc.

Savings due to cause (i) should in no circumstances be used for re-appropriation to meet new items of expenditure without the sanction of Government. Unless savings due to cause (ii) have been made deliberately to provide for an unforeseen emergency, they should not ordinarily be utilized in the course of the year for new items of expenditure, as it is desirable that all such new items should be considered together at the time of the preparation of the Budget.

95. All anticipated savings should be surrendered to Government immediately they are foreseen without waiting till the end of the year, unless they are required to meet excesses under some other unit or units (see para. 98) which are definitely foreseen at the time. No savings should be held in reserve for possible future excesses.

96. It is contrary to the interest of the State that money should be spent hastily or in an ill-considered manner merely because it is available or that the lapse of a grant could be avoided. In the public interest grants that cannot be profitably utilised should be surrendered. The existence of likely savings should not be seized as an opportunity for introducing fresh items of expenditure which might wait till next year. A rush of expenditure particularly in the closing months of the financial year will ordinarily be regarded as a breach of financial regularity.

## IX—EXPENDITURE NOT PROVIDED FOR—RE-APPROPRIATIONS AND SUPPLEMENTARY GRANTS.

### GENERAL RULES.

97. Expenditure for which no provision has been made in the original budget estimate of the current financial year should rarely, if ever, be incurred.

98. It may, however, be found that an excess is likely owing to either (1) an unforeseen emergency or, (2) under-estimating or insufficient allowance for factors leading to the growth of expenditure. In the case of an excess of either type the head of the department or Controlling officer concerned should proceed as follows :—

(i) He should in the first place examine the allotments given to other disbursing officers under the same detailed head inside the unit of appropriation, and transfer to the disbursing officer who requires an additional allotment such sums as can be permanently or temporarily spared. Since appropriation audit will ordinarily be conducted against total allotments for a unit, there is here no question of re-appropriation in the technical sense of the word. The process amounts to nothing more than redistribution, which the Controlling officer can ordinarily effect without reference to any other authority.

(ii) Should he find such redistribution impossible, he should examine the allotments against other detailed heads inside the primary units of appropriation, with the object of discovering probable savings and effecting a transfer. Where such redistribution is feasible, he should, if he has been invested with the necessary powers, carry it out. Otherwise, he should obtain the sanction of the competent authority.

(iii) If provision of funds from within the primary unit proves to be impossible, an examination of the whole grant should be undertaken to see whether there are likely to be savings under any of the other units of appropriation due to cause (iii) described in para. 94, which can be utilized to meet it. If so, he should proceed as indicated in clause (ii) above.

(iv) If such savings are not available, it should be seen whether special economies can be effected under other sub-heads. If funds cannot be provided by either of these methods, it will have to be considered whether the excess should be met by postponement of expenditure or whether an application for a supplementary grant should be made. In either case, application will have to be made to the Finance Department through the Administrative Department concerned and the course recommended by the latter stated. Normally, an application for a supplementary grant will not be

entertained by Government unless the anticipated excess is due to a cause beyond the control of the authority concerned and funds cannot be found by any legitimate postponement of expenditure for which provision already exists. All applications for supplementary grants should be accompanied by a full explanation of the reason for the excess and of the impossibility of providing funds to meet it.

### RE-APPROPRIATION OF FUNDS.

99. Re-appropriation, which implies the transfer of funds from one primary unit of appropriation to another such unit within a grant, can be sanctioned under formal orders of a competent authority, only when it is known or anticipated that the appropriation for the unit from which funds are to be diverted will not be utilised in full, or that savings can be effected in the appropriation for that unit in the manner indicated in para. 94. In no case is it permissible to re-appropriate from a unit with the intention of restoring the diverted appropriation to that unit when savings become available under other units later in the year. Any allotment or re-appropriations within a grant or appropriation may be authorised at any time before but not after the expiry of the financial year to which such grant or appropriation relates.

NOTE.—The powers of re-appropriation conferred upon subordinate authorities (*vide* Schedule III to the Book of Financial Powers) are also subject to the conditions specified in paras. 8 and 9 of that Book, and such other general or specific restrictions as may be imposed by Government in this behalf.

100. An application for additional appropriation of funds should ordinarily be supported by a statement in Form G. F. R. 8 (or other special form as may be authorised by departmental regulations) showing how the excess is proposed to be met. In all orders, sanctioning re-appropriation, the reasons for savings and excesses of Rs. 1,000 or over and the primary units (and secondary units, where necessary), effected should be invariably stated. The authority sanctioning the re-appropriation should endorse a copy of the order to the Accountant-General concerned.

101. Copies of orders affecting the expenditure in England should also be communicated to the Chief Accounting Officer to the High Commissioner for India or the Accountant-General, India Office, as the case may be, and the Auditor, Indian Home Accounts.

### SUPPLEMENTARY GRANTS.

102. All applications for supplementary grants under para. 98 should normally be submitted to Government so as to reach the Finance Department, as far as possible, by the middle of December at the latest. Administrative Departments should not, however, hold up the applications till that date, but forward each application to the Finance Department as soon as they become convinced that a supplementary grant will be necessary.

103. On receipt of an application for a supplementary grant, the Finance Department will review the position of the grant as a whole with reference to the known actuals of the year to date and the actuals and estimates for previous years. If after this examination the Finance Department comes to the conclusion that it should be possible for the Administrative Department to meet the expenditure within the sanctioned grant, either from normal savings or by special economies or in the last resort by judicious postponements of other expenditure, the Administrative Department will be so informed and no supplementary demand will be presented to the Assembly. If, on the other hand, the Finance Department considers that a supplementary grant will be necessary, a demand will be placed before the Assembly as soon as possible.

104. The supplementary grants and appropriations referred to in the preceding paras. are such as are required by extra expenditure on the normal activities of the department. Expenditure on a "new service", in the technical sense, and on new items, such as, new buildings, new roads, etc., for which no provision exists in the Budget, may be incurred in the middle of the year only in exceptional cases. Government is averse on general principle to admitting such demands in the course of a year. In case, however, the necessity to incur such expenditure is urgent, the Administrative Department should explain clearly why it was not provided for in the original Budget and why it cannot be postponed for consideration in connection with the next Budget. The Finance Department, if satisfied on these points will consider whether it would not be reasonable to ask the department concerned to curtail its other expenditure so as to keep the total within the grant. Ordinarily, no new service or item will be accepted by the Finance Department, unless the department concerned can guarantee that the extra expenditure will be met from normal savings or by special economies within the grant. Cases which involve a supplementary grant will normally be accepted by the Finance Department only if they relate to matters of real imperative necessity, or to the earning or safeguarding of revenue. In such cases the demand for a supplementary grant, or for a token grant in respect of a "new service", if the expenditure can be met by re-appropriation, will be presented to the Legislature as soon as practicable after the need arises.

#### INEVITABLE PAYMENTS.

105. It is an important financial principle that money indisputably payable should not, as far as possible, be left unpaid (*vide* also para. 14), and that money paid should under no circumstances be kept out of accounts a day longer than is absolutely necessary even though the payment is not covered by proper sanction. It is no economy to postpone inevitable payments even for the purpose of avoiding an excess over a grant or appropriation and it is very important to ascertain, liquidate and record the payment of all actual obligations at the earliest possible date. It must be borne in mind that if an inevitable payment, is required to be made in the absence of funds, the error lies not so much in the payment as in the entering into of the relevant liability.

NOTE.—When demands (original or supplementary) are placed before the Legislature, suitable provision should always be made for anticipated liabilities; and the provision in Note 3 below para. 321, that adjustment should not be made in the previous year's accounts in certain circumstances should not be used as a cloak to conceal the results of defective budgeting. The onus of proving that the disbursements could not have reasonably been anticipated should lie on the Controlling Officer.

106. A disbursing officer may not on his own authority authorise any payment in excess of the funds placed at his disposal; but absence of funds should not necessarily prevent the payment of any sums really due by Government. If the disbursing officer is called upon to honour a claim which is certain to produce an excess over the allotment or appropriation at his disposal, he should take the orders of the administrative authority to which he is subordinate before authorising payment of the claim in question.

#### X—APPROPRIATION ACCOUNTS.

107. The Appropriation Accounts mainly depend on explanations furnished by heads of departments, etc., to the Accountant-General as to the cause of variations between the appropriations and the expenditure. It is most important, therefore, that all references from the Accountant-

General in connection with the Appropriation Accounts should be dealt with as promptly as possible. The explanations furnished of variations between appropriation and expenditure or of any apparent failures to exercise adequate financial control over expenditure should be concise, accurate and fully informative, and such vaguely worded phrases as "due to over-estimating", "covered by re-appropriation" or "re-appropriations proved unnecessary or inadequate" should be avoided. The questions in which the Public Accounts Committee are ordinarily interested are (1) whether the variation was inevitable and (2) whether it could not have been foreseen. If the explanations indicate with sufficient clearness the answers to both of these questions the number of points on which additional information may be required would be very materially reduced. The same principle applies also to cases of financial irregularities proposed for inclusion in the Appropriation Accounts or the Report thereon.

#### ANNEXURE A.

(See para. 68.)

#### PROCEDURE FOR THE PREPARATION AND SUBMISSION OF THE DETAILED BUDGET ESTIMATES OF THE CENTRAL GOVERNMENT (CIVIL).

A.—*Estimates other than those dealt with in Sections B.—E. below.*

1. These estimates will be prepared in two parts.

Part I—*Section A.*—Relating to revenue and to standing charges, *i.e.*, charges which, though they may vary from year to year, are nevertheless not dependent upon the volition of the head of the department, *e.g.*, permanent establishment, travelling allowances and ordinary contingent expenditure.

*Section B.*—Relating to charges which, though not connected with new objects of expenditure, are nevertheless liable to fluctuate materially from year to year and which require to be scrutinised by Government before they can go into the Budget, *e.g.*, purchase of animals or quinine, purchase of raw materials for jails, plantation labour under Botanical Survey, excavations under Archæology, etc.

Part II, relating to entirely new objects of expenditure.

Part I of the estimates will be prepared on forms supplied by the Accountant-General and submitted in duplicate to him and to the Administrative Department so as to reach them not later than the 15th October. These estimates will be accompanied by a statement, Part II, showing the new items of expenditure for which it is proposed to include provision in the Budget. The statement should be in Form G. F. R. 9, or in a similar form, and the items shown in it should not be included in Part I of the estimates. The statement should include all proposals for new expenditure, whether they relate to voted or non-voted heads.

2. The Administrative Department will examine all estimates in Part I received by it and forward them with its remarks to the Finance Department so as to reach the latter as far as possible before the 15th of November without waiting for the remarks of the Accountant-General. It need not concern itself with an examination of the estimates of revenue, though it is at liberty to bring any point to the notice of the Finance Department if it desire to do so.

3. The Accountant-General will examine the estimates with reference to his audit registers, sanctions, etc., and communicate direct to the Finance Department any formal changes which he makes, in the form of a change statement, as soon as he completes his examination by the 15th November. A copy of the remarks made by the Accountant-General will be communicated by the Finance Department to the Administrative Department concerned as soon as they are received and as far as possible, the Administrative Department will be consulted before any change suggested by the Accountant-General is accepted. The orders of the Finance Department on the estimates will be communicated to the Accountant-General for incorporation in his consolidated estimates.

4. Part II relating to new items will be dealt with in accordance with the instructions laid down in paras. 76 *et seq.* either through consolidated statement of new items for each Budget or by a separate reference for each item in the case of the more important proposals.

Proposals for new expenditure which are submitted during the course of the year will be dealt with in accordance with the procedure laid down in paras. 74 *et seq.* The Finance Department will communicate items which are approved by them to the Accountant-General for incorporation in his consolidated estimates.

B.—*Estimates for Agency Subjects other than Civil Works.*

5. The Provincial Governments will in these cases send up their estimates of expenditure other than that for Central Civil Works after the usual scrutiny by the Accountant-General in two parts, Part II constituting all new items of expenditure and Part I of the rest of the estimates. Both the parts will be sent to the Administrative Department concerned so as to reach it not later than the 1st November; Part II will be dealt with in accordance with the procedure outlined in paras. 76 *et seq.* for proposals relating to new items. Part I will be scrutinised by the Administrative Department which will forward its remarks to the Finance Department before the 15th November. The orders of the Finance Department on the estimates will be communicated to the Accountant-General for incorporation in his consolidated estimates.

In the case of revenue the Accountant-General will, after discussion with the Provincial Government, incorporate the estimate in Part I.

The instructions contained in rule 7 below apply also to Central Civil Works entrusted to the agency of Provincial Governments.

C.—*Estimates of the Audit Department.*

6. The procedure for dealing with these estimates will be the same as that prescribed above for estimates relating to agency subjects, the Auditor-General taking the place of the Provincial Governments. The detailed scrutiny of the estimates will be done by the Finance Department which is the Administrative Department in respect of this subject.

D.—*Estimates of Works Expenditure under "50—Civil Works" and other Public Works' major heads.*

7. The detailed rules regarding the preparation and submission of budget estimates for Central Public Works are contained in para. 79 and in Appendix 6 to the Central Public Works Account Code. The rules in that Appendix apply *mutatis mutandis* to works expenditure, under "34—Tribal Areas".

E.—*Certain Estimates prepared by Account Officers.*

8. These comprise mainly the estimates for superannuation allowances and pensions and interest on miscellaneous obligations. The Accountants-General, who are in the best position to prepare the estimates under these heads, will prepare them in accordance with such instructions as may be issued by Government and incorporate them in the consolidated estimates submitted by them to the Finance Department by the 15th of December. No orders will be issued by the Finance Department on these estimates; they may be incorporated by the Account Officers in the consolidated estimates submitted in January after allowing for any modifications which may be considered necessary in the light of latter information.

ANNEXURE B.

(See para. 90.)

(EXTRACT FROM THE FINANCE DEPARTMENT OFFICE MEMORANDUM NO. D.-2839-B., DATED THE 8TH JULY, 1933.)

*Special procedure regarding control of expenditure for heads of Accounts relating to Departments of the Central Government and their subordinate and attached offices at the headquarters of the Government of India.*

Consequent on the abolition of the Pay and Accounts Office, Secretariat, the rules regarding the control over the progress of expenditure against appropriation promulgated in this Department Resolution No. F. 13-Ex./25, dated the 2nd August 1926, were made applicable to the Departments served by that office. Owing, however, to the changes in the system of accounting caused by the amalgamation of Accounts and Audit, difficulties were experienced in the reconciliation of accounts maintained by the Controlling Officers, and the Accountant-General, Central Revenues. In order to minimise these difficulties as far as possible, the undersigned has been directed to lay down the following procedure.

The Controlling Officer shall maintain a detailed statement of cash payments in Form G.F.R. 10 with the headings of the columns altered to suit individual circumstances. Into this shall be incorporated the totals by sub-heads of each bill paid by cash with the date of its encashment. In the case of payments made to the Bank on behalf of officers it will be sufficient to show the anticipated approximate date of payment provided it is in the correct month of payment.

2. To record charges of the nature of the following items a register in similar form but with the title "Detailed Statement of Adjustments" shall be kept:—

(1) *Work bills and telephone charges.*—When the charge is accepted by the disbursing officer concerned.

(2) *Charges for Stores obtained through the Indian Stores Department (Department of Supply).*—When intimation of the charge is made to the Controlling Office either by the Stores Department, or by Accountant-General, Central Revenues.

(3) *Passage debits.*—When intimation of the debt is made by the Accountant-General, Central Revenues, to the Controlling Officer.

(4) *Passage contributions.*—As the monthly liability accrues.

(5) *Charges on railway warrants.*—When intimation of the charges is made by the Accountant-General, Central Revenues, and

(6) *Other adjustments.*—When communicated by the Accountant-General, Central Revenues, if not already otherwise incorporated in the register.

3. These monthly totals shall then be taken to an expenditure control form—Form G.F.R. 11—suitably modified to suit individual circumstances. The progressive totals to end of any given month shall be worked out by the 7th (say) of the next month and control based on these figures.

4. A clerk in the office of each Controlling Officer concerned may bring his accounts to the office of the Accountant-General, Central Revenues, for reconciliation of monthly totals up to the end of November and January with the cash accounts maintained in the Accountant-General, Central Revenues' office on dates which may be separately determined in each case, the office concerned taking the initiative in the matter. The clerk will also have to ascertain that all adjustments incorporated in the office of the Accountant-General, Central Revenues, are also incorporated in his own accounts though many adjustments incorporated in his own accounts will not have been incorporated up to that time in the books of the Accountant-General, Central Revenues. His books will have to include under cash payments charges which he is aware have already been made in other Accounts Circles though they have not so far appeared in the Accountant-General, Central Revenues' accounts through the Exchange Account.

5. The instructions given below should be carefully observed:—

(1) The discrepancies discovered during the checking of the accounts for the periods ending in November and January will be recorded in a special register one copy of which will be retained by the Accountant-General and the other by the department concerned. Within a week of the completion of the register the Accountant-General will send to the department a memorandum showing the discrepancies entered in the register and the action taken by his office to reconcile them. This memorandum should be returned in original as quickly as possible with the necessary comments and explanations. Further reference will then be made, if necessary, until all the discrepancies are reconciled.

(2) After the closing of the accounts for February and March, the Accountant-General will send to each department concerned a statement showing:—

(a) the amounts adjusted during the month under the various sub-heads,

(b) the amounts of book debits adjusted during the month under those sub-heads in the same details as at present, and

(c) progressive actuals under each sub-head.

These statements should be compared with the books maintained in the department and any discrepancies should be promptly brought to the notice of the Accountant-General.

(3) The Accountant-General will obtain the concurrence of the departments concerned before accepting any book debits affecting their accounts but in the case of debits raised under standing orders, and when a voucher contains a record of acceptance by an officer of the department concerned, no further concurrence of that department in the debits need be obtained. The debits adjusted under standing orders should, however, be intimated to the department concerned after actual adjustment to enable the latter to account for them.

6. Departmental accounts shall also be maintained in respect of the sub-heads "Pay of Officers" and "Pay of Establishments" firstly because it is a simple matter, secondly because the accounts figures are much too late to be of use to the departments for the purpose of control of expenditure and thirdly because the reconciliation of departmental accounts with the accounts kept in the office of the Accountant-General, Central Revenues, may bring to light some cases of misclassification in the accounts office.

7. Controlling officers who have to obtain monthly statements from subordinate officers may do so in Form G.F.R. 10 suitably modified separately for cash and adjustments. All these may be consolidated into a statement showing monthly totals by sub-heads from which the expenditure control form—Form G.F.R. 11—may be prepared.

8. The Controlling Officers are authorised to vary the general procedure to meet individual cases in consultation with the Accountant-General, Central Revenues, if such a course should result in a simplification of work. In case of disagreement between the Accountant-General and the Controlling Officer, the points should be referred to the Finance Department for orders.

## CHAPTER 6.—ESTABLISHMENT.

### ALTERATIONS OF ESTABLISHMENT.

108. The powers of sanction of various subordinate authorities in the Civil Departments in the matter of creation of permanent or temporary posts are specified in Schedules I and II to the Book of Financial Powers. The powers of subordinate authorities in the War and Railway Departments are laid down in the Financial Codes and Regulations of the department concerned.

All proposals for additions to establishment, whether permanent or temporary, or for any increase in the emoluments of existing posts, should be scrutinised with the greatest care by heads of departments and other authorities concerned. In submitting such proposals, the instructions contained in the following paragraphs should be carefully observed.

109. When the entertainment of a new establishment or a change, temporary or permanent, is proposed in an office, a letter fully explaining the proposal and the conditions which have given rise to them, together with the proposition statement, if necessary under para. 111, should be submitted to the competent authority. In this letter should be set out *inter alia* :—

(i) the present cost, either of the section or sections affected, or of the total establishment as the circumstances of the case may indicate to be necessary.

(ii) details of the pay of the post or posts and the number of posts which it is proposed to add or modify ; and

(iii) as accurate an estimate as possible of the extra cost involved.

NOTE 1.—In determining the extra cost, allowance, whether fixed or variable, should be included.

NOTE 2.—The authorities submitting the proposals should take into account any claims to pensions that may arise in consequence of their proposals with reference to Article 429 of the Civil Service Regulations and certify to their having done so in their proposals.

110. If the expenditure is proposed to be incurred in the current year, the proposals should show clearly whether it can be met within the grant or appropriation of the year. If the expenditure can be met by re-appropriation a re-appropriation statement prescribed in para. 100 should be submitted with the proposals.

111. Whenever any large scale or complicated proposals are made for the revision of existing or the creation of new establishments (including all proposals which require the sanction of Government), the letter explaining the proposals should be accompanied by a proposition statement in duplicate in Form G. F. R. 12 and submitted through the Accountant-General who will verify the correctness of the statement.

112. The details to be shown in proposition statement should be determined by the following principles :—

(i) The proposition statement should relate strictly to the section or part of the office affected by the proposals. As regards the other parts or sections of the office, neither details nor figures of total cost need be included.

(ii) Where a section consists of both inferior and superior servants, details need be given only of the class affected, if a saving of labour will result from the adoption of this procedure.

(iii) Where the pay of any post, existing or proposed, rises from a minimum to a maximum by periodical increments, the average monthly cost, and not the actual or the commencing cost, must be given. The average monthly cost for the purpose of this rule should be calculated in the manner prescribed in the Finance Department letter No. F.-40-Ex. 1/27, dated the 16th July, 1927, as amended from time to time (*Vide* G. I. orders printed below Fundamental Rule 9 (31) (c) in section III, Chapter II of the Posts and Telegraphs Compilation of Fundamental Rules, etc.].

(iv) The fixed allowances referred to in Note 1 below para. 109 should be entered in the proposition statement but the variable allowances need not be included therein.

#### VARIATION IN SANCTIONED PAY OF A POST.

113. The head of an office is not at liberty to re-adjust the pay of Government servants by giving one Government servant more and another less than the sanctioned pay of his post ; nor may he distribute the pay of an absentee otherwise than as provided in the rules governing the service to which the Government servant belongs. But in the case of non-gazetted establishments divided into separate units or cadres carrying different scales of pay, there is no objection to excess appointments being made in a lower unit or cadre against an equal or greater number of vacancies left unfilled in the higher.

#### TRANSFER OF OFFICE.

114. Every transfer of charge of a gazetted officer should be reported by post on the same day to the Accountant-General. The report should be made in Form TR. 1 unless any other form has been duly authorised, and should be signed both by the relieved and relieving officer. A copy of the report should simultaneously be sent to the head of the department or other Controlling authority concerned.

115. In cases in which the transfer of charge involves assumption of responsibility for cash, stores, etc., the following instructions should be observed :—

(i) The cash book or imprest account should be closed on the date of transfer and a note recorded in it over the signature of both the relieved and the relieving officers, showing the cash and imprest balances, and the number of unused cheques, if any, made over and received by them respectively.

(ii) The relieving officer in reporting that the transfer has been completed should bring to notice anything irregular or objectionable in the conduct of business that may have come officially to his notice. He should examine the accounts, count the cash, inspect the stores, count, weigh and measure certain selected articles in order to test the accuracy of the returns. He should also describe the state of the account records.

(iii) In the case of any sudden casualty occurring or any emergent necessity arising for an officer to quit his charge, the next senior officer of the department present will take charge. When the person who takes

charge is not a gazetted officer, he must at once report the circumstances to his nearest departmental superior, and obtain orders as to the cash in hand, if any.

**NOTE 1.**—The special procedure to be followed when there is a change in the incumbency of independent charge of a treasury is laid down in rule 44 of the Treasury Rules.

**NOTE 2.**—The additional procedure to be followed by an Accountant-General, etc., in making over charge of his functions in connection with the Charitable Endowments and other Trust Accounts is laid down in Appendix 16.

### DATE OF BIRTH.

**116.** Every person newly appointed to a service or a post under Government should at the time of the appointment declare the date of his birth by the Christian era with as far as possible confirmatory documentary evidence such as a matriculation certificate, municipal birth certificate and so on. If the exact date is not known, an approximate date may be given. The actual date or the assumed date determined under para. 117 should be recorded in the history of service, service book, or any other record that may be kept in respect of the Government servant's service under Government and once recorded it cannot be altered, except in the case of a clerical error, without the previous orders of the Local Administration.

**NOTE 1.**—Departments of the Central Government exercise the powers of a Local Administration for the purpose of this rule.

**NOTE 2.**—Heads of departments are authorised to exercise this power in the case of non-gazetted Government servants under their control.

**117.** (1) If a Government servant is unable to state his exact date of birth but can state the year, or year and month of birth, the 1st July or the 16th of the month, respectively, may be treated as the date of his birth.

(2) If he is only able to state his approximate age, his date of birth may be assumed to be the corresponding date after deducting the number of years representing his age from his date of appointment.

(3) When a person who first entered Military employ is subsequently employed in a Civil department, the date of birth for the purpose of the Civil employment should be the date stated by him at the time of attestation, or if at the time of attestation he stated only his age, the date of birth should be deduced with reference to that age according to the method indicated in sub-para. (2) above.

**NOTE.**—Cases in which the date of birth has been deduced from the age at appointment or attestation by any other method, need not be reopened.

### LEAVE APPLICATIONS.

**118.** Subject to any special rules or orders issued by the competent authority, all applications for leave should be submitted to the sanctioning authority concerned on Form G. F. R. 13.

### ANNUAL RETURNS OF NON-GAZETTED ESTABLISHMENTS.

**119.** Early in April each year, a detailed statement of the permanent establishment existing on the 1st April should be prepared by each head of office and transmitted to the Accountant-General direct, as soon as possible, not later than the 15th May. The directions given by the Auditor-General with regard to the form, preparation and submission of these returns are contained in Appendix 7.

**NOTE.**—The detailed statement should be prepared in two parts, one for permanent establishment including permanent and officiating incumbents of permanent posts and the other covering all temporary posts in existence on the first of April.

### SERVICE BOOKS.

120. The detailed rules regarding the maintenance of service books are contained in the Supplementary Rules 197 to 203 and in Articles 188 and 189 of the Audit Code.

121. (1) At a fixed time early in the year the service books should be taken up for verification by the head of the office who, after satisfying himself that the services of the Government servant concerned are correctly recorded in each service book, should record in it a certificate in the following form over his signature :—

“service verified up to (*date*) from (*the record from which the verification is made.*)”

NOTE.—The verification of service referred to above should be in respect of *all* service qualifying for pension whether permanent, provisional, temporary or officiating.

(2) The head of the office in recording the annual certificate of verification should, in the case of any portion of service that cannot be verified from office records, distinctly state that for the excepted periods (naming them) a statement in writing by the Government servant, as well as a record of the evidence of his contemporaries, is attached to the book.

When, however, a non-gazetted Government servant is transferred from one office to another, the head of the office under whom he was originally employed should record in the service book under his signature the result of the verification of service, with reference to pay bills and acquittance rolls, in respect of the whole period during which the Government servant was employed under him, before forwarding the service book to the office where the services are transferred.

(3) When non-gazetted Government servants are officiating in gazetted posts, their service books should be kept by the head of the office to which each such Government servant permanently belongs, but when they are confirmed in such posts, their service books should be forwarded to the Accountant-General's office for record.

### SERVICE ROLLS.

122. Service rolls for Government servants, when they are maintained under Supplementary Rules 204 and 205, should be taken up every year for verification of service and record of necessary certificate in the manner laid down in para. 121.

### ARREAR CLAIMS.

123. Save as provided in rule 136 of the Treasury Rules, no claims to pay and allowances of a Government servant, which are not preferred within six months of their becoming due can be paid without an authority from the Accountant-General.

NOTE.—For the purpose of this rule, the date on which the claim is presented at the treasury or any other office of disbursement should be considered to be the date on which it is preferred.

124. Claims of Government servants to arrears of pay or allowances or to increments, or in respect of any underpayments, which have been allowed to remain in abeyance for a period exceeding one year may not be investigated by an Accountant-General, except under the special orders of competent authority.

NOTE.—Departments of the Central Government exercise full powers to sanction investigation of arrear claims, subject to the restrictions laid down in paras. 125 and 126.

Subject to the restriction laid down in paras. 125 and 126, Heads of Local Administrations and heads of departments have been empowered to exercise this power in respect of claims not more than three years old, and to delegate it at their discretion to a subordinate authority which appoints the Government servant by whom the claim is made.

125. Claims against Government, which are barred by time under the provisions contained in Section 3 read with the First Schedule of the Indian Limitation Act of 1908 or under any other provisions of law relating to limitation, should ordinarily be refused and no claim on account of such a time-barred item should be paid without the sanction of Government. The onus is upon the claimant to establish a claim to special treatment for a time-barred item, and it is the duty of the authority against which such a claim is made to refuse the claim until a case for other treatment is made out. All petty time-barred claims are to be rejected forthwith and only important claims of this nature considered.

It is the duty of the authority against which a claim is made to consider in the first instance the question of a time-bar before submitting it to the Accountant-General for the issue of authority for payment. The Accountant-General will refuse payment of all claims found to be time-barred until the sanction of Government has been obtained.

126. All petty claims of a Government servant more than three years old, other than those that affect his pension, and all such claims for whose delayed submission an adequate explanation is not forthcoming, should be rejected forthwith. In considering old claims recommended for sanction, the authority concerned will also take into account the fact that it is normally not possible owing to the limited period of preservation of records to audit claims more than six years old.

126-A. The authority competent to authorise the investigation of a belated claim should be told why the claim was not submitted when it became due.

In respect of non-gazetted Government servants whose pay and allowances are drawn on establishment bills by the Heads of Offices, the responsibility for making claims rests on the latter and they should invariably see that all claims are presented within six months of their falling due.

The time limits prescribed in these instructions should be calculated from the date on which the charge becomes payable. In the case of sanction accorded with retrospective effect, the charge does not become payable before it is sanctioned; the time limits should, therefore, be calculated from the date of sanction and not from the date from which the sanction takes effect.

## CHAPTER 7—CONTINGENCIES.

### I—INTRODUCTORY.

127. The rules in this Chapter are supplementary to the general rules of procedure prescribed in Chapter V of Part V of the Treasury Rules and have to be applied, where necessary, in conjunction with them.

Special rules applicable to particular departments and administrations are contained in the Manuals, Codes, etc., of the departments or administrations concerned.

128. The different classes into which contingent charges incurred on the public service are divided, and the conditions governing them, are laid down in Chapter V of Part V of the Treasury Rules. The classification to be adopted in each department or office is regulated by general or special orders of Government.

**NOTE.**—Contingent charges are to be recorded and treated in the accounts and charges of the month in which they are actually disbursed from treasury.

129. Subject to any general or specific rules or orders, such as those contained in Annexure A to Appendix 8, restricting their general financial powers to sanction expenditure, Heads of Local Administrations are authorised to exercise full powers in respect of contingent charges of offices directly subordinate to them.

## II—POWERS OF SUBORDINATE AUTHORITIES TO SANCTION CONTINGENT CHARGES.

130. (1) The financial powers of subordinate authorities to sanction contingent expenditure are regulated generally by the orders embodied in Appendix 8 and such other general or special orders as may be issued by Government in this behalf.

Subject as aforesaid, the head of an office may incur or sanction expenditure on contingencies within the amount of appropriation placed at his disposal for the purpose, provided that—

(i) In cases where any special rule, restriction, limit or scale has been prescribed by competent authority regarding any particular item or class of contingent expenditure, it should be strictly observed ;

*NOTE.*—Special rules, restrictions, etc., prescribed by Government regarding individual items of contingencies are laid down in Annexure A to Appendix 8.

(ii) Contingent expenditure of an unusual character or involving departure from any general or special rule or order made by Government should not be incurred, nor should any liability be undertaken in connection therewith, without the previous sanction of Government.

(2) In respect of contract contingent charges for which a lump sum is placed annually at the disposal of a disbursing officer, no formal sanction will be required for expenditure incurred within the annual allotment, except in so far as the authority fixing the contract allotment issues directions to the contrary.

(3) The head of an office may authorise any gazetted officer serving under him to incur expenditure under sub-para. (1) above, subject to the conditions specified in Treasury Rule 142.

131. In the case of non-recurring contingencies, the competent authority may, where this course is more convenient, accord sanction by signing or countersigning the bill or voucher, whether before or after the money is drawn, instead of by a separate sanction.

## III—PERMANENT ADVANCES.

132. Permanent advances may be granted to officers who may have to make payments before they can place themselves in funds by drawing on the treasury. They are subject to the following rules :—

(i) The amount of the advance will be fixed by Government, or by the Heads of Local Administrations, as the case may be except in cases falling under clause (ii) ;

(ii) Heads of departments may, unless Government or the Head of a Local Administration otherwise directs, sanction the grant of permanent advances for offices subordinate to them, up to the amount advised as appropriate by the Accountant-General concerned. Permanent advances for offices of heads of departments must, however, be sanctioned by the next superior administrative authority.

(iii) Applications for the grant or revision of a permanent advance must be submitted to the sanctioning authority through the Accountant-General concerned who will advise as to the appropriate amount of the advance. In cases falling under clause (ii) above, if there is any difference of opinion between the Accountant-General and the sanctioning authority on this point, the matter should be referred for the orders of Government.

NOTE.—The applications for permanent advances should be accompanied by a statement showing month by month for the preceding twelve months the amounts of contingent bills cashed with classified details of items of expenditure.

(iv) As these advances involve the permanent retention of money outside the treasury, they must not be larger than is absolutely essential.

(v) These advances should not be multiplied unnecessarily. An officer's advance should meet the needs of every branch of his office. If he has subordinates who require petty sums, he should spare a small portion of his own advance for their use rather than apply for separate advances for them, taking acknowledgments from them in the same way as he himself furnishes acknowledgments to the Accountant-General, and retaining them in his office.

(vi) The advance is intended to provide, on the responsibility of the officer entrusted with it, for emergent petty advances of all kinds, though it is seldom that they will be needed for other than contingent charges; thus, if an inferior servant is required to travel by rail, his fare must sometimes necessarily be advanced from this amount.

(vii) The holder of a permanent advance is responsible for the safe custody of the money placed in his hands and he must at all times be ready to account for the total amount of the money.

(viii) In the case of transfer of charges and yearly on the 15th April, each officer holding a permanent advance must send an acknowledgment to the Accountant-General of the amount due from and accountable for by himself as on the 31st March preceding.

NOTE 1.—The cost of service books required for office establishment should be met, in the first instance, from the permanent advance of the office concerned; the permanent advance being subsequently recouped from the amount realised by the sale of the books to Government servants.

NOTE 2.—Advances may be made of the actual railway fare or/and road mileage to all non-gazetted police officers, but such advances and their repayment need not appear in Government accounts. Travelling allowance bills may be made out for the full claims admissible as soon as the journeys are completed and any advances made out of the permanent advance may be recovered out of the amounts drawn from the treasury on such travelling allowance bills.

#### IV—CONTROL OF EXPENDITURE.

133. For purposes of control and audit, Government will issue orders specifying the nature or object of contingent charges of particular disbursing officers which should be classed as countersigned contingent charges to be drawn and accounted for in accordance with the procedure prescribed in Rules 308 *et seq.* of the Treasury Rules.

Expenditure incurred by a disbursing officer on objects classed as countersigned contingencies must come under the direct supervision and scrutiny of the head of the department or the Controlling officer who will sign the detailed bills relating to them. Monthly detailed bills in respect of countersigned contingent charges incurred by each officer should be submitted to the Controlling authority concerned for detailed scrutiny and transmission after countersignature to the Accountant-General. Full details of such charges need not be entered in the abstract bills presented for payment at the treasury. A competent authority may in respect of

specified items of countersigned contingent charges require the detailed contingent bills to be sent to the Controlling authority for scrutiny and countersignature before it is presented for payment at the treasury.

**NOTE.**—The provisions of this para. do not apply to contingent charges of heads of departments and other Controlling authorities, which will be drawn and accounted for in accordance with the procedure laid down in the following para.

134. No detailed bills need be submitted to a higher authority for contingent charges which are not classed as countersigned contingencies, each bill presented at a treasury should, therefore, contain full details of the expenditure, supported by necessary sub-vouchers for individual payments included in the bill.

135. The duties and responsibilities of disbursing and Controlling officers with regard to contingent expenditure incurred on the public service are defined in Rules 295 and 296 of the Treasury Rules. The head of each department should issue such subsidiary instructions as may be necessary for the guidance of Controlling and disbursing officers subordinate to him.

136. Chapter 5 of these rules contains detailed instructions as to the general procedure for the control of expenditure against appropriation. The following special instructions are laid down for the control of contingent expenditure :—

(i) Where the appropriation for contingent charges covers expenditure on a number of distinct and individually important objects or class of expenditure, such appropriation should be distributed by the Controlling authority among the important items comprised in it. If some of the items are not important, those items taken as a whole may be treated as a single important item for this purpose. The expenditure on each important item should be watched and controlled separately against the allotment for it, especially when the charges are of a fluctuating nature. The contingent register prescribed in Treasury Rule 298 should be so designed that this can be done conveniently.

(ii) For countersigned contingencies the monthly detailed bills provide all the information required by the Controlling authority for checking the expenditure against the appropriation. If, in any month, the expenditure exceeds the monthly proportion of the appropriation for the year, the disbursing officer should send a report to the Controlling authority along with the detailed bill, furnishing special reasons for incurring the excess expenditure.

(iii) For non-countersigned contingencies, the Controlling authority should get periodical statements from each disbursing officer (monthly or at least quarterly of the progressive expenditure compared with the allotment under each item for which there is a specific appropriation or allotment. If the expenditure is progressing too rapidly, he should instruct the disbursing officer to curtail it to the necessary extent. He should also, during his local inspections, scrutinize the contingent registers of the offices under his control and satisfy himself generally that the charges are necessary and not excessive, the rates correct, the sanction obtained adequate, etc.

#### V—SPECIAL RULES RELATING TO PARTICULAR KINDS OF CONTINGENCIES.

##### CONTRACT CONTINGENCIES.

137. When under any special order of competent authority a lump sum is placed annually at the disposal of a disbursing officer for expenditure on

specified items of contingencies without further restrictions, the officer incurring expenditure against the lump sum allotment should be held entirely responsible for the regularity of such expenditure, and for any expenditure in excess of such allotment until the excess is sanctioned by competent authority.

138. The Head of a Local Administration and the Central Board of Revenue may sanction an increase not exceeding Rs. 6,000 a year in a contract grant for contingent expenditure. They may sanction the substitution of a contract grant for varying budget allotments in respect of heads of contingent expenditure for which countersignature is required, on condition that the amount of the contract grant does not exceed by more than Rs. 6,000 the total sum provided under those heads in the budget estimates of the year in which the change is made.

### CONTINGENCIES REGULATED BY SCALES.

139. Contingencies regulated by scales include such charges as liveries to inferior servants, rewards for destruction of wild animals, *batta* to witnesses and the like. The authority prescribing the scale should lay down the conditions precedent to the application of the scale, making it clear whether the bills must be countersigned before or after payment and what certificates should support the bills. It should be the duty of the Controlling officers to see that the charges incurred are in accordance with the prescribed scales and the conditions which govern them.

### VI—EXPENDITURE FOR OTHER OFFICERS.

140. The conditions under which a department of Government may make charges for services rendered or articles supplied by it and the procedure to be observed in dealing with such charges are laid down in the Account Code Volume I, and in rule 316 of the Treasury Rules. When a Government officer makes purchases or incurs expenditure through an officer in another district and the amount to be paid on account of contingent expenditure incurred in this way is not less than Rs. 50, payment may be made by Government Drafts but otherwise every public officer who incurs expenditure in this way must treat it as expenditure of his own office, and not demand recoupment from the officer at whose request he, as an agent, incurs the expenditure. The charge must, however, be taken as expenditure of the department to which the officer requiring the expenditure is attached and therefore an officer should address his applications for any service to the principal officer of his department in the district indented on, *e.g.*, a police officer should ask the District Superintendent, not the Magistrate, to purchase blankets for him. The Magistrate in such a case would pass on the indent, or the voucher if he has supplied any articles, to the police officer, who would deal with the charge if it is less than Rs. 50 as a final one of his own office, applying to the proper authority for an extra appropriation, if his own should fall short before the end of the year. The responsibility for obtaining proper sanction should always rest with the originating officer.

NOTE 1.—This rule is not applicable when purchases are effected in the capital town of a Province, the cost may then be sent by Government Drafts if it is not less than Rs. 25, and by Postal Money Order if it is less than Rs. 25.

NOTE 2.—The rule does not also apply to expenditure chargeable to local funds, which should always be recovered.

**CHAPTER 8—STORES.****I—INTRODUCTORY.**

141. This chapter contains the general rules applicable to all departments, regarding stores required for use in the public service. Detailed rules and instructions relating to the various departments, *e.g.*, the Defence, Railways, Posts and Telegraphs, Public Works, Indian Stores (Supply), Survey of India, Stationery and Printing, and other departments responsible for or concerned in large purchases, manufactures, or consumption of stores, are contained in the departmental regulations relating to the departments concerned.

**NOTE.**—The term “stores” used in this chapter applies generally to all articles and materials purchased or otherwise acquired for the use of Government, including not only expandable and issuable articles in use or accumulated for specific purposes, but also articles of dead stock of the nature of plant, machinery, instruments, furniture, equipment, fixtures, etc.

142. Expenditure on stores incurred in the Civil departments is included under contingent expenditure (except where it is treated otherwise, *e.g.*, stores relating to works), and subject to what is provided in the following rules, is governed generally by the rules which apply to such expenditure.

**II—PURCHASE AND ACQUISITION OF STORES.****AUTHORITIES COMPETENT TO PURCHASE STORES.**

143. Subject to any special rule or order applying to any particular department, an authority which is competent to incur contingent expenditure may sanction the purchase of stores required for use in the public service in accordance with the provisions contained in the following paras. Such purchases are also subject to the usual restrictions regarding the existence of necessary appropriation and to any monetary limits and other conditions prescribed generally or in regard to specific articles or classes of articles (*cf.* Annexure A to Appendix 8). The powers of subordinate authorities in the matter of purchase of stores are laid down in Appendix 8 and Annexure B thereto.

Special powers delegated to purchasing officers of the Indian Stores (Supply), Defence, Railways, Posts and Telegraphs, Public Works, etc., department are laid down in the respective departmental regulations.

The powers of the Controller of Printing and Stationery and other officers to purchase stationery and printing stores, office machinery, appliances, etc., are specified in Appendix 10.

**RULES AND INSTRUCTIONS GOVERNING THE PURCHASE OF STORES.**

144. (1) Save as provided below, all purchases of stores for use in the public service should be regulated in strict conformity with the Store Rules and the subsidiary instructions which are respectively reproduced in Appendix 9 and Annexure A to this Chapter.

Special rules relating to the purchase of stationery and printing stores, including office machinery and appliances, etc., are contained in Appendix 10.

(2) The procurement of stores required on mobilisation or during the continuance of military operations will be regulated by special rules and orders issued by Government in this behalf.

145. Purchases must be made in the most economical manner in accordance with the definite requirements of the public service. Stores should not be purchased in small quantities. Periodical indents should be prepared and as many articles as possible obtained by means of such indents. At the same time, care should be taken not to purchase stores much in advance of actual requirements, if such purchase is likely to prove unprofitable to Government.

Where scales of consumption or limits of stores have been laid down by competent authority, the officer ordering a supply should certify on the purchase order that the prescribed scales or limits are not exceeded.

146. Purchase orders should not be split up to avoid the necessity for obtaining the sanction of higher authority required with reference to the total amount of the orders.

147. (1) All indents sent out to the Director-General, India Store Department, London (whether by formal indent, letter or telegram), should state clearly and accurately the grant number and the head of account to which the cost of the stores is debitable, the amount of appropriation provided and an estimate of cost of each item.

The indents should be prepared in such form and in accordance with such general or special instructions as may be issued by Government in this behalf.

(2) Indents should not be sent out so late in the financial year that they cannot possibly be complied with and paid for within that year. If the Director-General receives any indent which he cannot possibly comply with before the end of the financial year, he will carry it over to the following financial year under intimation to Government.

(3) If it is essential to send out an indent to London before the sanctioned appropriation has been communicated to the authority concerned, the consent of the Finance Department should be obtained if the estimated amount exceeds £200 or such other limit as may be prescribed by Government in this behalf. In such cases the words "The Finance Department has agreed to indent being executed" should be written on the indent.

(4) The purchasing officer should distinguish very carefully between stores to be bought through the agency of the Director-General, India Store Department, and stores merely to be delivered to him for despatch and shipment through his agency. See also Treasury Rule 383.

### RECEIPT OF STORES.

148. All materials received should be examined, counted, measured or weighed as the case may be, when delivery is taken, and they should be taken in charge by a responsible Government officer who should see that the quantities are correct and their quality good, and record a certificate to that effect. The officer receiving the stores should also be required to give a certificate that he has actually received the materials and recorded them in the appropriate stock register.

### ISSUE OF STORES.

149. When materials are issued from stock for departmental use, manufacture, sale, etc., the officer-in-charge of the stores should see that an indent in the prescribed form has been made by a properly authorised person, examine it carefully with reference to the orders or instructions for the issue of stores and sign it, after making suitable alterations under his dated initials in the description and quality of material, if he is unable to comply with the requisition in full. He should then prepare and sign

the form of the invoice attached to the indent according to the supply actually made. The indent should be returned at once to the requisitioning officer for signature. When materials are issued, a written acknowledgment should be obtained from the person to whom they are ordered to be delivered or despatched, or from his duly authorised agent.

In case of stores issued to a contractor, the cost of which is recoverable from him, the acknowledgment should give full particulars of the materials issued, including the recovery rates and the total value chargeable to the contractor.

### TRANSFER OF CHARGE OF STORES.

150. In cases of transfers, the officer-in-charge of stores should see that the stores in his custody are made over correctly to his successor and a proper receipt taken from him.

Every departmental officer is bound to take over charge of departmental stores which, from the death or departure of the person lately in charge or from any other cause, may be left at or near his station without adequate protection. For detailed instructions see para. 115.

### III—CUSTODY AND ACCOUNTS OF STORES.

#### GENERAL.

151. The head of an office or any other officer entrusted with stores of any kind should take special care for arranging for their safe custody, for keeping them in good and efficient condition and for protecting them from loss, damage or deterioration. Suitable accommodation should be provided, more particularly for valuable and combustible stores. He should maintain suitable accounts, and inventories and prepare correct returns in respect of the stores in his charge with a view to preventing losses through theft, accident, fraud or otherwise and to making it possible at any time to check the actual balances with the book balances and the payment to suppliers, etc.

152. The form of stock accounts mentioned in the preceding para. should be determined with reference to the nature of the stores, the frequency of the transaction and the special requirements of each department or office in which they are used. The general and essential principles in accordance with which such accounts are to be kept are laid down in the following paras.

It is not, however, intended that these rules should replace the detailed store accounting rules prescribed in the departmental regulations of various departments or in any special orders which apply to any particular department, unless a competent authority has held that the existing rules are defective and should be brought into harmony with the general principles laid down below. . Where audit of the accounts of stores and stock has been undertaken by the Auditor-General, the Accountant-General concerned will bring to notice cases in which there is a hiatus to be filled in by the application of these rules and in which losses to Government could have been avoided by the use of these rules.

153. Separate accounts should be kept of—

(i) "Dead Stock" such as plant, machinery, furniture, equipment, fixture ; and

(ii) Other stores.

#### DEAD STOCK

154. An inventory of the dead stock should be maintained in all Government offices in a form prescribed by competent authority, showing

the number received, the number disposed of (by transfer, sale, loss, etc.) and the balance in hand for each kind of article. The instructions given below should be carefully observed by all concerned.

(i) The inventory should be priced whenever the items have to enter into the block account maintained for a Government commercial undertaking or the value of the items is necessary in order to enable Government to calculate the charge to be levied upon private persons or bodies. As regards other items, a numerical inventory would suffice, except for articles costing above Rs. 25.

NOTE.—For the purpose of numerical inventory, articles of a similar description such as tables, durries, carpets, etc., should be put into separate categories, each category comprising articles of the same measurement and make and manufactured with the same metal or wood or other material.

(ii) The inventory should ordinarily be maintained at the site of the dead stock. Whether it is desirable, in any particular case, to depart from this general principle or to maintain additional consolidated inventories elsewhere should be decided on the merits of each case.

(iii) The inventory should be checked by the competent administrative authority once a year and a certificate of the result of check recorded.

(iv) Articles of dead stock should be verified at least once a year and the result of verification recorded on the inventory. All discrepancies noticed must be properly investigated and brought to account immediately so that the inventory may represent the true account.

(v) When articles of dead stock, *e.g.*, tools and plant, are lent to local bodies, contractors and others, the hire and other charges as determined under rules prescribed by competent authority should be recovered regularly.

(vi) Government libraries and museums should maintain up-to-date catalogues as well as prescribed stock accounts and inventories.

### OTHER STORES.

155. A reliable list, inventory or account of all stores in the custody of Government officers should be maintained, in a form prescribed by competent authority, to enable a ready verification of stores and check of accounts at any time, and transactions must be recorded in it as they occur.

156. Priced lists, recording both quantities and values, should be maintained in cases where the stores are intended to be converted into money or where it is desired to distribute their cost over the works, items or objects on which they are actually used.

In such cases, the expenditure on stores must be charged to a stores suspense head in the first instance.

157. Purely numerical inventories, *i.e.*, recording quantities only, will suffice for articles costing up to Rs. 25 when the articles are intended solely for the service of the department keeping them and it is not desired to distribute their cost. In such cases the expenditure on stores must be charged off finally to the service concerned.

NOTE.—In some cases it may be found necessary to show prices and measurements etc., *vide* note below para. 154 (i) against some articles, say, when for facility of identification or other reason, it is desirable to distinguish costly articles from cheap articles bearing the same general description otherwise.

159. A physical verification of all stores should be made at least once in every year under rules prescribed by competent authority, and subject to the condition that the verification is not entrusted to a person—

(i) who is the custodian, the ledger-keeper or the accountant of the stores to be verified, or who is a nominee of, or is employed under, the custodian, the ledger-keeper or the accountant ; or

(ii) who is not conversant with the classification, nomenclature and technique of the particular classes of stores to be verified.

The verification should never be left to low paid subordinates and in the case of large and important stores, it should be as far as possible, entrusted to a responsible officer who is independent of the superior executive officer in charge of the stores.

160. A certificate of verification of stores with its results should be recorded on the list, inventory or account, as the case may be, where such a verification is carried out.

161. In making a physical verification, the following instructions should invariably be observed :—

(i) verification must always be made in the presence of the officer responsible for the custody of the stores or of a responsible person deputed by him ;

(ii) all discrepancies noticed should be brought to account immediately so that the stores account may represent the true state of the stores; and

(iii) shortages and damages, as well as unserviceable stores, should be reported immediately to the authority competent to write off the loss.

162. Balances of stores should not be held in excess of the requirements of a reasonable period or in excess of any prescribed maximum limit. In order to ensure the observance of this rule, a periodical inspection should be made by a responsible officer, who must submit a report of surplus and obsolete stores to the authority competent to issue orders for their disposal—(see para. 166). The inspection should, unless there be good reason to the contrary, be made six-monthly in the case of perishable stores and once a year in the case of other stores. Stores remaining in stock for over a year should be considered surplus unless there is any good reason to treat them otherwise.

163. Where a priced inventory is maintained, it is essential that the values recorded therein shall not be materially in excess of the market value of the stores. The head of the department concerned must issue instructions to govern—

(i) the fixation of prices with reasonable accuracy ;

(ii) the periodical review and revision of rates ; and

(iii) the agency to be employed in periodical revaluation.

NOTE.—The "market value" of an article, for this purpose, means the cost per unit at which the article, or an article of a similar description, can be procured at a given time at the Stores Godown, from some suitable public markets.

164. All profits and losses due to revaluation, stock-taking or other causes should be duly recorded and adjusted where necessary. Formal sanction of competent authority should be obtained in respect of losses, even though no formal correction or adjustment in the accounts is involved.

165. (1) Losses due to depreciation should be analysed, and recorded under following heads, according as they are due to—

(i) normal fluctuation of market prices ;

(ii) fair wear and tear ;

(iii) lack of foresight in regulating purchases ;

(iv) neglect after purchase.

(2) Losses not due to depreciation should be grouped under the following heads—

- (i) losses due to theft or fraud ;
- (ii) losses due to neglect ;
- (iii) losses due to an act of God and other calamities such as fire, enemy action, etc.;
- (iv) anticipated losses on account of surplusage of obsolete stores or of purchases in excess of requirements ;
- (v) other losses due to damage, etc.

#### SALE AND DISPOSAL OF STORES AND WRITES OFF OF STORES.

166. The previous sanction of competent authority should be obtained to the writing off of all losses, deficiencies or depreciation in the value of stores—(see Schedule V to the Book of Financial Powers).

167. Subject to any special rules or orders applicable to any particular department, stores which are reported to be obsolete, surplus or unserviceable may be disposed of by sale or otherwise under the orders of the authority competent to sanction the writing off of a loss caused by deficiencies and depreciation equivalent to their value [*vide* col. (4) of Schedule V to the Book of Financial Powers].

Each order declaring stores as unserviceable should record the full reasons for condemning them and how the condemned stores are to be disposed of, *i. e.*, whether by sale, public auction or otherwise. The head of the office should record full particulars regarding all condemned stores in suitable lists from which their disposal can be watched.

NOTE—These instructions do not apply to the Defence, Railways, Posts and Telegraphs and other special departments whose procedure in this regard is regulated by separate orders contained in the departmental regulations.

168. Sales to private persons of stores other than those which are found to have become obsolete or unserviceable are regulated by special rules and orders applicable to particular departments. When stock materials are sold to the public or any other department or authority at their full value, a suitable percentage as determined by competent authority should be added to the book value to cover charges on account of supervisions, storage and contingencies. This addition may, however, be waived by the officer empowered to sanction the sale in the case of surplus stock which in his opinion would otherwise be unsalable.

#### OPIUM STOCK IN THE CUSTODY OF TREASURY OFFICERS

169. The opium in store must be kept in the treasury strong room and not elsewhere and all receipts into and issues from stock should be entered in a store register maintained for the purpose over the initials of the Treasury Officer. The Treasury Officer should give out opium to the Treasurer as required for sale to the public, an account of opium so issued to and sold by him being kept by the Treasurer in a sub-register in suitable form to be determined by the Treasury Officer. The Treasury Officer should see that all issues to the Treasurer are entered up in the register and the proceeds of opium sold are duly credited into the treasury account. The balance of opium in the hands of the Treasurer should be checked by the Treasury Officer at least once every month. No more opium should be issued to the Treasurer than is necessary to meet current demands.

#### IV—AUDIT OF STORES AND STOCK ACCOUNTS.

170. When audit of the accounts of stores and stock kept in any office or department is undertaken by the Auditor-General, it will be conducted in accordance with the regulations embodied in Appendix 11.

## V—MISCELLANEOUS.

**DEPARTMENTAL AND OTHER CHARGES ON IMPORTED STORES.**

171. A surcharge at the rate fixed by Government from time to time to cover departmental expenses and marine insurance is added by the High Commissioner for India to the invoiced price (including freight) of all stores obtained through the India Store Department, London, by Provincial Governments, commercial departments (Railways, Irrigation Works, Posts and Telegraphs, etc.), Government commercial undertakings, Local Funds Indian States, private individuals, etc., in calculating the cost debitable to, or recoverable from the various sources.

NOTE 1.—When under special arrangements a contractor undertakes to deliver stores at an Indian Port and not at the Store Office in London, the surcharge leviable will be for departmental charges only.

NOTE 2.—The extra charge for marine insurance covers the risk of losses during the voyage to India and not losses between the ship's side and shore.

NOTE 3.—The adjustment of the surcharge will be made by the High Commissioner for India. A similar extra charge at the prescribed rates should be made in India for stores imported from England for the Central Government but eventually transferred to Provincial Governments, etc.

NOTE 4.—In making recoveries from the agents of vessels on account of short delivery of stores, the surcharge should not be added to the invoiced value of the stores (including freight). Similarly, in making recoveries from the agents of vessel on account of deficiencies or damages found in consignments of stores obtained from the Air Ministry or from other Departments of His Majesty's Government, the departmental charges levied by these authorities should, like those made by the India Store Department, London, be excluded from the value of such stores.

172. A charge at the rate fixed by Government from time to time is levied by the India Store Department, London, to cover departmental expenses on the sales of stores made on behalf of Provincial Governments and commercial departments of the Central Government. An additional charge at the rates fixed by Government from time to time is also levied to cover marine insurance, etc., when freight is arranged for and paid by the Stores Department, London.

**GENERAL AVERAGE.**

173. (1) "General average" is the adjustment made among the owners of vessel and of cargo in the event of loss or damage occurring to the vessel. It may be explained that, where, under the presence of a common danger an extraordinary expenditure or sacrifice becomes necessary for the salvation of both the ship and its cargo, the burden thus incurred is proportionately distributed upon all the interests that have been benefited by the sacrifice. A familiar example is throwing overboard a cargo for safety. In such circumstances, a ship declares a "General average".

(2) Claims for contribution to general average in respect of vessels carrying Government stores between the United Kingdom and India are to be referred to the High Commissioner for India for settlement. Such claims give no lien on the stores which are to be delivered in accordance with the conditions for freight notwithstanding any claims for contribution to average.

(3) Claims in respect of vessels carrying Government stores other than those covered by sub-paragraph (2) will be dealt with in India by the Accountant-General, Bengal, Madras or Bombay, or the Comptroller, Sind, as the case may be, or by such other officers as may be nominated by Government in this behalf, in accordance with the following instructions:—

(i) When a Shipping Company declares a "General average" with regard to the cargo on board a particular ship in accordance with the provisions on the bill of landing, it may, before giving delivery of cargo consigned to Government require the appropriate officer referred to above, to sign a bond on behalf of Government agreeing to abide by the ultimate award in connection with "General average", and also to make a deposit.

This should be referred to the Government Solicitor for advice, where necessary, as to whether the case is, or is not one for a "General average." If he so reports, the bond should be signed and the payment made to the shipping company, and a separate account kept of the payment.

(ii) The adjustment will, after some time, be presented by the shipping company. Government in it will be credited, (1) with the deposit, (2) For any special losses of its cargo, (3) for any special expenditure incurred by it, and debited with share of any general losses of expenditure, as well as any particular expenditure for its benefit and the resulting balance offered to or demanded from it.

The net loss to Government on the whole matter should be treated as expenditure but pending final settlement, all transactions connected with a case of loss, which is to be the subject of a General Average Adjustment, should be passed on to a suspense or other appropriate head of account opened in the books of the Account Office in connection with the case.

(iii) The cases are usually very complicated and the final settlement of each case has to be made under orders of Government. Full particulars of the ship, the cargo, the amount claimed and the circumstances under which "General average" had been declared should therefore be furnished to Government for each case in which a payment on this account is made to a shipping company. Copies of all correspondence subsequent to the initial deposit should also be sent to Government and further action taken under such directions as may be given by Government in each case.

NOTE.—The amount demanded by the shipping company may be drawn on a contingent bill and paid to its local representative.

#### **PURCHASE FOR LOCAL BODIES, INDIAN STATES, ETC.**

174. In the absence of special orders to the contrary, the cost of all stores, purchased for Local Bodies, Indian States, etc., must be prepaid in cash. In the case of purchases made through the India Store Department, London, the rupee deposits made on account of stores specially imported for them should be converted at the rate of 1s. 6d. per rupee and the cost in sterling of the stores supplied (including sea freight payable in England), together with the extra charges mentioned in paragraph 172, should be adjusted month by month against the deposit.

175. As an exception to the preceding rule regarding the prepayment in cash of the cost of stores supplied from England, the following special procedure has been allowed in the case of certain Indian State Railways.

Before an indent is forwarded to England for compliance, the full amount due should be deposited by the State concerned in a bank approved by Government for the purpose. The deposit should be in the name of the Railway Department, under whose authority, alone withdrawals will be permitted. On presentation of the monthly account the necessary payment should be made in cash by the bank concerned into a Government treasury and any balance remaining after the stores have been paid for will be refunded to the state under the orders of the Railway Department.

A charge of half per cent. will be made on account of the interest earned for the period between the date of payment of the cost of the stores in England and the date of recoupment in India in addition to the percentages mentioned in paragraph 172.

A list of the railways to which this procedure has been extended together with the names of the approved banks is given in Annexure B to this Chapter.

NOTE.—The cost of stores obtained on indent from England for the Mysore State Railways will be adjusted through the Civil Exchange Accounts in the same way as other capital expenditure incurred by the Madras and Southern Mahratta Company on behalf of the Mysore Government.

## ANNEXURE A.

Instructions for the guidance of officers who are required to make purchases of stores required for the Public Service.

(See Para. 144.)

## PREAMBLE TO THE RULES IN PART I OF APPENDIX 9.

*The policy of Government is to make their purchases of stores for the public service in such a way as to encourage the development of the industries of the country to the utmost possible extent consistent with economy and efficiency and the following rules, which are applicable to the purchase of stores (other than printing and stationery stores) for the Central Government are prescribed in accordance with this policy. These rules supersede all previous orders on the subject.*

*In order to give effect to the above Policy preference in making purchases will be given in the following order:—*

*First, to articles which are produced in India in the form of raw materials, or are manufactured in India from raw materials produced in India, provided that the quality is sufficiently good for the purpose;*

*Secondly, to articles wholly or partially manufactured in India from imported materials provided that the quality is sufficiently good for the purpose ;*

*Thirdly, to articles of foreign manufacture held in stock in India, provided that they are of suitable type and requisite quality ;*

*Fourthly, to articles manufactured abroad which need to be specially imported.*

*Departments of the Central Government, or officers specially authorised in this behalf, may, when they are satisfied that such a measure is justified, allow a limited degree of preference in respect of price to articles produced or manufactured in India either wholly or in part.*

The rules express a definite preference for articles which are produced in India in the form of raw materials or are manufactured in India from raw materials produced in India, and also for articles wholly or partially manufactured in India from imported materials. They also extend a preference (*but not in price*) to articles of foreign manufacture stocked in India over those which have to be specially imported.

2. The difference in the character of the preferences which may be given should be carefully noted. In the case of the first two categories mentioned in the preamble the condition is that the quality is sufficiently good for the purpose, and for the third category that the articles are of suitable type and requisite quality. This means that articles coming under the first two categories should be accepted unless it is considered that the quality is definitely not up to the standard required even though imported articles may be considered to be of better quality.

3. The other kind of preference referred to in these rules is a price preference, and it is enjoined that a limited price preference may be given to articles produced or manufactured in India either wholly or in part by officers especially authorised. It should be noted that no price preference should be given to articles falling in the third category over those which come within the last category.

4. A strict comparison with prices prevailing abroad is not required, but the underlying principle is that the preference to be accorded to Indian products or to imported stocks is to be tempered by the consideration of economy.

5. The degree of price preference that may be allowed to Indian products has not been specially provided for in the rules because Government intend to retain entirely in their own hands, for the present, the power to grant such a preference. Ordinarily a limited degree of price preference in favour of articles produced or manufactured in India will be justified for one or other of the following reasons :—

(a) when the industry in question is expected to fill a vital gap in the economic life of the country and is likely to take a firm root in the soil in the near future ;

(b) strategical necessity ;

(c) to prevent any sudden dislocation of the labour market on a large scale ;

(d) to regulate and control foreign competition especially during periods of temporary trade depression abroad.

6. Every proposal for the grant of a price preference should be referred by the purchasing officer concerned, through the proper channel, to the Central Government in the Administrative Department concerned. The latter will, before passing final orders consult the Labour Department. It will devolve on the latter to co-ordinate the action to be taken under this head by the different departments of the Central Government.

**RULE 1 IN APPENDIX 9 (PART I).—***Save as provided in Rules 7, 7A and 8, all articles required to be purchased for the public service shall be purchased on the condition that delivery shall be made in India for payment in rupees in India.*

7. It should be carefully noted by all purchasing officers that the purchase in India of all articles (with the exception of the classes of stores specified in Rules 7, 7A and 8) required for the Public Service is obligatory.

8. Indents for stores, other than the classes of stores specified in Rules 7, 7A and 8, should not be sent to the Director-General of Stores, London, but the stores should be obtained by calling for tenders in India in accordance with the rules.

9. It should be clearly stated in all invitations to tender, issued by purchasing officers in India, that tenderers must provide in their tenders for delivery in India, and that payment for the articles will be made in rupees in India.

10. With reference to the principles of preference mentioned in the preamble, tenderers should be requested to furnish information in regard to the country of manufacture and/or origin of the material used in the manufacture of the articles.

11. Purchasing officers may exercise full discretion regarding the point or place of delivery to be specified in their invitations to tender. They may specify C.I.F., or F.O.R., Indian port, F.O.R. place of despatch, in India, or Free Delivery receiving station in India. Where tenders are invited for plant and equipment, in which the erection of the plant at site is to be undertaken by the successful tenderer, appropriate terms in regard to delivery at site should be included in the invitation to tender or in the general specification.

12. When specifying the point or place of delivery, purchasing officers should endeavour to lay down terms which will give all tenderers equal opportunities to put forward their lowest prices. For instance, in many cases tenderers abroad may be unable to tender for delivery F.O.R., Indian port or free delivery receiving station in India and may only be able to tender on the basis of delivery C.I.F., Indian port with payment in rupees in India against shipping documents. Such tenders should be considered as coming within the meaning of Rule 1 and should be accepted if satisfactory in other respects.

13. Except in special cases full payment for the stores should not be made against shipping documents but only after delivery of stores has been taken by the receiving officer and they are found to be satisfactory in every respect.

**RULE 2 IN APPENDIX 9 (PART I).—***Tenders shall be invited in India, and abroad also when considered desirable, for the supply of all articles which are purchased under Rules 1 to 4, unless the value of the order to be placed is small or sufficient reasons, to be recorded, exist which indicate that it is not in the public interest to call for tenders. No tender which fails to comply with the condition as to delivery and payment prescribed in Rule 1 shall be accepted.*

14. The rule authorises the issue of invitations to tender to firms abroad "when considered desirable." The discretion to invite such tenders will vest in the head of the department concerned, e.g., the Chief Controller of Stores in the case of the Indian Stores (Supply) Department, the Agent of the Railway concerned in the case of all State Railways and the Master General of Ordnance in the case of the Defence Department.

15. Tenders should be invited abroad as well as in India, whenever it is considered necessary or desirable to do so in order to obtain adequate publicity and so ensure economical purchase. These considerations will apply mainly to the categories of stores which have hitherto been obtained by indent on the Director General of Stores, London, and when dealing with the purchase of such classes of stores it is essential that tenders should be invited abroad in order to obtain wide competition and utilise all possible sources of supply.

16. If the response to any invitation to tender indicates that, owing to inadequate publicity or some other reason, favourable tenders have not been received, then fresh tenders should be invited and measures taken to bring the invitation to tender to the notice of all possible tenderers.

17. When the circumstances of a particular case indicate the desirability of obtaining tenders from firms established abroad, who have no branches or agencies in India, a sufficient supply of tender forms with the relevant documents, specifications and drawings should be sent as soon as possible to the Director General, India Store Department, London. The latter will give such publicity to the demand as he may consider to be the most suitable for the purpose, by advertisement in the newspapers or otherwise. Demands estimated to cost Rs. 20,000 or over will, as a rule be advertised by him.

Intending tenderers, established abroad will be instructed by the Director General, India Store Department, London, to apply to him for the tender forms, copies of

which will be supplied by him on payment in sterling of the charges (if any) to be fixed by him in each case. The tenderers will at the same time be instructed to submit their tenders *direct* to the purchasing officer concerned in India and not to the India Store Department, London, and the order will be placed by the former *direct* with the successful tenderer.

18. When it is desired to have the recommendations of the technical advisors of the London Stores Department, *e.g.*, the Consulting Engineers, Naval Architects, etc., on the tenders, before a decision is reached as to the placing of the order, it should be stipulated in the invitation to tender that a complete duplicate of the tender should be delivered to the Director General of Stores, London, on the same date as that fixed for the submission of the tenders in India. The Director General of Stores will arrange for the examination of the tenders by the appropriate technical authority and will telegraph his recommendations to the purchasing officer concerned in India. For the work connected with this examination of tenders, the Director General of Stores will make a fixed charge against all commercial and other Departments who are not entitled to utilise the services of the London Store Department free of cost.

19. It should be made clear on every tender form that the stores must be delivered in India, that payment will be made in India in rupees, and that any tender which does not comply with these conditions will not be considered. Tenderers abroad should also be required to specify their agents in India through whom delivery will be arranged and payment received, and who, when so required, will arrange for erection at site and for the carrying out of such tests on completion as may be specified in the contract.

20. No account adjustments will be made between the High Commissioner's office and the Purchasing Department in India for the value of tender forms sent to London and issued on behalf of the purchasing authorities in India and the expenditure on advertisements, postage charges, etc., in the High Commissioner's office.

21. When considering the desirability of calling for tenders abroad it is important that purchasing officers in India should bear in mind the necessity of allowing sufficient time for the receipt and publication of invitations to tender, the receipt of the tender forms by tenderers, and the preparation and despatch of the tenders to India.

22. The following is an approximate estimate of the time required:—

*Time required for sending the forms from India to London.*

By ordinary Mail	...	...	...	...	...	about 18 days.
By Parcel Mail	...	...	...	...	...	about 27 days.
By Air Mail	...	...	...	...	...	about 8 days.

Time taken in London in advertising and issuing forms of tender, say, 10 days.

Time required by tenderers to prepare and despatch tenders, average, say, 14 days.

*Time required for forwarding the tenders to India.*

By ordinary Mail	...	...	...	...	...	about 18 days.
By Parcel Mail	...	...	...	...	...	about 27 days.
By Air Mail	...	...	...	...	...	about 8 days.

If American tenders have to be awaited about three weeks will require to be added to the above figures and in cases of complicated engineering schemes it will be necessary to allow a longer time to tenderers for the preparation of their tenders.

23. Rule 2 does not preclude the use of limited or single tenders, nor does it require that tenders should be called for where it is clearly not in the public interests to do so. The following procedure for obtaining tenders should be followed as far as practicable.

Tenders should be obtained:—

- (1) By advertisement ("open tender").
- (2) By direct invitation to a limited number of firms ("limited tender").
- (3) By invitation to one firm only ("single tender" or "private purchase").

24. The "open tender" system, *i.e.*, invitation to tender by public advertisement should be used as a general rule and must be adopted subject to the exception noted below in all cases in which the estimated value of the tenders to be received is Rs. 5,000 or over.

25. The Indian Trade Journal, which is a Government publication, should be regarded as the standard medium for public advertisement in India. Advertisements may, however, at the discretion of the purchasing officer be inserted in one or more of the principal newspapers in India.

26. When in the circumstances stated in paragraph 15 it is decided to invite tenders from abroad the procedure described in paragraphs 17 and 18 should be followed.

27. The "limited tender" system should ordinarily be adopted in the case of all orders the estimated value of which is less than Rs. 5,000.

28. For the purposes of the limited tender and single tender procedure, the purchasing officers will maintain a list of firms, both Indian and foreign, of known reliability who have been able to satisfy them that they possess the necessary equipment and facilities for the supply of stores which they offer. The list should be subjected periodically to examination and revision, and any application from a firm for inclusion in the list should be considered on its receipt. Before the name of a firm is added to the list such enquiries as may be considered necessary should be made by the purchasing officer to ascertain the ability of the firm to execute contracts satisfactorily. From this list the names of firms to be invited to tender should be selected.

29. Such a list is already maintained by the Indian Stores (Supply) Department, and the Chief Contoller of Stores will, on receipt of a request, furnish purchasing officers with such information as he may possess regarding the capability and standing of any firm approved by him.

30. The "single tender" system may be adopted in the case of small orders, or when the article required are of a proprietary character and competition is not considered necessary. A "small order" shall be interpreted to mean for this purpose an order the total value of which does not exceed Rs. 100. In all such cases, however, the purchasing officer should consider whether it is not feasible to enter into a rate or running contract for the articles in question or to utilise the rate or running contracts entered into by the Indian Stores (Supply) Department.

31. The "limited tender" system may, however, be adopted instead of the "open tender" system even when the estimated value of the tenders to be received is not less than Rs. 5,000 in the following cases:—

(a) When sufficient reasons exist which indicate that it is not in the public interests to call for tenders by advertisement. In every such case the reason must be recorded by the purchasing officer and communicated to the Accounts and/or Audit Officer concerned confidentially, if necessary;

(b) When the indenting officer certifies that the demand is urgent and any additional expenditure involved by the elimination of open competition must be incurred. In all such cases the *indenting officer* must place on record the nature of the urgency and why the demand could not be anticipated.

32. When tenders are invited by public advertisement the issue of the tender forms need not be restricted to firms whose names are on the list of approved contractors. Firms not on the list should, on enquiry, be informed that they are at liberty on payment of the prescribed fee to tender for advertised requirements. When a tender which appears to be satisfactory has been received from an unknown firm steps should be taken before any order is placed to ascertain whether the firm is capable of executing the work in a proper manner. If the enquiries prove satisfactory the order, or a portion of it, may be placed with the firm. If the order or the portion thereof is satisfactorily executed the name of the firm should be added to the list of approved contractors.

**RULE 3 IN APPENDIX 9 (PART I).**—*All articles, whether manufactured in India or abroad, shall be subject to inspection before acceptance, and articles for which specifications and/or tests have been prescribed by competent authority shall be required to conform to such specifications and/or to satisfy the prescribed test or tests which may be carried out during manufacture or before or after despatch from the suppliers' premises.*

**RULE 5 IN APPENDIX 9 (PART I).**—*In the case of important construction works let out on contract, articles required for the construction of such works may be supplied by the contracting firm provided that when specifications and/or tests have been prescribed for such articles they shall conform to such specifications and/or shall satisfy such tests.*

33. The object of Rules 3 and 5 is to emphasize the importance of ensuring that articles purchased for the public service conform to the specifications which may be prescribed by competent authority, and the necessity for careful inspection of all stores before acceptance. The appropriate specifications should be annexed to or quoted in the invitations to tender, and it should be stipulated in the conditions of contract that the articles supplied will be subject to inspection and/or tests prescribed in the specifications before acceptance.

34. When tenders for important construction works are invited the officer concerned should also stipulate in the invitations to tender that the articles required for the construction of such works must comply with the specifications prescribed for such articles. The articles should be inspected and/or tested in accordance with the provisions of the specifications before acceptance.

35. All purchasing officers should pay special attention to these points, and should take steps to ensure that adequate inspection arrangements are made in each case.

36. When articles are obtained from abroad which require inspection and/or test during manufacture and before shipment, arrangements should be made by the purchasing officer concerned for such inspection and/or tests to be carried out by the India Store Department, London. Any further inspection and test considered necessary or desirable after receipt of the articles in India should be arranged for by the Purchasing Department. The services of the Indian Stores (Supply) Department can be utilised in connection with such inspection and tests.

37. As soon as a contract for articles which require inspection and/or test during manufacture or before shipment from abroad has been awarded, four complete copies of the accepted tender with specifications, drawings, conditions of contract, and all other relevant documents, should be sent to the Director General of Stores, London, with complete instructions for inspection and the full address of the manufacturers. The contractors should be informed that inspection during manufacture or before shipment will be carried out by the Director General of Stores, London, and he should be asked to instruct his representatives in the country of manufacture to communicate direct with that officer.

38. With regard to the inspection of articles obtained or manufactured in India all purchasing officers can, if they so desire, utilise the services of the Indian Stores (Supply) Department for the inspection and/or test during manufacture and before despatch.

39. In the case of orders for plant and machinery, whether purchased in India or obtained from abroad, which include erection and test at site of work, arrangements for inspection and test after erection at site can also be made through the Indian Stores (Supply) Department.

RULE 4 IN APPENDIX 9 (PART I).—*Important plant, machinery and iron and steel work shall be obtained only from firms approved by the Chief Controller of Stores, Indian Stores (Supply) Department, and specified in the lists issued by him from time to time.*

40. The intention of this Rule is to ensure that plant, machinery and other engineering equipment, e.g., bridge girders, roof trusses, which form important components of a project shall be obtained only from firms which possess workshops and appliances capable of turning out work of the desired standard.

41. The lists referred to in this Rule will be maintained and issued from time to time to all purchasing departments by the Chief Controller of Stores, Indian Stores (Supply) Department. They will include the names of firms in India and abroad which have been approved for the supply of important plant, machinery, and iron and steel work.

42. Applications for inclusion in the lists mentioned in this Rule should be made to the Chief Controller of Stores, Indian Stores (Supply) Department, direct by the firms with a full statement of the reasons which in their opinion justify such inclusions.

43. Cases may arise in which tenders may be received from firms whose names do not appear in the lists of approved firms. If the tenders are *prima facie* satisfactory, they should not be summarily rejected, but a reference should be made to the Chief Controller of Stores, Indian Stores (Supply) Department, who will, if he considers it necessary, make enquiries in regard to the capabilities and standing of the tendering firms and will intimate the result of the enquiries to the purchasing officer concerned.

RULE 6 IN APPENDIX 9 (PART I).—*Nothing in these rules shall be deemed to prohibit the purchase of articles by one department or railway from another.*

(No instructions.)

RULE 7 IN APPENDIX 9 (PART I).—*The articles enumerated in Schedule A, or any other articles of a special or unusual character, may, when suitable and economical purchases cannot be made in accordance with the preceding rules, be obtained without reference to those rules, subject to the following conditions:—*

(a) *Where the value of the purchase exceeds Rs. 5,000 the purchasing officer shall place on record his reasons for not effecting the purchase in accordance with the preceding rules.*

(b) *The purchasing officer may at his discretion either obtain the article that he requires by indent on the India Store Department, London, or purchase it direct from manufacturers or dealers abroad. Where resort is had to direct purchase from manufacturers or dealers abroad, tenders shall, whenever practicable, be first obtained.*

(c) *When articles are purchased abroad under this rule through the agency of the India Store Department, London, payment shall be made by that department. In other cases payment shall be made—*

(i) *in countries other than Great Britain and Northern Ireland; direct to the suppliers by the purchasing officer;*

(ii) *in Great Britain and Northern Ireland, through the High Commissioner for India.*

44. This and the following rules are in the nature of exceptions to the principle enunciated in Rule 1. Before availing himself of the discretion given by this rule it will be incumbent on every purchasing officer to take all possible steps to assure himself that the stores of the requisite qualities cannot be obtained in India at suitable prices in accordance with the provisions of Rule 1. In order to ensure that the underlying principles of the rules are not violated, a copy of all orders for stores placed abroad, whether on the London Store Department or directly on the suppliers under this rule, should be forwarded to the Chief Controller of Stores, Indian Stores (Supply) Department for scrutiny, and also for the purpose of compilation and publication of a list every two months of all such orders placed abroad.

45. It will be noted that under this rule "articles of a special or unusual character" may be obtained by indent on the India Store Department, London, or purchased direct from manufacturers or dealers abroad. It should be clearly understood that the expression "articles of a special or unusual character" is not to be taken as covering generally the case of articles not produced or manufactured in India, such as, locomotives, boilers, plant and machinery, etc., etc. The expression "articles of a special or unusual character" is intended to give purchasing officers liberty to obtain direct from manufacturers or through the Director General of Stores, London, articles such as spare or replace parts of non-standard appliances and other articles which cannot conveniently be obtained by calling for tenders on a rupee basis. For example, a purchasing officer may require a replace part for a machine tool of a particular type and make. The manufacturer may not be represented in India, and he may be unable to tender for delivery and payment in India. Again, a special type of machine may be invented and produced by a manufacturer who is not represented in India and who will only agree to supply his machine on his own conditions of sale.

46. It should be noted that the inclusion of "Scientific Instruments" in item (VIII) of Schedule A under this rule is not intended to permit the purchase of drawing, surveying, and other Mathematical Instruments, either from manufacturers or dealers direct or through the Director General, India Store Department, London. Indents for such instruments should be placed with the Mathematical Instruments Office of the Survey of India Department.

**RULE 7A IN APPENDIX 9 (PART I).—***The purchasing officer shall obtain by indent on the India Store Department, London, all articles not produced in India and required to be purchased for the public service, stocks of which are not available in the country or could not be made available within the time such articles are required to be brought into service.*

*In all such cases the purchasing officer shall, before forwarding the indent, place on record his reasons for not effecting the purchase in accordance with the preceding rules and also sign on the indent a certificate in the following form:—*

*"I certify that from enquiries made I am satisfied that the article/articles included in this indent is/are not at present available in stock in India and cannot be made available within the time such articles are required to be brought into service.*

*Dated.....*

*Purchasing Officer."*

(No Instructions.)

**RULE 8 IN APPENDIX 9 (PART I).—***Lethal weapons, munitions of war, technical apparatus and equipment, and any other stores required by the Naval, Military or Air Forces of the Crown in India for which drawings, patterns, specifications or designs have been issued, prescribed or announced by the Admiralty, War Office, Air Ministry, Government of India or Commander-in-Chief in India, shall be obtained by indent on the India Store Department, London, unless they are available in India in accordance with the prescribed drawing, pattern, specification or design. Any departure from the rule, requires sanction of Government, and whenever an expenditure exceeding Rs. 20,000 is incurred in any individual case to which such sanction has been accorded, it shall be reported to the Secretary of State for India.*

47. To ensure that indents on the India Store Department, London, will be issued under this rule only when stores of the categories mentioned are not available in India, the Defence Department will issue instructions to all stores purchasing officers under that department that a copy of all orders placed abroad should be sent to the Indian Stores (Supply) Department for scrutiny; in all cases of doubt, the indent should be sent to that department for prior scrutiny. Purchases made from abroad under this rule (except of special classes of military stores) will also be included in the bi-monthly publication referred to in paragraph 44.

48. The purchase of military stores not falling under the categories mentioned in this rule is regulated by the same rules as apply to purchases made by civil departments. Purchases can, therefore, be made for delivery outside India and for payment in non-Indian currency only to the extent provided for in Rule 7.

## SCHEDULE A (See Rule 7).

- (i) Seeds.
- (ii) Cinchona bark.
- (iii) Articles for experimental purposes.
- (iv) China, glass, outlery, plate, crockery and perishable fabrics including linen for residences which are furnished by Government.
- (v) Copper, zinc and other non-ferrous metals produced in Australia or America.
- (vi) Timber produced in Australia or North America.
- (vii) Such articles as the Superintendents of Vaccine Depots may require for the preparation of vaccine lymph.
- (viii) Chemicals and scientific instruments.
- (ix) Preserved and tinned foodstuffs.
- (x) Articles required for Viceregal residences.

## ANNEXURE B.

(See Para. 175.)

List of Indian State Railways in whose case a special procedure has been sanctioned for the payment of the cost of European Stores.

Name of Railway. (1)	Owned by (2)	Approved bank. (3)
(1) Jodhpur Railway ...	Jodhpur State ...	National Bank of India, Bombay.
(2) Bikaner Railway ...	Bikaner State ...	National Bank of India, Bombay.
(3) Udaipur-Chitorgarh Railway.	Mewar State ...	Any local head office of the Imperial Bank of India.
(4) Jaipur-Shaikhwat Railway.	Jaipur State ...	The Bombay head office of the Imperial Bank of India.

## CHAPTER 9—WORKS.

## INTRODUCTORY.

176. For purposes of administration and control, Central buildings and other works are divided broadly into the following classes :—

(i) Military works—i.e., buildings, defence works and ancillary services intended for different branches of the Defence Services, which are carried out by or on behalf of the Military Engineer Services; and

(ii) Public works—i.e., Civil Works and Irrigation, Navigation, Embankment and Drainage Works under the administrative control of the Public Works Department; and

(iii) Buildings and other works under the administrative control of departments using or requiring them. These comprise *inter alia*—

(1) all works pertaining to the Railways, Posts and Telegraphs, Forest, Salt, Lighthouse, Broadcasting and other *quasi*-commercial departments and undertakings ;

(2) Ecclesiastical works and works pertaining to the Mints ;

(3) Archæological works in connection with conservation of ancient monuments ;

(4) works relating to construction and maintenance of civil aerodromes ;

(5) any other work or class of works allotted under orders of Government to the department using or requiring them.

NOTE.—Subject to any general or special rule or order of Government to the contrary, the term "administrative control" as applied to works implies *inter alia* the assumption of full responsibility for the construction, maintenance and upkeep of buildings and other works and the provision of funds for the execution of those functions. (See Article 33 of the Account Code, Vol. 1.)

177. Subject to the observance of the following general rules, the initiation, authorisation and execution of works allotted to particular departments should be regulated by detailed rules and orders contained in the respective departmental regulations and by other special orders applicable to them.

### GENERAL RULES.

178. Except in cases covered by any special rules or orders of Government, no work should be commenced or liability incurred in connection with it until—

- (i) administrative approval has been obtained from the authority appropriate in each case;
- (ii) sanction, either special or general, of competent authority has been obtained authorising the expenditure;
- (iii) a properly detailed design and estimate has been sanctioned; and
- (iv) funds to cover the charge during the year have been provided by competent authority (*see* also paragraph 93).

If, in any case, whether on grounds of urgency or otherwise, an executive officer is required by superior authority to carry out a work or incur a liability which involves an infringement of these fundamental rules, the orders of such authority should be conveyed in writing. On receipt of such written orders or, in cases of emergency, on his own responsibility, the officer may proceed to carry out the necessary work, subject to the condition that he immediately intimates to the Accountant-General concerned that he is incurring an unauthorised liability and states approximately the amount of the liability which he is likely to incur.

179. (1) The powers delegated to various subordinate authorities to accord administrative approval and to sanction expenditure upon and to appropriate and re-appropriate funds, for, works are regulated by the orders contained in the Book of Financial Powers and other special orders contained in the respective departmental regulations.

(2) For purposes of approval and sanctions, a group of works which forms one project should be considered as one work, and the necessity for obtaining the approval or sanction of higher authority to a project which consists of such a group of works is not avoided by the fact that the cost of each particular work in the project is within the powers of approval or sanction of any authority subordinate thereto.

NOTE.—While no officer may sanction any estimate for a work which cannot be fully efficient unless other works are also sanctioned if the cost of all such works collectively exceeds his powers of sanction, it is not the intention that two or more works should be regarded as forming part of a group of works merely because they are of the same nature, if they are otherwise mutually independent.

180. The authority granted by a sanction to an estimate must on all occasions be looked upon as strictly limited by the precise objects for which the estimate was intended to provide. Accordingly, any anticipated or actual savings on a sanctioned estimate for a definite project should not, without special authority, be applied to carry out additional work not contemplated in the original project or fairly contingent on its actual execution.

181. Any development of a project thought necessary while a work is in progress, which is not fairly contingent on the proper execution of the work as first sanctioned, should be covered by a supplementary estimate.

182. To facilitate the preparation of estimates, as also to serve as a guide in settling rates in connection with contract agreements, a schedule of

rates for each kind of work commonly executed should be maintained for each locality and kept up to date. The rates entered in the estimates should generally agree with the scheduled rates but where, from any cause, these are considered insufficient, or in excess, a detailed statement must be given in the report accompanying the estimate, showing the manner in which the rates used in the estimate are arrived at.

153. When works are given out on contract, the general principles laid down in paragraphs 18 and 19 should be carefully borne in mind.

#### **WORKS UNDER THE ADMINISTRATIVE CONTROL OF THE PUBLIC WORKS DEPARTMENT.**

184. Subject as provided in paragraph 176, provision for expenditure on all buildings, communications and other works required by civil departments, which Government has not specifically allotted to such departments, should be included in the Grant for "Civil Works", to be administered and accounted for by the Public Works Department. No such work may be financed partly from funds provided in a departmental budget and partly from the budget for civil works.

The term "Civil Works" used in this rule embraces all works chargeable to the heads "50—Civil Works", "78—Initial expenditure on New Capital at Delhi" and "81—Capital Account of Civil Works outside the Revenue Account."

NOTE.—Separate grants are obtained for expenditure on Irrigation, Navigation, Embankment and Drainage works in charge of the Public Works Department.

185. The rules and instructions contained in Appendix 6 to the Central Public Works Account Code should be strictly observed by all authorities responsible for the preparation of budget estimates and administration of funds allotted for Central Public Works.

186. The financial powers of different authorities responsible for or concerned in the execution of Central Public Works and of appropriating and re-appropriating funds allotted for expenditure upon such works are laid down in the Central Public Works Department Code, the Central Public Works Account Code and other special rules made by Government for application to special classes of works, *e. g.*, rules for the management of Viceregal Estates. The general rules contained in these codes, which govern the accord of administrative approval and sanction to and allotment of funds for Central Public Works, will apply *mutatis mutandis* when such works are executed by the Public Works Department of a Governor's province on behalf of the Central Government. But, subject to any general or special order of the Provincial Government, officers employed on such works will exercise in respect of them the same powers of technical sanction as they exercise in respect of provincial works and carry out the works under rules and procedure prescribed by the Provincial Government concerned.

187. Similarly, when Central Public Works are entrusted to the agency of the Military Engineer Services for execution or maintenance, administrative approval and expenditure sanction will be accorded and funds allotted, by the authority concerned under the rules contained in the Central Public Works Department Code; the Military Engineer Services will then be responsible for design, specification and execution in accordance with the rules and procedure prescribed in the Regulations for those services. (*See Appendix C to the Regulations for the Military Engineer Services.*)

188. In provinces and areas in which the Central Public Works Department operates, namely, in Madras, Bombay, Bengal including Sikkim,

United Provinces, Punjab, Bihar, Sind, Central India, Rajputana and the Delhi Province, all Central Public Works will be executed by the Central Public Works Department unless in any particular case such works have been entrusted under special orders of Government to the Provincial Government or to any other agency.

Provided that where for administrative or economic reasons the maintenance of any Central building in charge of the Public Works Department is entrusted to any other civil department, original works and special repairs costing Rs. 2,500 or less and all ordinary repairs irrespective of cost, in respect of such buildings may be carried out by the head of the department concerned in accordance with such special instructions as may be issued to him by the Public Works Department. Provision for expenditure on such works should be made in the Budget for "50—Civil Works" under a special sub-head. "Petty construction and repairs by Civil Departments", subdivided into two secondary units (i) works and (ii) repairs, from which allotments will be made by the Public Works Department to heads of civil departments carrying out the works and while full budgetary and financial control in respect of such works will remain with the Public Works Department, the charges incurred by the civil departments may be drawn under the rules and procedure governing contingent expenditure. (See also paragraph 310 of the Central Public Works Account Code.)

189. In provinces and areas where the Central Public Works Department does not operate, a competent authority may, subject to such restrictions as it may think necessary to impose, assign to heads of civil departments, the execution of petty works and repairs costing Rs. 2,500 or less relating to buildings under the administrative control of the Public Works Department, provided that such works do not form part of a bigger programme. When such an assignment has been made, the charges incurred by the civil department may be drawn and accounted for as contingent expenditure of the department concerned.

190. In all other cases in which a civil department is entrusted with the execution of Central Public Works, the departmental officer carrying out the work should act as a Public Works disburser and be guided generally by the rules and procedure which apply when works are carried out by the Public Works Department.

#### **WORKS UNDER THE ADMINISTRATIVE CONTROL OF OTHER CIVIL DEPARTMENTS.**

191. (1) Save where any particular department (*e.g.*, Salt, Forest, Archaeology, Broadcasting, Light-house etc.) has been authorised by Government to execute all or specified classes of departmental works without reference to the Public Works Department or the Military Engineer Services, and subject to any special rule or order issued by Government to apply to special classes of works, all original works and special repairs costing more than Rs. 2,500 relating to buildings and other works, the administrative control of which vests in other civil departments, should be executed through the agency of the Public Works Department, Central or Provincial, as the case may be, or through the Military Engineer Services where it is not convenient for the Public Works Department to undertake the work. In exceptional cases in which the Public Works Department or the Military Engineer Services is not employed for the execution of such works or repairs, the Accountant-General should invariably be consulted at the initial stage, *i.e.*, prior to an agreement being entered into with an architect or contractor, so that suitable provision may be made as far as possible for normal audit and financial control.

(2) The provisions of paragraphs 186 and 187 will apply *mutatis matandis*, when such works are executed through the Public Works Department or any other department or authority.

NOTE.—The rules and instructions laid down in Appendix 6 to the Central Public Works Account Code are applicable *mutatis mutandis* to works expenditure on works chargeable to the major heads “32—Ecclesiastical” and “34—Tribal Areas”.

When such works are executed through the Military Engineer Services the rules contained in Appendix C to the Regulations for the Military Engineer Services will apply.

192. When works allotted to a civil department other than the Public Works Department are executed departmentally, whether direct or through contractors, the form and procedure relating to expenditure on such works should be prescribed by departmental regulations framed in consultation with the Accountant-General generally on the principles underlying the financial and accounting rules prescribed for similar works carried out by the Public Works Department. The guiding principles laid down by the Accountant-General, Central Revenues, are reproduced in Annexure A to this chapter.

NOTE.—Expenditure on works of petty constructions and repairs costing Rs. 2,500 or less, relating to buildings under the administrative control of a civil department, other than the Public Works Department, may be drawn and charged as contingent expenditure of the department concerned, provided that where any individual item of such petty works costing Rs. 2,500 or less forms part of a bigger programme, the expenditure should be treated as “Works expenditure” of the department carrying out the work.

### **SPECIAL RULES FOR SANITARY, WATER-SUPPLY AND ELECTRIC INSTALLATION TO GOVERNMENT BUILDINGS, ETC.**

193. (1) Subject as hereinafter provided, all works and repairs in connection with sanitary, water-supply and electric installations to Government buildings, where such buildings are not in charge of the Military Engineer Services or of Railways, should be carried out by or through the agency of the Public Works Department, except in special cases under the orders of Government.

In the case of the Posts and Telegraphs Department, the Divisional Engineers, Telegraphs, are authorised to execute departmentally all works and repairs connected with sanitary and water-supply installations to Posts and Telegraphs buildings up to a limit of Rs. 500 in each case, provided that the estimates for each work so executed have received the sanction of the competent authority.

NOTE.—The rules relating to the provision of these installations in Government buildings occupied as residences are laid down in Rules 45-A and 45-B of the Fundamental Rules and the Supplementary Rules issued thereunder.

(2) As a general exception to this rule, the Posts and Telegraphs Department is authorised to execute works and repairs in connection with electric installations in Posts and Telegraphs buildings.

(3) The electric installations in Government buildings, etc. (including ground lighting arrangements) under the administrative control of the Director of Civil Aviation in India constitute another exception to this rule. In their case, the Directorate is left free either to execute such works and repairs departmentally or to employ the agency of the Public Works Department or the Military Engineer Services at their discretion.

(4) At places where the Central Public Works Department operates (See paragraph 188), and where there is no staff of that department, the procedure for the execution of works and repairs in connection with sanitary,

water-supply and electric installations in Government buildings under the administrative control of Central civil departments should be as follows :—

(1) all works and repairs costing up to Rs. 300 in the case of electric installations and Rs. 1,000 in the case of sanitary and water-supply installations should be executed departmentally ;

(ii) all estimates for such works and repairs to be carried out locally should be submitted for prior scrutiny to the Chief Engineer, Central Public Works Department ; and

(iii) all installations costing over Rs. 2,500 should be inspected annually and the remainder biennially by an officer of the Central Public Works Department.

(5) The provision of sanitary, water-supply and electric installations in churches is dealt with under the Ecclesiastical Rules.

194. The provision and maintenance of sanitary, water-supply and electric installations in Military and Railway buildings and other works and such provisions in civil buildings in charge of the Military Engineer Services are governed by special rules prescribed in the departmental regulations.

195. Expenditure, incurred by civil departments in connection with these installations, where it does not exceed Rs. 2,500, may be charged as contingent expenditure of the department carrying out the work.

#### MISCELLANEOUS RULES.

196. No authority lower than the Head of a Local Administration is competent to authorise the acquisition of a building by purchase, even though the purchase of the required accommodation may have been sanctioned by competent authority. In all such cases, a survey and valuation report by the Public Works Divisional Officer should be submitted to the Head of the Local Administration.

197. No public building, which is not a purely temporary structure, may be sold or dismantled without the sanction, previously obtained, of Government if its book value exceeds Rs. 10,000 or, in other cases, of the Head of the Local Administration or the Chief Engineer, Central Public Works Department, as the case may be.

198. In respect of buildings available for occupation as residences, capital and revenue accounts are prepared periodically by the Accountant-General in accordance with the directions given in the Account Code, Volume IV and any further orders that Government may issue in this behalf. All officers concerned should furnish the Accountant-General annually with the necessary data in respect of such buildings in such form as may be prescribed by the Accountant-General.

199. Local Administrations may sanction expenditure on ceremonies connected with the inauguration of important public works, *e.g.*, the laying of foundation stones of public buildings, the opening of canals, the opening of bridges, other than those constructed from railway funds, etc., up to the limit of Rs. 2,500 in each case.

NOTE.—The expenditure on such functions should be limited to the *minimum* absolutely necessary and the Finance Department should be afforded full justification for any such contemplated outlay before any commitments are entered into with regard to it.

200. The preparatory stages of a major work may take anything from three months to a year and attempts to expedite the execution of works contrary to Code rules lead to bad estimating and computing and, to actual losses of money. These unfortunate results have been commented upon adversely by the Public Accounts Committee on various occasions, and it is desirable that the tendency to rush the preparatory stages for works should

be checked. The Chief Engineer and his subordinate officers should accordingly take, in all cases, such time as is considered necessary, for the preparation of proper estimates, the grant of technical sanction, and the invitation and examination of tenders and refrain from entertaining requests from administrative departments for special treatment. In emergent cases, however, where circumstances warrant a departure from methods laid down by the Codes, the Public Works Department may issue special instructions on a reference received from the administrative department concerned.

#### ANNEXURE A.

(See Para. 192.)

*General Principles laid down by the Accountant-General, Central Revenues, regarding the Accounting of expenditure on "works" executed by the Civil Officers.*

For every work there should be a duly sanctioned detailed estimate. Copies of sanctions to estimates are to be communicated to the Accountant-General by the sanctioning authority as soon as a sanction is accorded. If, however, the number of works sanctioned is large, such sanction may conveniently be communicated through a monthly statement in P. W. D. Form No. 34. Copies of sanctions to contracts, establishment charged to works or any other financial sanctions should be communicated to the Accountant-General individually.

2. Payments for all works done by contract or materials purchased should be made on the basis of measurements recorded in Measurement Books (C. P. W. A. Form 23). A muster roll in C. P. W. A. Form 21 should be prepared for works done by daily labour. It is desirable that C. P. W. A. Form 24 or 27 should be used for payment to contractors. If any establishment is entertained on monthly wages whose pay is chargeable to a work, C. P. W. A. Form 29 may be used for payment of their wages. The rules regarding the preparation and check of these documents will be found in Chapter X of the Central Public Works Account Code.

3. Separate contingent bills should be prepared for expenditure relating to "works" duly supported by sub-vouchers in forms referred to in paragraph 2 above. The name of work as given on the sanctioned estimate should be noted conspicuously on each sub-voucher as well as in the bill itself.

4. At the end of a month every disbursing officer will render to the Accountant-General the following monthly accounts so as to reach him by the 8th of the next month:—

(i) *Schedule of works expenditure (C. P. W. A. Form 64).*—Showing expenditure incurred during the month and total charges up to date in respect of every work in progress. All payments pertaining to a work during a month will be posted in column 5 of the form quoting voucher number and date in column 7 and all works in progress will be shown in this schedule.

(ii) *Contractors' ledger in C. P. W. A. Form 43.*—This account need only be prepared in accordance with Section G of Chapter X of the Central Public Works Account Code, if any intermediate payment on running account is made to a contractor. It is not required in cases where every payment to contractors is final.

(iii) *Accounts of receipts and issues of Tools and Plant purchased by or belonging to the departmental office in C. P. W. A. Forms 13 and 14.*—To be prepared in accordance with paragraphs 145 and 146, Central Public Works Account Code.

5. In respect of articles of Tools and Plant purchased in connection with "works" an annual Register to show receipts, issue and balances will have to be maintained in C. P. W. A. Form 15 in accordance with paragraph 147 *et seq.* of the Central Public Works Account Code. The Register may be annually closed as soon after the month of September as possible, the book balance being physically verified and certified and sent to the Accountant-General by the officer concerned so as to reach him on or before the 15th of November every year.

6. A copy of the Register of buildings in charge of every disbursing officer should be sent to the Accountant-General in P. W. D. Form No. 25.

### CHAPTER 10—MISCELLANEOUS EXPENDITURE.

#### I.—GENERAL.

201. The term "miscellaneous expenditure" applies generally to all expenditure in the civil departments, which does not fall under the category of pay and allowances of Government servants, pensions, contingencies, grants-in-aid, contributions, stores or works.

The powers delegated to subordinate authorities to sanction items of miscellaneous expenditure as defined above, for which no special power, scale or limit has been prescribed by any Act, rule, code or order, are specified in Schedule IV to the Book of Financial Powers.

NOTE.—Grants-in-aid and contributions have, however, been dealt with in this chapter for the sake of convenience.

202. Miscellaneous expenditure is subject generally to the rules of procedure which apply to contingent expenditure, except in so far as it may be governed by any special rules or orders made by competent authority.

## II.—REFUNDS OF REVENUE.

203. Refunds of revenue are broadly classified as—

- (i) refunds to which the claimants are legally entitled, and
- (ii) refunds which are made *ex gratia*, Government being under no legal obligation to make them.

NOTE 1.—Refunds of revenues are not regarded as expenditure for purposes of grants or appropriations.

NOTE 2.—Remissions of revenue allowed before collection are to be treated as reduction of demands and not as refunds.

204. Subject to the provisions of the relevant Acts and rules made thereunder, the sanction necessary for refunds of revenue will be regulated by the orders of the Local Administrations and by departmental rules and orders contained in the departmental manuals, etc.

The sanction may either be given on the voucher itself or quoted in it, a certified copy being attached when such orders are not separately communicated to the Accountant-General.

205. Before a refund of any kind, otherwise in order, is allowed, the original demand or realisation as the case may be, must be traced and a reference to the refund should be so recorded against the original entry in the cash book or other documents as to make the entertainment of a double or erroneous claim impossible. Any acknowledgment previously granted should, if possible, be taken back and destroyed and a note of the repayment recorded on the counterfoil of the receipt.

NOTE.—The instructions contained in this para. do not apply to the refunds of revenue on tobacco and industrial salt, *vide* Treasury Rule 401.

## III—GRANTS-IN-AID, CONTRIBUTIONS, ETC.

### GRANTS TO PUBLIC BODIES, INSTITUTIONS, ETC.

206. The sanction necessary for payment of grants-in-aid or contributions to educational and other institutions, local bodies and Co-operative Societies, and of educational scholarships is regulated by the orders contained in paragraph 13 of the Book of Financial Powers and detailed rules made by Local Administrations under the powers vested in them. The following instructions are issued for the guidance of sanctioning authorities in the matter of according sanctions for grants-in-aid.

207. (1) Unless in any case Government directs otherwise, every order sanctioning a grant should specify clearly the object for which it is given and the conditions, if any, attached to the grant. In the case of non-recurring grants for specified objects, the order should also specify the time-limit within which the grant or each instalment of it is to be spent.

(2) Only so much of the grant should be paid during any financial year as is likely to be expended during that year. In the case of grants for

specific works or services such as buildings, water-supply schemes and the like, the sanctioning authority should use its discretion in authorising payments according to the needs of the work. The authority signing or countersigning a bill for grant-in-aid under Treasury Rule 406 should see that money is not drawn in advance of requirements. There should be no occasion for a rush for payment of these grants in the month of March.

(3) Before a grant is paid to any public body or institution, the sanctioning authority should as far as possible insist on obtaining an audited statement of the account of the body, or institution concerned in order to see that the grant-in-aid is justified by the financial position of the grantee and to ensure that any previous grant was spent for the purpose for which it was intended. It is not essential for this purpose, however, that the accounts should be audited in every case by the Indian Audit Department and it will be sufficient therefor if the accounts are certified as correct by a registered accountant or other recognised body of auditors. In the case of small institutions, which cannot afford to obtain the services of a registered accountant or other registered body of auditors, the sanctioning authority may exercise its discretion of exempting any such institution from the submission of accounts audited in this fashion.

The authority sanctioning a grant, while communicating the sanction to the Accountant-General, should state whether the audited statement of accounts has been received when required, or whether the grantee has been exempted from submitting the statement.

NOTE.—This order applies both to non-official institutions and to semi-official ones, such as Public Clubs, etc.

208. In cases in which conditions are attached to the utilisation of a grant in the form of specification of particular objects of expenditure or the time within which the money must be spent, or otherwise, the departmental officer on whose signature or countersignature the grant-in-aid bill was drawn should be primarily responsible for certifying to the Accountant-General, where necessary, the fulfilment of the conditions attaching to the grant, unless there is any special rule or order to the contrary. The certificate should be furnished in such form and at such intervals as may be agreed between the Accountant-General and the head of the department concerned. Before recording the certificate, the certifying officer should take steps to satisfy himself that the conditions on which the grant was sanctioned have been or are being fulfilled. For this purpose he may require the submission to him at suitable intervals of such reports, statements, etc., in respect of the expenditure from the grant as may be considered necessary. Where the accounts of expenditure from the grant are inspected or audited locally, the inspection or audit report as the case may be, will either include a certificate that the conditions attaching to the grant have been or are being fulfilled or will give details of the breaches of those conditions.

209. Unless it is otherwise ordered by Government, every grant made for a specific object is subject to the implied conditions :—

- (i) that the grant will be spent upon the object within a reasonable time, if no time-limit has been fixed by the sanctioning authority ; and
- (ii) that any portion of the amount which is not ultimately required for expenditure upon that object should be duly surrendered to Government.

#### **EXPENDITURE FROM DISCRETIONARY GRANTS.**

210. When under orders of competent authority, and allotment for discretionary grants is placed at the disposal of a particular officer, the expenditure from such grants will be regulated by general or special orders of the Local Administration, specifying the objects for which the grants can be made and any other condition that should apply to them. Such grants must be non-recurring, *i.e.*, not involving any future commitments.

### OTHER GRANTS.

211. Grants, Subventions, etc., other than those dealt with in the foregoing paragraphs, can be made only under special orders of Government.

#### IV—COMPENSATION TO CIVIL OFFICERS FOR LOSS OF PROPERTY

212. (1) All cases in which it is proposed to grant compensation to any civil officers for the accidental loss of his property should be referred to Government for orders through the Administrative Department concerned.

(2) Compensation will not ordinarily be granted to a Government servant for any loss to his property, which is caused by an act of God as, earthquake, floods, etc., or which is due to an ordinary accident, which may occur to any citizen, *e.g.*, loss by theft or as the result of railway accident, fire, etc. The mere fact that, at the time of the accident, the Government servant is technically on duty or is living in Government quarters in which he is forced to reside for the performance of his duties will not be considered as a sufficient ground for the grant of compensation. These points should be borne in mind while submitting proposals to Government.

#### V—SPECIAL POLITICAL EXPENDITURE.

213. The following rules have been prescribed for the regulation of expenditure incurred in connection with special political missions and, subject to such special orders as may be issued by Government in particular cases, these rules should be observed by all officers placed in charge of such missions.

(1) For the purposes of account and audit the expenditure should be broadly divided into two classes :—

Class I.—Charges requiring the sanction of Government, either specific or general—

##### Pay and allowances.

1. Pay of gazetted Government servants.
2. Pay of fixed establishment (both permanent and temporary).
3. Sumptuary allowance.
4. Outfit allowance.
5. Travelling allowance (if different from that admissible under the prescribed rules).
6. Free rations.
7. Compensation for dearness of provisions.
8. Other special allowances, if any.

Class II.—Charges which may be incurred by the officer-in-charge at his discretion within the amount of the sanctioned appropriation—

##### Initial Charges.

1. Purchase of tents.
2. Purchase of camp furniture and equipment.
3. Purchase of transport equipment.
4. Purchase of Toshakhana articles.
5. Purchase of mess equipment.
6. Purchase of transport animals.
7. Supply of warm clothes.

## Recurring Charges.

8. Transport charges, *i.e.*, camel, mule, and cooly-hire.
9. Purchase of stationery.
10. Compensation—
  - (i) to camp followers for loss of transport animals
  - (ii) to villagers for damage to crops, etc.
11. Rewards and Khilats.
12. Secret Service expenditure.
13. Dak arrangements.
14. Mehmani to tribesmen and chiefs.
15. Payments to guides.
16. Improvement of roads.
17. Service telegrams and postage.
18. Feed and keep of transport animals.
19. Construction of boundary pillars.
20. Miscellaneous expenses.

(2) (i) Officers entrusted with such expenditure are required to submit, as early as possible, detailed estimates of probable expenditure classified as above. Under "Pay and Allowances" present emoluments and the special pay and other allowances proposed should be clearly indicated. If the grant of travelling allowances, other than those authorised under rule, is in any case recommended, the precise nature (*e. g.*, exemption from the ten days halt rule, increased daily or mileage allowance, etc.), of the concession should be specified and when free carriage is allowed it should be explained to what extent the ordinary or special travelling allowance should be reduced. The classes of officers entitled to rations, either free of charge or on payment, should be specified. A scale should be proposed for the issue of rations on payment as also, if necessary, for "compensation for dearness of provisions". No expenditure should be incurred under Class I in excess of the amounts sanctioned.

(ii) As regards expenditure under Class II, a fairly approximate estimate of the initial charges 1 to 7 can be prepared. The estimates for "Recurring charges" can, in the first instance, be a rough forecast only, but as soon as the officer is in a position to do so, a revised estimate should be submitted. Expenditure under Class II may be incurred up to the limit of the estimates under each head when these have been approved and under "Recurring charges" appropriations may be transferred from one head to another, provided the total allotment is not exceeded.

NOTE.—The classes of Servants to whom warm clothing is to be granted and the maximum amount per head should be laid down in addition to the total grant for the purpose.

(3) An officer-in-charge of a special political mission should supply himself with funds by cheques drawn on treasuries against letters of credit as laid down in clause (i) of Treasury Rule 418 and accounts of expenditure incurred by him should be rendered to the Accountant-General in accordance with the procedure laid down in clauses (ii) to (iv) of that rule.

(4) A supply of stationery as well as of Pay, Travelling Allowance and Contingent Bill forms should be obtained from the Controller of Printing and Stationery, and all charges should be drawn on the regular forms.

(5) Advances made for public expenditure will be held under objection until a detailed account duly supported by vouchers is furnished in adjustment of them.

(6) A Store Account in Form G. F. R. 14 should be kept of the articles purchased for the Toshakhana, which at the close of the mission should be submitted through Government to the Accountant-General.

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## CHAPTER 11—DEBT AND MISCELLANEOUS OBLIGATIONS OF GOVERNMENT.

### RUPEE DEBT.

214. The management of Public debt in India and the maintenance of accounts relating thereto are vested in the Central Public Debt Office, which is managed on behalf of Government by the Reserve Bank. Certain functions of the Central Public Debt Office are entrusted to the Public Debt Offices at Madras, Bombay and Delhi which are managed by the Local Offices of the Reserve Bank. A substantial part of the work falls, however, on treasuries and sub-treasuries including those of certain Indian States.

215. The procedure to be followed in treasuries and other Government offices in dealing with securities of rupee loans issued by Government and in making payment of interest in respect thereof is regulated by the provisions of the Indian Securities Act (Act X of 1920), as amended from time to time, and the statutory rules (Indian Securities Rules) issued there under. Detailed rules, based mostly on the statutory rules referred to above, and the supplementary orders issued by Government from time to time are to be found in the Government Securities Manual issued by the Reserve Bank under the authority of Government.

NOTE.—Unless there be anything repugnant in the subject or context, and without prejudice to the provisions of the law and the statutory rules mentioned above, the rules in the Government Securities Manual in so far as they deal with the procedure relating to disbursement of money from, and payment of money into, the Public Account are to be regarded as rules framed under section 151 (1) of the Government of India Act, 1935. Likewise, the rules in the Manual which prescribe the form of initial accounts to be kept at treasuries in respect of payment of interest on Government Securities, repayment of principal of terminable loans, receipt of subscriptions to new loans and of other allied transactions and the form in which the account of such transactions are to be rendered to the Accountant-General, should be regarded as directions given by the Auditor-General with the approval of the Governor-General and will be subject to any directions contained in this behalf in Volume II of the Account Code.

216. Treasury Bills, National Savings Certificates and Post Office Cash Certificates are special forms of Government Securities, which are issued and repaid under special rules and orders made by Government in this behalf. (See also rules 593, 594 and 598 of the Treasury Rules.)

### PROVIDENT FUNDS.

217. The term "Provident Funds" is strictly applicable to all "Provident Funds" within the meaning of the Provident Funds Act, 1925 (XIX) of 1925), as amended, which have been constituted for the benefit of Government servants including servants of State Railways under the administration of the Central Government. The procedure relating to the recovery of subscriptions to, and withdrawals from, such funds will be regulated strictly in accordance with the provisions of the respective Provident Fund Rules and the subsidiary instructions contained in Section III of Part VIII of the Treasury Rules—

The legal aspect of the provisions in the Provident Fund Rules has been dealt with in the "Memorandum explanatory of Government Provident Fund Rules *vis-a-vis* the law on the subject" which has been prepared by Government in consultation with its legal advisers (Appendix 12). The Memorandum, as stated in the preface thereto, is not exhaustive and exceptional cases may arise which are not covered by the instructions in the Memorandum but it will be found useful in dealing with the generality of cases arising under the various Provident Fund Rules.

**218.** The following instructions should be carefully observed by heads of offices with a view to the correct preparation of the Fund Schedules referred to in Treasury Rule 604 :—

(i) A complete list of subscribers to each fund should be maintained in each disbursing office in the form of the schedule.

(ii) Each new subscriber should be brought on this list and any subsequent changes resulting from his transfer or in the rate of subscription, etc., clearly indicated.

(iii) Except where it is otherwise provided in the rules of the fund concerned, changes in the monthly rates of subscription will be permissible only from the first of April each year., *i.e.*, with effect from the pay for March drawn in April.

(iv) When a subscriber dies, quits the service or is transferred to another office, full particulars should be duly recorded in the list.

(v) In the case of the transfer of a subscriber to another office, the necessary note of transfer should be made in the list of both the offices.

(vi) From this list the monthly schedule to be appended to the pay bill should be prepared and agreed with the recoveries made before the submission of the bill to the treasury for payment.

### SERVICE AND OTHER FUNDS.

Indian Civil Service Family Pension Fund.  
 Superior Services (India) Family Pension Fund.  
 Indian Military Service Family Pension Fund.  
 Indian Military Widow's and Orphans' Fund.  
 Indian Civil Service (Non-European Members) Provident Fund.  
 Postal Insurance Fund.

**219.** Contributions, donations, etc., recoverable, and pensions and other benefits payable, in respect of the funds specified above will be regulated in accordance with the Rules of the respective funds and the subsidiary instructions contained in Treasury Rules 602 and 611.

**220.** Subscriptions to Family Pensions or other funds not under Government management may not be received in cash or by deduction from pay or pension bills except under special orders of Government (*see* Treasury Rule 603).

**NOTE.**—It must be distinctly understood that in the case of the General Family Pension Fund, the Hindu Family Annuity Fund and the Bengal Christian Family Pension Fund, Government exercises no supervision over the management of the Funds and is in no way responsible for their solvency.

**221.** A detailed list of the subscriptions realised in cash on behalf of each fund showing the date and amount of each receipt and the name of the person on whose behalf it is paid in, should be submitted by the Treasury Officer to the Accountant-General with the cash account of each month. This list will be a copy of a register maintained in the treasury.

222. The deposit accounts of these funds on the Government book will be credited with interest at such rates and at such intervals as may be prescribed by Government in each case.

NOTES.—Except in the case of the Bengal Uncovenanted Service Family Pension Fund, an important difference with regard to interest is made between subscriptions paid by deduction from pay-bills and subscriptions paid in cash, no interest being allowed for the month of payment on cash subscriptions received after the 4th of the month, whereas subscriptions deducted from a bill bear interest as though they had been received on the 1st of the month.

## CHAPTER 12—LOCAL FUNDS.

### INTRODUCTORY.

223. (1) The transactions of local funds (as defined in Treasury Rule 652) are not included as such in the Public Account, except in so far as their cash balances may be deposited with Government under Treasury Rule 653 and accounted for under the deposit head “Deposits of Local Funds.” The function of Government in regard to such deposits is that of a bank (*see* Treasury Rule 654).

(2) The main classes of local funds are :—

- (i) District Fund ;
- (ii) Municipal Funds ;
- (iii) Cantonment Funds ;
- (iv) Port and Marine Funds ;
- (v) Other miscellaneous Funds.

NOTE.—The expression “local body” as used in this Chapter means the authority legally entitled, or specially empowered by Government, to administer a local fund.

224. The financial transactions between Government and local bodies will be regulated by the following rules and by such other general and special orders as may be issued by Government in this behalf.

### GRANTS TO LOCAL BODIES.

225. The payment of the various classes of grants to local bodies will be governed by general instructions contained in paragraphs 206 to 209 and by such special orders as may be issued by Government in regard to each class of grant.

### LOANS TO LOCAL BODIES.

226. The detailed procedure to be followed in connection with the grant of loans to local bodies will be regulated by the provisions of the Local Authorities’ Loans Act and other special Acts and by rules made thereunder (*see* also paragraph 237).

### CHARGES RECOVERABLE FROM LOCAL BODIES.

227. Unless any of the following arrangements have been authorised by Government, a local fund should be required to pay in advance the estimated amount of charges to be incurred or cost of services to be rendered by Government on account of the Fund :—

- (i) payments as made by Government may be debited to the balances of the deposits of the local fund in Government books ;

(ii) recovery from the local fund may be postponed till the time when Government has to make payment for the charges ;

(iii) payments may be made as advances from Government funds in the first instance, pending recovery from the local fund.

**NOTE.**—In cases where a local fund has to pay for medicines supplied, but its liability cannot be accurately known within the year owing to the account of supplies not being available from the Defence Department by the 31st March, the local fund concerned should be required to pay during March a sum roughly estimated as the value of the medicines, any short or excess recovery being re-adjusted in the following year.

**228.** Any amount due to Government by a local body, including any amount overdue for payment in respect of a loan, is subject to recovery by adjustment from any non-statutory grant sanctioned for payment to it. The authority signing or countersigning a bill for such a grant should be that this rule is observed as far as practicable.

### **REVENUE COLLECTED ON BEHALF OF LOCAL BODIES.**

**229.** Unless it be expressly authorised by law, proceeds of taxes, fines or other revenues levied or collected by Government may not be appropriated direct to a local fund without passing them through the general revenue account of Government, whether or not such taxes, fines, etc., are earmarked from the start for the purposes of the fund.

**230.** Subject to the provisions of relevant Acts and rules made there-under, adjustments with local bodies in respect of revenue and other moneys raised or received by Government on their behalf will be made in such manner and on such dates as may be authorised by general or special orders of Government.

### **USE OF SERVICE POSTAGE STAMPS.**

**231.** Service Postage stamps may not be used by a local fund officer or any Government officer acting in a capacity connected with a local fund (such as, President or Secretary of a local fund committee), but they may be used on the correspondence of a public officer acting as such, even though the correspondence relates to the affairs of a local body.

**NOTE.**—Telegraphic messages, the charges for which are to be borne by local funds, should be classified as "Private" and not as "State."

### **AUDIT OF ACCOUNTS.**

**232.** Subject to the provisions of any law or rule having the force of law, the accounts of local bodies will be audited by the Indian Audit Department under general agreement reached between Government and the Auditor General. The agreement extends also to the accounts of other non-Government bodies or institutions, which, under any general or special order of Government, have to be audited through Government agency.

**233.** Audit fees on the basis of daily rates prescribed by Government from time to time will be charged for the audit by the Indian Audit Department of the accounts of local and other non-Government funds, excluding Port Trusts and other funds for the audit of which the rates of fees recoverable are prescribed by law or by rules having the force of law.

Nothing contained in this paragraph shall be held to override any special instructions of Government exempting any particular local body or institution wholly or partially from the payment of audit fees.

## ELIMINATION OF PIES.

234. Except in respect of dues fixed by or under any law or under any special order of Government, financial transactions between Government and local bodies should be rounded off to the nearest anna, six pies and over being treated as one whole anna and amounts less than six pies being omitted.

## CHAPTER 13—LOANS AND ADVANCES.

### I—INTRODUCTORY.

235. Loans and advances made by Government fall under the following main heads :—

#### A.—LOANS AND ADVANCES BEARING INTEREST—

- (i) Loans to Provincial Governments including the Administration of Coorg.
- (ii) Loans to Indian States.

NOTE.—Loans to Indian States when made under special orders of Government are taken to this head. Loans to Indian States granted by or under orders of the Crown Representative are taken under the head "Advances to Crown Representative".

- (iii) Loans to Local Funds, Private individuals, etc. These comprise—

- (1) Loans to Major Port Trusts ;
- (2) Loans to Municipalities ;
- (3) Loans to District and other Local Fund Committees ;
- (4) Loans to Land-holders and other Notabilities ;
- (5) Advances to cultivators under various Acts ;
- (6) Advances under special laws ;
- (7) Miscellaneous loans and advances.

- (iv) Advances to Government servants for purchase of conveyances, etc.

#### B.—INTEREST-FREE ADVANCES—

- (1) Advances repayable—comprising mostly miscellaneous advances to Government servants for various public purposes.

- (ii) Permanent advances.

NOTE.—Although the advances to Government servants for journeys on tour and for other miscellaneous purposes specified at items (ii) to (iv) of para. 270 are debited to the service heads concerned (*vide* Note below para. 270), they have been dealt with in this chapter for the sake of convenience.

236. The rules in this chapter should be observed generally by all departments, etc., in making loans and advances of public money, unless there be any special rule or order of Government to the contrary.

### II—GENERAL RULES.

#### SANCTION.

237. (1) The grant of loans and advances in cases mentioned in clauses (i), (ii) and (iii) under "A—Loans and advances bearing interest" in paragraph 235 will require the sanction of Government.

NOTE.—The powers delegated to Heads of Local Administrations and other subordinate authorities to sanction loans and advances to local bodies, etc., in particular cases are embodied in the Manuals of the Accountant-General concerned.

(2) The powers delegated to subordinate authorities to sanction loans and advances to Government servants are regulated by the orders contained in paragraphs 256, *et seq.* Detailed rules relating to permanent advances are contained in paragraph 132.

**ESTIMATES.**

238. Provision should be made in the Budget for all loans and advances which can be foreseen. Heads of Local Administrations and other estimating authorities should, therefore, make a timely estimate both of the gross advances and recoveries of the coming year and should communicate it to the Accountant-General for inclusion in his estimates.

**CONDITIONS OF REPAYMENTS.**

239. Recoveries of loans granted to Provincial Governments and Indian States are governed by special orders of Government which must specify the terms and conditions under which such loans are to be granted and repaid in each case.

Recovery of the amounts advanced to Government servants is governed by the detailed instructions laid down in paragraphs 252 and 256, *et seq.*

240. The following general instructions apply to all loans and advances to local bodies, etc., other than advances to cultivators, etc., which are governed by special rules, and subject to the provisions of relevant Acts or rules made thereunder, the conditions under which the loans are granted should be regulated accordingly :—

(i) A specific term should be fixed which should be as short as possible, within which each loan or advance should be fully repaid with interest due. The term may in very special cases extend to 30 years.

(ii) The term is to be calculated from the date on which the loan is completely taken up or declared by competent authority to be closed.

(iii) The repayment of loans should be effected by instalments, which should ordinarily be fixed on a half-yearly basis, due dates for payment being specially prescribed.

(iv) Instalments paid before the due date will be taken entirely to principal unless, of course, any interest for a preceding period is overdue.

241. When a loan of public money is taken out in instalments, the first half-yearly repayment should not be demanded until six months after the last instalment is taken; meanwhile simple interest only should be realised. But should it appear that there is an undue delay on the part of the debtor in taking out the last instalment of a loan, the authority sanctioning the loan may at any time declare the loan closed, and order repayment of capital to begin. The Accountant-General will bring to notice any delay that appears to him to require this remedy and he will take this step whether there are any dates fixed for taking of instalments or not.

NOTE 1.—If, in any case particular dates have been fixed for the payment of interest or the repayment of instalments of a loan, then such repayments should not begin until the second of the half-yearly dates so fixed, after the loan has been completely taken up, simple interest only being recovered on the first half-yearly date after the completion of the loan. For example, supposing a loan the interest on which is recoverable half-yearly to be completely taken up on 31st March and the interest to be payable on 30th June and 31st December, the first half-yearly instalment in repayment of principal will not be due until 31st December following, simple interest only will be due on the intermediate 30th June.

NOTE 2.—These instructions are applicable *mutatis mutandis*, to loans the repayments of which are made by other than half-yearly instalments.

NOTE 3.—It must be remembered that the calculation fixing the amount of equal periodical instalments, by which an advance is repaid with interest, pre-supposes punctual payment of the instalments, and that, if any instalment is not punctually repaid, the fixed instalment will not in the end discharge the loan.

242. Borrowers should be required to adhere strictly to the terms settled for the loans made to them. Modifications of these terms in their favour can be made subsequently only for very special reasons.

### INTEREST.

243. (1) Interest should be charged at the rate prescribed by Government for any particular loan or for the class of loans concerned.

(2) A loan bears interest for the day of advance, but not for the day of repayment. Interest for any shorter period than a complete half-year should be calculated as  $\frac{\text{Number of days} \times \text{yearly rate of interest}}{365}$ , unless any other method of calculation is prescribed in any particular case or class of cases.

### DEFAULTS IN PAYMENT.

244. (1) Any default in the payment of interest upon a loan or advance, or in the repayment of the principal, will be promptly reported by the Accountant-General to the authority which sanctioned the loan or the advance. On receipt of such a report, the authority concerned should immediately take steps to get the default remedied.

NOTE.—The responsibility of the Accountant-General under this rule refers only to the loans the detailed accounts for which are kept up by him. (See para. 247.)

(2) The authority which sanctions a loan may, in so far as the law allows, enforce a penal rate of compound interest upon all overdue instalments of interest or principal and interest. If a penal rate is enforced, it should not, except under special orders of Government, be less than 8 per cent. per annum.

### IRRECOVERABLE LOANS AND ADVANCES.

245. A competent authority may remit or write off any loans or advances owing to their irrecoverability or otherwise. (See paragraph 47.)

246. In respect of Revenue and other advances, for the detailed control, accounting and supervision of which departmental officers are responsible, it is the duty of the departmental authorities concerned, as soon as any such advance is ascertained to be irrecoverable, to take the necessary steps to get it written off the accounts under the sanction of competent authority, and to advise the Accountant-General, in order that he may make the necessary adjustment in the accounts. Irrecoverable advances written off should nevertheless be registered by the Departmental authorities in a separate account or record, in order that any possible eventual recovery may be made.

### ACCOUNTS AND CONTROL.

247. Subject to such general or specific directions as may be given by the Auditor-General in this behalf, detailed accounts of individual loans and advances other than those mentioned below will be maintained by the Accountant-General who will watch their recovery and see that the conditions attached to each loan or advance are fulfilled.

In the case of Revenue and other advances mentioned in Rules 664 and 668 of the Treasury Rules, the responsibility for supervision, accounting and control devolves upon the departmental authorities and detailed rules and instructions governing them are contained in the departmental regulations.

### ANNUAL RETURNS.

248. Each Accountant-General will submit to Government an annual statement showing the details of outstanding loans and advances borne on his books under the head "Loans and Advances by the Central Government other than loans to Indian States". The statement will be submitted in Form G. F. R. 15 not later than the 30th September of the following year.

### III—LOANS AND ADVANCES TO GOVERNMENT SERVANTS.

#### GENERAL.

249. The rules in paragraph 254 to 271 do not ordinarily apply to Government servants who are not in permanent Government employ. As the pay of such persons does not constitute adequate security for a loan, advances should not ordinarily be granted to them. In special cases, however, if the circumstances admit of the provision of adequate security, advances may be granted in accordance with the terms of these rules to officiating or temporary Government servants without any substantive appointment under general or special sanction of the Finance Department.

250. It is not permissible to sanction a loan or advance to a Government servant which involves a breach of any of the basic principles laid down in paragraph 10. In any case in which a cash grant would be within the powers of sanction of a particular authority, the grant of an advance not exceeding the cash grant will not require the sanction of a higher authority.

251. Simple interest at the rate fixed by Government for the purpose should be charged on advances granted to Government servants for the purchase of conveyances under paragraph 256 to 263 and for passages the grant of which is regulated by the rules in paragraph 264. The interest should be calculated on balances outstanding on the last day of each month.

NOTE 1.—In cases, where pay bills for a month are disbursed before the end of the month, an instalment in repayment of an advance received through the pay bill will be taken as having been refunded on the 1st of the following month, the normal date for the disbursement of pay.

NOTE 2.—If in any particular case any advance is drawn in more than one instalment, the rate of interest recoverable should be determined with reference to the date on which the first instalment is drawn.

252. All advances are subject to adjustment by the Government servants receiving them in accordance with the rules applicable to each case. When an advance is adjustable by recovery, the amount to be recovered monthly should not be affected by the fact of the borrowing Government servant going on leave of any kind with leave salary or his drawing subsistence grant. The sanctioning authority may in exceptional cases order a reduction in the amount of the monthly instalment, provided that in the case of interest-bearing advances to Government servants, the whole amount due should be completely recovered within the period originally fixed.

253. In the case of interest-bearing advances to Government servants, an authority empowered to deal with an application for an advance should not issue an order of sanction until the Accountant-General has certified that funds are available in the year in which the payment of the advance will be made.

#### INTEREST-BEARING ADVANCES—ADVANCES FOR THE PURCHASE OF CONVEYANCES.

##### GENERAL RESTRICTIONS.

254. Government servants whose pay is not more than Rs. 1,000 a month may be granted advances under the provisions of the following rules to purchase conveyances (including animals) which they are required under explicit orders of Government to maintain as a condition of their service or of holding any particular post to which they may be appointed, provided that in the case of the purchase of bicycles, an advance may be granted if

in the opinion of the sanctioning authority the possession of a bicycle will add to the efficiency of the Government servant concerned.

255. The powers of competent authority under rules in paragraphs 256 to 263 may be exercised by Heads of Local Administrations, Departments of the Central Government and heads of departments in the case of officers serving under them.

### **ADVANCES FOR THE PURCHASE OF A MOTOR CAR OR A MOTOR BOAT.**

256. Subject to the general provisions of paragraph 254 above, a competent authority may sanction an advance to a Government servant for the purchase of a motor car or a motor boat, provided that the following conditions are fulfilled.

(i) The total amount to be advanced to a Government servant should not exceed four months' pay, or the anticipated price of the car or boat, whichever is less. If the actual price paid is less than the advance taken, the balance must be forthwith refunded to Government.

NOTE 1.—For the purposes of an advance drawn in England in respect of a motor car, "actual price" may also include, in cases in which the advance drawn included estimates of these charges, the amount of freight actually paid on the car up to an Indian port, the cost of its insurance during the voyage and the customs duty paid in India.

NOTE 2.—The grant of an advance under this rule to a Government servant who proceeds on deputation out of India and desires a motor car for use during the deputation is not admissible.

(ii) A Government servant who is on leave or is about to proceed on leave and for whom an advance has been approved will not be allowed to draw the advance earlier than a week before the expiry of the leave; but a Government servant who is on leave elsewhere than in India, Burma, Nepal, Ceylon and Aden or is about to proceed on such leave, may be allowed to take it from the High Commissioner for India six weeks before his departure for India.

(iii) A Government servant taking an advance from the High Commissioner for India for the purchase of a motor car under sub-clause (ii), may include in the amount of the advance required, charges separately estimated on account of freight on the motor car to an Indian port and of the customs duty thereon payable in India, as also the cost of its insurance during the voyage. In the case of a Government servant who purchases a car in Europe prior to six weeks of his departure back to India no advance will be allowed to be drawn in England, but on bringing the car into India such a Government servant may apply for an advance to cover the price of the car as valued on landing in India for customs purposes (which will include the freight), and the cost of insurance, plus the customs duty paid on the car. The customs receipt should be produced in both cases.

(iv) Recovery will be made by deducting monthly instalments equal to one-thirtysixth part of the advance from the pay bill of the Government servant concerned. It will commence with the first issue of pay after the advance is drawn. The authority sanctioning an advance may, however, permit recovery to be made in a smaller number of instalments if the Government servant receiving the advance so desires. The amount of interest calculated in accordance with paragraph 251 will be recovered in one or more instalments, each such instalment being not appreciably greater than the instalments by which the principal was recovered. The recovery of interest will commence from the month following that in which the repayment of the principal has been completed.

NOTE.—The amount of the advance to be recovered monthly should be fixed in whole rupees, except in the case of the last instalment when the remaining balance including any fraction of a rupee should be recovered.

(v) Except when a Government servant proceeds on leave not being leave on average pay not exceeding four months (or privilege leave, earned leave not exceeding 90 days or any other leave which is treated as equivalent to leave on average pay not exceeding four months), or retires from the service, or is transferred to an appointment the duties of which do not render the possession of a motor car or motor boat necessary, previous sanction of competent authority is necessary to the sale by him of a car or a boat purchased with the aid of an advance which, with interest accrued, has not been fully repaid. If a Government servant wishes to transfer such a car or boat to another Government servant who performs the duties of a kind that renders the possession of the conveyance necessary, he may be permitted under orders of competent authority to transfer the liability attaching to the car or boat to the latter Government servant, provided that he records a declaration that he is aware that the conveyance transferred to him remains subject to the mortgage bond and that he is bound by its terms and provisions.

(vi) In all cases in which a car or a boat is sold before the advance received for its purchase from Government with interest has been fully repaid, the sale-proceeds must be applied, so far as may be necessary, towards the repayment of such outstanding balance, provided that when the car or boat is sold only in order that another car or boat may be purchased, the authority sanctioning the sale may permit a Government servant to apply the sale-proceeds towards such purchase, subject to the following conditions:—

- (1) the amount outstanding shall not be permitted to exceed the cost of the new car or boat ;
- (2) the amount outstanding shall continue to be repaid at the rate previously fixed ; and
- (3) the new car or boat must be insured and mortgaged to Government as required by these rules.

257. A Government servant who draws an advance in India for the purchase of a motor car or a motor boat is expected to complete his negotiations for the purchase of, and pay finally for the car or boat, within one month of the date on which he draws the advance ; failing such completion and payment, the full amount of the advance drawn, with interest thereon for one month, must be refunded to Government. This condition should always be mentioned in letters sanctioning such advances.

258. (1) At the time of drawing the advance the Government servant should be required to execute an agreement in Form G. F. R. 16 and, on completing the purchase, he should further be required to execute a mortgage bond in Form G. F. R. 17 hypothecating the car or the boat to the Governor-General as security for the advance. The cost price of the car or the boat should be entered in the schedule of specifications attached to the mortgage bond.

(2) In the case of advances drawn in England, a similar agreement and a personal security bond in the prescribed form will be executed at the time of drawing the advance and at the time of purchase respectively.

259. When an advance is drawn, the sanctioning authority should furnish to the Accountant-General a certificate that the Agreement in Form G. F. R. 16 has been signed by the Government servant drawing the advance

and that it has been examined and found to be in order. The sanctioning authority should see that the conveyance is purchased within one month from the date on which the advance is drawn and should submit every mortgage bond promptly to the Accountant-General for examination before final record.

The mortgage bonds should be kept in the safe custody of the sanctioning authority. When the advance has been fully repaid, the bond should be returned to the Government servant concerned, duly cancelled, after obtaining a certificate from the Accountant-General as to the complete repayment of the advance and interest.

260. (1) The car or boat must be insured against full loss by fire, theft or accident. Insurance on ownerdriven or other similar qualified terms is not sufficient for the purpose of this rule. Insurance policies at a reduced rate of premium may, however, be accepted as adequate in the case of motor cars where—

(i) the owner of the car undertakes to meet the first Rs. 50 or so of a claim preferred against an Insurance Company in the event of an accident, or

(ii) the car is not insured against accident for any season of the year during which it is not in use but is stored in a garage, *e.g.*, during the summer when the Government of India is in Simla.

(2) Such insurance should be effected within one month from the date of purchase of the conveyance. A Government servant drawing a similar advance in England should be required to effect insurance within one month of his arrival in India, unless an insurance policy is already in existence.

(3) On receipt of the certificate prescribed in paragraph 259, the Accountant-General will obtain from the Government servant drawing the advance, a letter in Form G. F. R. 18 to the Motor Insurance Company with which the motor car or boat is insured to notify to them the fact that Government is interested in the insurance policy secured. He will himself forward the letter to the Company and obtain their acknowledgment. In the case of insurances effected on annual basis, this process should be repeated every year until the advance has been fully repaid to Government.

(4) Contravention of these orders will render the Government servant liable to refund the whole of the amount advanced with interest accrued, unless good reason is shown to the contrary. The amount for which the conveyance is insured during any period should not be less than the outstanding balance of the advance with interest accrued at the beginning of that period and the insurance should be renewed from time to time until the amount due is completely repaid. If, at any time and for any reason, the amount insured under a current policy is less than the outstanding balance of the advance, including interest already accrued, the Government servant should refund the difference to Government. The amount to be refunded must be recovered in not more than three monthly instalments.

261. Advances to Government servants in foreign employ should be granted from the funds of the foreign employer, and when the latter desires to make such an advance, he should apply to Government for the necessary sanction. If the sanction is accorded, it will be subject to the proviso that the advance by the foreign employer shall be regulated by the same conditions as would apply if the Government servant were serving directly under Government. In special cases, however, where a Government servant's services have been lent to a Municipality whose financial position will not permit of the advance, the advance may, under special orders of Government, be met from Government funds.

### ADVANCES FOR THE PURCHASE OF MOTOR CYCLES.

262. A competent authority may sanction an advance to a Government servant for the purchase of motor cycle subject *mutatis mutandis* to the conditions laid down in paras. 256 to 261, provided that the amount of the advance does not exceed Rs. 2,000 or the anticipated price of the cycle, whichever is less.

### ADVANCES FOR OTHER CONVEYANCES

263. Subject as provided in para. 254, a competent authority may sanction an advance to a Government servant not holding a post which would ordinarily be held by a member of an All-India Service or Central Service, Class I, for the purchase of means of conveyance other than a motor car, a motor boat or a motor cycle, provided that the following conditions are fulfilled:—

(i) The total amount to be advanced to a Government servant should not exceed two months' pay or Rs. 250, whichever is greater, and should be limited to the anticipated price of the conveyance to be purchased. If the actual price paid is less than the advance taken, the balance should forthwith be refunded to Government.

NOTE.—In the case of purchase of bicycles the amount of the advance will be restricted to such special limit as may be imposed by general or special orders of Government.

(ii) A Government servant who takes an advance under this rule should, within one month after drawing the advance, furnish the head of the office with a certificate giving full particulars of the conveyance purchased with the advance and the cash receipt obtained for the amount actually paid for it.

(iii) Recovery will be made, unless the sanctioning authority otherwise specially directs, by deducting monthly instalments equal to one-twelfth part of the advance from the pay bill of the Government servant concerned. It will commence with the first issue of pay after the advance is drawn. The amount of interest calculated in accordance with paragraph 251 will be recovered as laid down in clause (iv) of paragraph 256.

The provisions of the Note below Clause (iv) of paragraph 256 apply *mutatis mutandis* to the recovery of advances granted under this rule.

NOTE.—Heads of departments are empowered to extend up to a maximum of twenty-four, the number of instalments in which an advance granted for the purchase of a bicycle should be repaid to Government.

(iv) The conveyance purchased with the advance will be considered to be the property of Government until the advance with interest accrued thereon has been fully repaid.

### PASSAGE ADVANCES.

264. Special rules for the grant of advances of pay for passages overseas of certain Government servants of non-Asiatic domicile and their families are laid down in Appendix 13.

NOTE.—Special passage advances made in England by the High Commissioner for India at his discretion to enable Government servants to return to duty should be recovered in 36 monthly instalments and bear interest at the rate fixed by Government. (See para. 251.)

### INTEREST-FREE ADVANCES—ADVANCES TO GOVERNMENT SERVANTS ON TRANSFER, TOUR, ETC.

#### ADVANCES ON TRANSFER.

265. Advances may be made to a Government servant under orders of transfer, up to an amount not exceeding one month's substantive pay plus

the travelling allowance to which he may be entitled under the rules in consequence of the transfer. Such advances may be sanctioned by the head of the office or by any other subordinate officer to whom the power may be delegated.

The advances should be recorded on the Government servant's last pay certificate. The advance of pay should be recovered from the pay of the Government servant in not more than three monthly instalments, the recovery commencing from the month in which the Government servant concerned draws a full month's pay or/and leave salary on joining his new appointment. The advance of travelling allowance should be recovered in full on submission of the Government servant's travelling allowance bill.

**NOTE 1.**—Authorities competent to sanction advances under this rule may sanction such advances for themselves also.

**NOTE 2.**—An advance under this rule is also admissible to a Government servant who receives orders of transfer during leave.

**NOTE 3.**—This rule does not preclude the grant of a second advance to a Government servant to cover the travelling expenses of any member of his family who follows him within six months from the date of his transfer and in respect of whom an advance of travelling allowance has not already been drawn.

**NOTE 4.**—When a single lump sum advance is drawn to cover the travelling expenses both of the Government servant himself and of his family, it may be adjusted by the submission of more than one bill if it so happens that the members of the Government servant's family do not actually make or complete the journey with him. In such a case the Government servant should certify on each adjustment bill submitted by him that a further bill in respect of travelling allowance of the members of his family (to be specified) who have not yet completed the journey will be submitted in due course and is expected to include an amount not less than the balance of the advance left unadjusted in this bill.

**NOTE 5.**—The advance of pay under this rule may be allowed to be drawn at the new station soon after the arrival of the Government servant there on production of the last-pay certificate showing that no advance was drawn at the old station.

**NOTE 6.**—The amount of the advance to be recovered monthly should be fixed in whole rupees, the balance being recovered in the last instalment.

**NOTE 7.**—Advances to Government servants moving between New Delhi and Simla with the headquarters of the Government of India will be regulated by special rules laid down in the Simla Allowances Code.

### **ADVANCES ON ARRIVAL IN INDIA ON FIRST APPOINTMENT OR ON RETURN FROM LEAVE OR DEPUTATION OUT OF INDIA.**

**266.** Advances may be granted to a Government servant not subject to Military rules—

(i) on arrival in India on first appointment, of an amount not exceeding two months' substantive pay less the amount of any advance made in England.

**NOTE.**—When a Government servant on arrival in India asks for an advance and produces no last-pay certificate, an advance may be granted by the Accountant-General concerned, on the Government servant furnishing a declaration that he has not received any advance in England.

(ii) On return from leave or deputation elsewhere than in India, Ceylon, Nepal, Burma, and Aden of an amount not exceeding two months' substantive pay or Rs. 1,000, whichever is less, in addition to any advance made in England, provided that the leave was not leave on average pay not exceeding four months or any other leave equivalent thereto [See paragraph 256 (v)] and that no advance has been drawn under paragraph 265.

**267.** These advances may be drawn on the authority of the Accountant-General from any treasury specified by him. Such advances, as well as similar advances made in England, are recoverable by monthly instalments of one-third of pay fixed in whole rupees.

**NOTE 1.**—The recovery of an advance made under the Military Leave Rules to a Military officer in Civil employ subject to the Military Leave Rules is regulated by those rules.

**NOTE 2.**—Advances made to covenanted Mechanics, Boiler-makers, etc. of the State Railway Establishments, should be recovered in monthly instalments of one sixth of pay fixed in whole rupees. In the case of covenanted Engine Drivers of the State Railway Establishment, the recovery should be made in such a manner as will ensure their receiving in any month not less than Rs. 25 exclusive of overtime or other allowances.

### **ADVANCES TO SURVEY OFFICERS TO JOIN FIRST APPOINTMENT.**

**268.** Advances may be made to a Survey Officer to enable him to join his first appointment, on the requisition of the Surveyor-General. The requisition and the Government servant's receipt must be submitted in support of the charge.

### **ADVANCES FOR JOURNEYS ON TOUR.**

**269.** Advances may be made under the rules specified below:—

(i) To a Government servant, other than an inspecting officer, for himself or an Assistant or Deputy, proceeding on tour, up to an amount sufficient to cover for a month his contingent charges, such as those for the hire of conveyances or animals for the carriage of records, tents or other Government property, subject to adjustment upon the Government servant's return to headquarters or 31st March, whichever is earlier.

**NOTE.**—Advances under this sub-clause may be granted by heads of offices but they should not be applied to the expenditure of any Gazetted Government servant, except that of a Government servant of the Forest Department, which is meant to be covered by his travelling allowance.

(ii) To non-gazetted Government servants or inferior servants accompanying officers on tour or proceeding on inspection or other special work, by the head of their office, of an amount sufficient to cover their personal travelling expenses for a month, subject to adjustment on return to headquarters or 31st March, whichever is earlier.

(iii) To Gazetted Government servants, when proceeding on long and expensive tours, of an amount sufficient to cover their personal travelling expenses for a month, subject to adjustment on completion of their tours or on 31st March, whichever is earlier. Such advances are not to be granted as a matter of course, but only on occasions when the cost of travelling is so heavy as to be a serious tax on a Government servant's private resources.

**NOTE.**—Advances under this sub-clause may be granted by heads of departments who may exercise the power for sanctioning advances for themselves as well.

(iv) To Government servants of the Archæological Department, by the head of an office of that Department subject to the conditions prescribed in sub-clause (iii) above. In cases of urgency such advances may be paid from the permanent advance of the head of the office.

**NOTE 1.**—A second advance cannot be made to a Government servant under this rule until an account has been given of the first.

A Government servant who has taken an advance under this rule for any particular journey may not take payment on travelling allowance or other bills drawn in respect of the same journey while the advance or any portion of it still remains unadjusted.

**NOTE 2.**—Subject to the restrictions specified above, advances under this rule may be granted in all cases of journeys in respect of which travelling allowance is admissible as for a journey on tour.

### **OTHER ADVANCES.**

**270.** Advances may be granted—

(i) by the Collector to a Treasury Officer or District Superintendent of Police for expenses connected with a remittance of treasure, to be adjusted when the duty is completed;

(ii) by the head of an office, for law-suits to which Government is a party ;

(iii) by the Director-General of Archæology to officers of the Archæological Survey for the purchase of antiquities up to a maximum of Rs. 500 in one case ; and

(iv) by the Surveyor-General to Government servants of the Provincial and Upper Subordinate Services of the Survey of India, of an amount not exceeding Rs. 300 towards the cost of purchasing riding horses or riding camels, on condition that the advances are refunded in the pay bills of the Government servants in three monthly instalments in the case of those belonging to the Provincial Service and in six monthly instalments in the case of Upper Subordinates.

NOTE.—The advances mentioned in para. 269 and clauses (ii) to (iv) of this para. are treated as final charges, not as advances recoverable, and are to be drawn and accounted for as travelling expenses or contingent charges of establishments.

### ADVANCES FOR ANTI-RABIC TREATMENT.

271. Advances to Government servants and others proceeding to a Pasteur Institute or Centre for anti-rabic treatment should be regulated by the rules contained in Appendix 14.

### SPECIAL ADVANCES.

272. Interest-free advances to Government officers and others for special departmental purposes will be regulated by special orders issued by Government or by the Heads of Local Administrations, as the case may be, in each case.

NOTE.—Superintending Engineers may sanction advances to Engineering subordinates for the purchase of a tent on the first occasion of their requiring one. Such an advance should be limited to a reasonable amount and recovered in twelve equal monthly deductions from pay commencing three months after the date of the advance.

## CHAPTER 14—MISCELLANEOUS SUBJECTS.

### I—SECURITY DEPOSITS.

273. Rules regarding the security of Treasurers in district treasuries and the form of security bond to be executed by Treasurers are given in Treasury Rules 55 and 56. The following instructions apply generally to securities to be taken from other officials entrusted with the custody of cash or stores.

274. Subject to any special rule or order made by Government in this behalf every cashier, storekeeper and other subordinate who is entrusted with the custody of cash or stores should be required to furnish security, the amount being regulated according to circumstances and to local conditions in each case under the sanction of competent authority, and to execute a security bond setting forth the conditions under which Government will hold the security and may ultimately refund or appropriate it.

275. When an officer who has furnished security takes regular leave or is deputed to other duty, the officer who is appointed to officiate for him should be required to furnish the full amount of security prescribed for the post, unless a competent authority has authorised a relaxation of the rules regarding security applicable to his case.

276. Whenever a private person or firm contracts with Government to supply stores or execute a work, he or it should, unless exempted by competent authority, be required to give security for the due fulfilment of the contract and suitable provisions regarding the security should be incorporated in the agreement.

277. The security taken from a Government officer or a contractor should be in one of the following forms subject to the conditions noted against each, or partly in one and partly in another of these forms when this is specially permitted by the departmental authority authorised to accept the security:—

Forms.	Conditions.
(i) Cash ... ..	Government will not pay any interest on any deposit held in the form of cash.
(ii) Government promissory notes, Municipal debentures or Port Trust bonds.	These securities should be accepted at 5 per cent, below the market price, or at the face value, <i>whichever is less</i> , and should be dealt with in accordance with the rules in Chapter IX of the Government Securities Manual.
(iii) Post Office Savings Bank Pass Books.	A pass book for a deposit made under the Post Office Savings Bank Rules may be accepted as security, provided that the depositor has signed and delivered to the Postmaster a letter in the prescribed form as required by those rules.
(iv) Post Office Cash Certificates, Defence Saving Certificates and National Savings Certificates.	The certificates should be formally transferred to the departmental authority which takes the deposit with the sanction of the Head Postmaster and should be accepted at their surrender value at the time of tender.
(v) Deposit receipts of recognised banks approved by Government for the purpose.	<p>(1) The deposit receipt should be made out in the name of the pledgee or, if it is made out in the name of the pledger, the bank should certify on it that the deposit can be withdrawn only on the demand or with the sanction of the pledgee.</p> <p>(2) The depositor should agree in writing to undertake any risks involved in the investment.</p> <p>(3) The bank should agree that, on receiving a signed treasury chalan and a withdrawal order from the pledgee in respect of the deposit or any part thereof, it will at once remit the amount specified into the nearest treasury along with the chalan and send the treasury receipt to the pledgee.</p> <p>(4) The responsibility of the pledgee in connection with the deposit and the interest on it will cease when he issues a final withdrawal order to the depositor and sends an intimation to the bank that he has done so.</p>
(vi) Fidelity bonds from Insurance Companies of reasonable financial standing in forms prescribed by Government.	A fidelity bond may be accepted as security from a Government officer but not from a private party.
(vii) Other forms of security specifically approved by Government for acceptance in any particular department, e.g., mortgages on real property, personal security, etc.	Security in any such form may be accepted only in accordance with the rules and conditions laid down in the relevant departmental regulations or by special orders of Government.

278. Security furnished in cash by a Government officer or a contractor may be converted, at the cost of the depositor, into any of the interest-bearing forms of security mentioned in items (ii) to (v) of the preceding para., provided—

(i) that the depositor has expressly requested in writing that this be done, and

(ii) that the acceptance of the new form or forms of security is permissible under the rules and under the terms of the agreement or bond.

**NOTE 1.**—Cash actually received or recovered may be converted into an interest-bearing form of security even when it forms part of a deposit which is being paid in instalments and has not yet been realised in full.

**NOTE 2.**—Percentage deductions made from a contractor's bills held as security for the due fulfilment of a contract should not be converted into any other form of security unless there is special rule or order for such conversion.

**279.** When a Government servant has furnished security in the form of a fidelity bond, the departmental authority receiving the bond should see that the Government servant pays the premia necessary to keep it alive on the due dates and continues to do so until a period of six months has elapsed since he vacated his office. If the Government servant fails to deliver the premium receipt to the departmental authority in time, he should be removed from his post at once.

**280.** Subject to any rule or order made by Government in this behalf the form of the security bond to be executed at the time of furnishing security should be determined under orders of the head of the department according to the kind of security furnished. When a Government officer is specially permitted to furnish security partly in one and partly in another of the forms of security specified in para. 277, he should execute separate bonds for the different kinds of security.

**NOTE.**—The model form of security bond to be taken from Treasurers in district treasuries is given in Form T.R. 2.

**281.** (1) Post Office Savings Bank pass books, deposit receipts of banks, fidelity bonds and security bonds or agreements should be kept in the safe custody of the departmental authority which takes the security.

**NOTE 1.**—All the Post Office Savings Bank pass books should be sent to the Post Office as soon as possible after the 15th June of each year, so that the necessary entries on account of interest may be made in them.

In the case of deposit receipts of banks, the depositor should receive the interest, when due, direct from the bank on a letter from the pledgee authorising the bank to pay it to him.

**NOTE 2.**—The security bonds of Government officers employed in treasuries should be kept in a locked box in the double-lock strong room of the district treasury. The Treasury Officer will be responsible for the safe custody of the bonds and should keep the key of the box in his personal custody.

(2) Government promissory notes, Post Office Cash Certificates and Defence Savings or National Savings Certificates, Municipal debentures and Port Trust bonds deposited as security should be lodged for safe custody with the Manager of the Reserve Bank at places where there are offices of that Bank and with the district treasury in other places in accordance with the rules in Chapter IX of the Government Securities Manual.

**282.** A security deposit taken from a Government officer should be retained for at least six months from the date when he vacates his post, but a security bond should be retained permanently or until it is certain that there is no further necessity for keeping it.

**283.** Without the special orders of the competent authority no security deposit should be repaid or re-transferred to the depositor, or otherwise disposed of, except in accordance with the terms of his security bond or agreement. A departmental authority on returning any security to the depositor should invariably obtain his acknowledgment duly signed and witnessed. When an interest-bearing security is returned or re-transferred, the acknowledgment should set forth full particulars of the security.

**284.** The percentage deductions from bills held as security in connection with contracts to execute works should not be refunded till the final bill has been prepared and passed.

285. Subject to any special rule or order made by Government in this behalf, Heads of Local Administrations are authorised to exercise full powers under the provisions of paras. 274 to 283 as regards security deposits of Government officers and others employed under them.

## II—TRANSFER OF GOVERNMENT LAND AND BUILDINGS.

286. Except as expressly provided otherwise in any rule or order made by Government, no land belonging to Government may be sold or made over to a local authority, private party or institution for public, religious, educational or any other purpose, except with the previous sanction of Government.

287. (1) When any land or building is transferred from one department of Government to another, the transfer should be free of all charge. When, however, the property is transferred to or from a commercial department (other than the Railway Department) or the Defence Department, the transfer will be effected on the following basis:—

(A) In the case of transfers to or from a commercial department (other than the Railway Department):—

- (i) no charge where the property is borne in the books at no value, and
- (ii) book value or market value, whichever is less, where the property is valued in the books.

(B) In the case of transfers to or from the Defence Department:—

- (i) half market value where the property is borne on the books at no value, and
- (ii) book value or market value, whichever is less, subject to a minimum of half market value, where the property is valued in the books.

(2) In the case of transfers to and from the Railway Department, the full market value will be charged in each case.

NOTE.—For the definition of the term “Market Value”, see para. 2 of Appendix 15.

(3) In the case of transfer of landing grounds in Army or Royal Air Force charge to the Civil Aviation Department, the arrangement stated in sub-para. (1) will be the basis of settlement, but every case will be treated on its merits and the amount of compensation to be paid to the Defence Department will be settled by negotiation between the two departments, and in no case will the compensation to be paid exceed that which should be payable under the arrangement prescribed in sub-para. (1).

(4) If any dispute arises in the application of this rule, the matter should be referred to the Finance Department.

(5) The transfer of land and buildings between the Central and Provincial Governments is regulated by the provisions of sections 127, 172 and 175 of the Act and subsidiary instructions issued by the Central Government which are reproduced as Appendix 15.

## III—INSURANCE OF GOVERNMENT PROPERTY.

288. The normal policy of Government is not to insure its properties and no expenditure should be incurred without the prior consent of the Finance Department on the insurance of any Government property.

## IV—CHARITABLE ENDOWMENTS AND OTHER TRUSTS.

289. Detailed instructions relating to Charitable Endowments and other Trusts are embodied in Appendix 16.

V—CONTRIBUTIONS UNDER THE BRITISH NATIONAL HEALTH INSURANCE AND WIDOWS', ORPHANS' AND OLD AGE CONTRIBUTORY PENSIONS ACTS, ETC.

**NATIONAL HEALTH INSURANCE CONTRIBUTIONS.**

290. The National Health Insurance contribution of 3*d.* per week per man is payable by Government on behalf of all British soldiers employed in India and an annual payment is made by the India Office at 13*s.* per head, on the basis of the average monthly strength of British soldiers in India. The total amount paid by the India Office is charged in the Home accounts to Defence Services. The contribution in respect of soldiers employed extra regimentally in departments other than the Defence Department are credited in India to the Defence Department as described in the following paras.

NOTE.—The term "British soldiers" includes warrant and non-commissioned officers and men employed extra regimentally in a civil or other department in India.

291. The officer who draws the pay of a British soldier employed extra regimentally should attach a statement to the pay bill showing the name of the contributor, the period for which the contribution should be adjusted, and the amount of the contribution.

292. The amount of contribution should be calculated as follows:—

3*d.* multiplied by the number of Mondays in each month. When pay is drawn for any portion of a week (commencing Monday) the contribution is to be adjusted in full. No contribution is adjustable for any week (commencing Monday) for which no pay is drawn.

293. The Accounts Officer concerned will adjust the contributions for the month to the credit of the nearest Controller of Military Accounts by debit to the department in which the soldier is employed. Sterling amounts of the contribution will be converted into Indian Currency at the rate of 1*s.* 6*d.* the rupee.

**WIDOWS', ORPHANS' AND OLD AGE CONTRIBUTORY PENSIONS.**

294. The rules relating to Widows', Orphans' and Old Age Contributory Pensions are contained in the Widows', Orphans' and Old Age Contributory Pensions Act, 1925, as amended by the National Health Insurance and Contributory Pensions Act, 1935, and the Old Age and Widows' Pensions Act, 1940. The Act applies to all British soldiers serving in India (including Warrant Officer, Non-Commissioned Officers and men of the India Unattached List, and Warrant Officers, Non-Commissioned Officers and men extra regimentally employed in civil departments).

295. Under the provisions of the Act a contribution of 1*s.* 1*d.* per week is payable to the Ministry of Health in respect of each individual. In the case of a soldier, 61/2*d.* per week is to be borne by the Government and the remaining 61/2*d.* by the man. Recovery from the pay of a British soldier serving in India should be at the rate of 61/2 annas for each week for the whole or any part of which he is credited with pay. For the purpose of this contribution each week should commence on Monday. Recovery of the contribution for the voyage periods of a British soldier proceeding to the Indian establishment should be effected by the authorities in India with effect from the first Monday after the date up to which the soldier has been last paid in the United Kingdom. The total of the weekly recoveries at the end of each month should be rounded off to the anna next above.

• These recoveries will be made for complete weeks only (*i.e.*, for each Monday for which pay is drawn) and be credited finally in India as deductions from pay, the amount due to the Ministry of Health under the

operation of the above Act being paid by the India Office on the basis of the average strength of British soldiers in India and charged in the Home accounts to the Defence Services.

**NOTE.**—The extent to which and the conditions under which the War Department accepts liability for a part of the contribution in respect of men of the Army Reserve, Supplementary Reserve and Territorial Army during training are laid down in paragraph 4 of Appendix XXVI, King's Regulations Financial Instructions (Home) and the Pay Duties Manual.

**296.** The officer who draws the pay of a British soldier employed extra regimentally should attach a statement to the pay bill showing the name of the contributor, the period for which the contribution has been recovered and the amount of the contribution.

**NOTE.**—All last-pay certificates issued on transfer of soldiers should show the month or week up to and for which the contribution has been recovered.

**297.** The Accounts Officer concerned will adjust the contributions for the month to the credit of the nearest Controller of Military Accounts by debit to the department in which the soldier is employed.

#### **VOLUNTARY INSURANCE UNDER THE NATIONAL HEALTH INSURANCE AND WIDOWS', ORPHANS' AND OLD AGE CONTRIBUTORY PENSIONS ACTS.**

**298.** (1) Personnel of the Subordinate and Mechanic class recruited from the United Kingdom for service in India, who are already voluntary contributors or who are eligible for voluntary insurance, may, during their service in India, remain voluntary contributors either for pension only throughout the period of such service or for the benefits under the combined National Health and Pensions Acts for a period not exceeding six years and thereafter for pensions only. The normal rates of voluntary contribution payable to the Ministry of Health in England under the combined National Health Insurance and Contributory Pension Scheme are 22*d.* a week where the income of the contributor is not over £250 a year and 19*d.* a week where the income is over £250 a year, while under the Contributory Pension Scheme only the rate is a week irrespective of the income of the contributor. The corresponding rates for female employees are 17*d.* and 14*d.* a week respectively under the Combined National Health Insurance and Contributory Pension Scheme and 8½*d.* a week under the Contributory Pension Scheme only. These payments are made to the Ministry of Health in England twice a year.

Government bears half the cost of the combined contribution under the National Health Insurance and Contributory Pension Scheme for the first five years of service and thereafter, half the contribution under the Contributory Pension Scheme only. The other half of the contributions, in both cases, is borne by the contributor himself.

**NOTE.**—In the case of an appointee who has been engaged for service in India for a definite period of less than five years with a prospect of being appointed to the permanent service at the end of such period, his or her claim to benefit under the National Health Insurance Act would not be admissible after that period has expired and contributions under the Combined National Health Insurance and Contributory Pensions Scheme should cease on confirmation in such service. Where, however, circumstances arise which render permanent retention impracticable and it is decided to extend the agreement for a further definite period, the employee will be entitled under the Acts to continue to contribute on the condition that contributions for Health Insurance are only payable during such definite extension if the effect thereof is that the employees' absence from Great Britain or Northern Ireland will not exceed six years from the date of his or her entry into the service under the original agreement.

(2) The scheme mentioned above does not apply to officers of Superior Services, provided that if a person who is engaged in insurable employment in the United Kingdom and has taken out a policy under the National

Health and Insurance Acts and the Widows', Orphans' and Old Age Contributory Pensions Acts, is recruited on contract in the United Kingdom for a post in the Superior Service in India under the Central Government and having established his eligibility to become a voluntary contributor, desires to keep the said policy alive at his own cost and responsibility, provision should be made in the agreement that if he is not retained in service after the termination of his probationary period, or if his service is terminated between the end of the probationary period and the end of the sixth year of service, either through death or through no fault of his own, Government will re-imburse him or his estate with half the premia paid by him during his service with Government.

## VI—MISCELLANEOUS.

### PAYMENT OF ARREAR CLAIMS TO PERSONS NOT IN GOVERNMENT SERVICE.

299. (1) The provisions of paras. 123 *et seq* apply *mutatis mutandis* to old claims preferred against Government by persons not in Government service.

(2) Claims of Government against Railways for overcharges and claims of Railways against Government for undercharges will be recognised and admitted, if they are preferred within six months—

- (i) in the case of cash payment—from the date of payment; and
- (ii) in the case of warrants and credit notes—from the date of presentation of bill by the Railway Administration.

*Explanation.* The terms "overcharges" and "undercharges" mean overcharges and undercharges of railway freight and fares only. They refer to shortages and excesses in the items included in a bill which has already been rendered. The omission of an item in a bill is not an "undercharge" nor is the erroneous inclusion of an item an "overcharge."

### SUPPLY OF FORMS.

300. The Manager of Forms Press, Calcutta, maintains stocks of the standard forms which are prescribed for use by Government offices, and which are to be printed and supplied by Government. Heads of offices and other Government officers should send their indents to him, subject to the observance of the procedure prescribed by the Controller of Printing and Stationery.

### DESTRUCTION OF OFFICIAL RECORDS CONNECTED WITH ACCOUNTS.

301. The general rules on the subject are contained in Appendix 17. Special rules applicable to particular departments are prescribed in the respective departmental manuals.

### SUPPLY OF FURNITURE IN RESIDENCES OF HIGH OFFICIALS.

302. The general rules on the subject are incorporated in Appendix 18.

### MAINTENANCE OF WAR GRAVES.

303. The Imperial War Graves Commission, London, have agreed to pay the following amount towards the maintenance of War Graves in India:—

- (a) War Graves of the Great War 1914—1918.
  - (i) Re. 1 per grave for Turkish graves,

- (ii) Rs. 2 per grave for graves situated West of the river Indus,
- (iii) Rs. 7 per grave for graves situated in Sewri Cemetery, Bombay,
- (iv) Rs. 3 per grave for all other graves, and
- (v) Re. 1 for each memorial stone to soldiers whose exact place of burial is not known.

(b) War Graves of the present War.

- (i) Rs. 2 per grave for those situated West of the river Indus,
- (ii) Rs. 7 per grave for those in Sewri Cemetery, Bombay, and
- (iii) Rs. 3 per grave for all other graves.

Expenditure incurred on the War Grave referred to at (b) above will be kept strictly separate from those at (a).

(2) No departmental charges will be levied on works carried out in connection with the maintenance of War graves.

NOTE.—A certificate that the War Graves, etc., were maintained during the period from \_\_\_\_\_ to \_\_\_\_\_ in accordance with the agreed condition has to be furnished by the Executive Engineer irrespective of the fact whether there has or has not been any expenditure during the period.

## CHAPTER 15—GOVERNMENT ACCOUNTS.

### I—GENERAL.

#### FORM OF ACCOUNTS.

304. The form in which and the general principles and methods according to which the accounts of Government should be kept have been prescribed by the Auditor General with the approval of the Governor General and the main directions in respect thereof are contained in Volume I of the Account Code. Volumes II and III of that Code embody the directions of the Auditor General regarding the form of initial and subsidiary accounts to be kept in treasuries and by officers of the Public Works and the Forest Departments. Detailed rules and instructions relating to the forms of the initial and subsidiary accounts to be kept and rendered by officers of the Defence, Railways, Posts and Telegraphs and other technical departments whose accounts are not finally settled through the treasury accounts, are laid down in the local Account Manuals or in the departmental regulations relating to the departments concerned.

#### MAJOR, MINOR AND OTHER HEADS OF ACCOUNT.

305. The structure of the accounts consists mainly of the following divisions:—

- (a) Major heads.
- (b) Minor heads.
- (c) Sub-heads and other units of appropriation (for heads of expenditure only).
- (d) Detailed heads.

Intermediate heads of account known as sub-major heads are sometimes introduced between a major head and a minor head under it when the minor heads are numerous and can conveniently be grouped together under such intermediate heads. In similar circumstances minor heads are divided into sub-heads (group heads).

306. A list of authorised major and minor heads of account is given in Appendix 2 to the Account Code, Vol. I. The introduction of any new major or minor head as well as the abolition or change of nomenclature of any of the existing heads requires the approval of the Auditor General, who will obtain the approval of the Governor General, where necessary.

The opening of a new sub-head or a detailed head in the Demands for Grants will be sanctioned by the Finance Department according to administrative requirements after consultation, if necessary, with the Auditor General. As regards heads of expenditure, the sub-divisions of minor heads will follow as far as possible the sub-heads and other units of appropriation selected by the Finance Department for Demands for Grants and Appropriation Accounts.

307. In the matter of accounting and for control of expenditure, the nomenclature of the budget *cum* accounts heads should be strictly followed by departmental officers. Whenever provision made in the budget estimates or in any order of appropriation does not conform to the prescribed head or unit, the corresponding receipt or expenditure should be accounted for against the particular head or unit, under which the provision has been made or the appropriation has been communicated by competent authority, unless there be strong reasons for a contrary course, *e.g.*, when such accounting would be contrary to law. All such cases should be brought to the notice of the Finance Department, so that in the estimates of the following year the error may be rectified, unless the Finance Department agrees to give effect to the correct classification in the accounts of the current year because of the magnitude of the amounts involved, or because the misclassification affects the accounts of commercial departments or allocation between Capital and Revenue heads.

NOTE.—This rule does not, however, apply to Railways, in which case correct classification should be followed in accounts, irrespective of whether the provision in the budget has been made under the correct head or not.

308. Changes in nomenclature of account or budget heads or in the classification of receipts or expenditure will not be introduced in the course of a financial year except under special orders of Government.

### RESPONSIBILITY OF DEPARTMENTAL OFFICERS.

309. Every officer responsible for the collection of Government dues or expenditure of Government money should see that proper accounts are maintained in such form as may have been prescribed for all financial transactions of Government with which he is concerned and render accurately and promptly all such accounts and returns relating to them as may be required by Government, the Accountant General or the controlling authority concerned. It is essential that all accounts should be so kept and the details so fully recorded and that the initial records of payments, measurement and transactions in general are so clear, explicit and self-contained as to be produceable where necessary as satisfactory and convincing evidence of facts.

NOTE 1.—The classification on bills should be recorded by the drawing officers. Similarly, the classification on shalans should be recorded by the officers responsible for the collection of Government dues and making the remittance to the treasuries. In cases of doubt, the classification in the accounts may at the outset follow the budget, but the matter should be referred to Government for orders in any case of doubt.

NOTE 2.—The responsibilities of disbursing officers, Controlling officers and heads of departments in regard to the control over expenditure incurred against the grants allotted to them are laid down in paras. 88 *et seq.* (See also Appendix 6 to the Central Public Works Account Code.)

## II—CAPITAL AND REVENUE ACCOUNTS.

### GENERAL RULES.

310. Expenditure of a capital nature is broadly defined as expenditure incurred with the object of either increasing concrete assets of a material and permanent character, or of extinguishing or reducing recurring liabilities, such as those for future pensions by payment of commuted value. Expenditure on a temporary asset cannot ordinarily be considered as expenditure of a capital nature.

311. Expenditure of a capital nature as defined above incurred upon a scheme or project may not, however, be classed as capital expenditure in the Government accounts unless the classification has been expressly authorised by general or special orders of Government. Ordinarily, such classification will not be permitted unless—

(i) it is essential for the exhibition of financial results of any special service or undertaking on the basis of generally accepted commercial principles, or in some other conventional manner, either that the cost of the service or undertaking may be ascertained or that the full implications of any policy may be clearly demonstrated ; or

(ii) the expenditure involved is so large that it cannot reasonably be met from ordinary revenues.

NOTE.—The term "ordinary revenues" is applied to revenues derived from taxes, duties, fees, fines and similar items of current Government income including extraordinary receipts, if any, as distinct from receipts that are of a capital, or debt, deposits and banking character.

312. When it has been decided by Government that the expenditure on a scheme for the creation of a new or additional asset should be classed as capital expenditure, and that separate capital and revenue accounts should be kept of such a scheme, the allocation of expenditure to capital and revenue should be determined in accordance with such detailed rules as may be prescribed by Government according to the circumstances of the department or undertaking in which the expenditure is incurred. The following are the main principles applicable to the treatment of the expenditure in the estimates and accounts:—

(i) Capital bears all charges for the first construction and equipment of a project as well as charges for intermediate maintenance of the work while not yet opened for service and bears also charges for such further additions and improvements as may be sanctioned under rules made by competent authority.

(ii) Subject to clause (iii), revenue should bear all subsequent charges for maintenance and all working expenses. These embrace all expenditure on the working and upkeep of the project and also on such renewals and replacements and such additions, improvements or extensions as under rules made by Government are debitable to the revenue account.

(iii) In the case of works of renewal and replacement, which partake both of a capital and revenue nature, the allocation of expenditure should be regulated by the broad principle that Revenue should pay or provide a fund for the adequate replacement of all wastage or depreciation of property originally provided out of capital grants and that only the cost of genuine improvements, whether determined by prescribed rules or formulæ, or under special orders of Government, may be debited to Capital. Where under special orders of Government a Depreciation or Renewals Reserve Fund is established for renewing assets of any commercial department or undertaking, the distribution of expenditure on renewals and replacements

between Capital and the Fund should be so regulated as to guard against overcapitalisation on the one hand and excessive withdrawals from the Fund on the other.

Expenditure on account of reparation of damage caused by extraordinary calamities, such as flood, fire, earthquake, enemy action, etc., should be charged to Capital, or to Revenue, or divided between them, in such way as may be determined by Government according to the circumstances of each case.

(iv) Capital receipts in so far as they relate to expenditure previously debited to Capital, accruing during the process of construction of a project should be utilised in reduction of capital expenditure. Thereafter their treatment in the accounts will depend on circumstances, but except under special rule or order of Government, they should never be credited to the ordinary revenue account of the department or undertaking.

313. Expenditure debitable to Capital will be booked under the appropriate capital head of accounts prescribed within or outside the revenue account, according as the funds required to meet such expenditure are provided from ordinary revenues or from other sources including borrowed money. As a general rule, the capital cost of all comparatively small schemes will be met from ordinary revenues. Borrowed money and other resources outside the revenue account will not ordinarily be spent for unproductive purposes unless the following conditions are fulfilled, *viz.*— firstly that the objects for which the money is wanted are so urgent and vital that the expenditure can be neither avoided, postponed nor distributed over a series of years, and secondly that the amount is too great to be met from ordinary revenues.

Except under special orders of Government, no expenditure previously met from ordinary revenue may be transferred to a capital head outside the revenue account.

NOTE.—A productive work is one which produces sufficient revenue to afford a surplus over the charges relevant to its functioning—See Appendix 2 to the Central Public Works Account Code.

#### INTEREST ON CAPITAL.

314. Except in special cases regulated by special orders of Government, interest at the rates specified below should be charged in the accounts of all commercial departments or undertakings for which separate capital and revenue accounts are maintained within the Government accounts. The charge should be calculated on the direct capital outlay to end of the previous year plus half the outlay of the year itself, irrespective of whether such outlay has been met from ordinary revenues or from other sources.

(i) For capital outlay met out of specific loans raised by Government, at such rate of interest as may be prescribed by Government, having regard to the rate of interest actually paid on such loans and the incidental charges incurred in raising and managing them.

NOTE.—By specific loans are meant loans that are raised in the open market for one specific purpose which is clearly specified in the prospectus and in regard to which definite intimation is given at the time of the raising of the loans that for the purpose of accounts they are to be regarded as specific loans.

(ii) For capital outlay provided otherwise—

(1) in the case of outlay up to and including 1916-17, at the rate of 3·3252 per cent.,

(2) in the case of outlay incurred after 1916-17, at the average rate of interest to be determined each year by the Auditor General with the approval of Government.

315. When under any special order of Government, charges for interest during the process of construction of a project are temporarily met from capital, the writing back of capitalised interest should form the first charge on any capital receipts or surplus revenue derived from the project when opened for working.

### III—ADJUSTMENTS WITH OTHER GOVERNMENTS, DEPARTMENTS, ETC.

#### ADJUSTMENTS WITH PROVINCIAL GOVERNMENTS.

316. (1) Subject to the relevant provisions of the Act and of the Orders in Council issued thereunder, adjustments in respect of financial transactions with Provincial Governments will, unless otherwise provided for, be made in such manner and to such extent as may be mutually agreed upon between the Central Government and the Provincial Government concerned.

(2) Adjustments should, however, always be made unless otherwise agreed upon—

(i) if a commercial department or undertaking or a regularly organised store department or store section of a department is concerned, or

(ii) if, under the operation of any rule or order, an adjustment would have been made if the particular transaction with Provincial Government were a transaction between two departments of the Central Government.

NOTE.—The procedure for the settlement of these adjustments will be regulated by the directions contained in Chapter 4 of the Account Code, Volume I.

(3) Adjustments with Provincial Governments in respect of the matters mentioned below will be regulated by the rules contained in Appendix 3 to the Account Code, Volume I. The rules are based on reciprocal arrangements made with the Provincial Governments and are therefore binding on all of them.

I. Pay and Allowances, other than Leave Salaries.

II. Leave Salaries.

III. Cost of Passages.

IV. Pensions.

V. Charges for Bonus in respect of Government servants who are employed on Bonus terms and who serve under more than one Government.

VI. Government contribution to Indian Civil Service Family Pensions.

VII. Government contribution to the Indian Civil Service (Non-European Members) Provident Fund.

VIII. Expenditure involved in Audit and keeping Accounts.

IX. Grants of Land and Alienations.

X. Cost of Police functions on Railways including the cost of protecting Railway Bridges.

XI. Cost of (1) Forest Surveys carried out by the Survey of India, and (2) Forest maps prepared by that Department.

XII. Cost of Maintenance and Demarcation of Boundaries and of Settlement of Boundary Disputes.

XIII. Leave Salary and Pension Contributions recovered in respect of Government servants lent on Foreign Service.

NOTE.—The expression "Provincial Government" used in this para. includes the Local Administration of Coorg.

317. A period of three years has been accepted by the Central Government and the Provincial Governments for the reaudit of past transactions involving errors in classification.

This limitation should be regarded as a convention rather than a rigid accounting rule.

318. Payments to Provincial Governments on account of the cost of agency functions entrusted to them under section 124 of the Act will be treated as contributions from the Central to the Provincial Government concerned, irrespective of whether such charges appear in the Central budget as lump sum payments or in detail under the appropriate sub-heads and other units. In dealing with claims preferred by Provincial Governments under sub-section (4) of that section, the following principles should be generally observed:—

(i) If the agency work involved the employment of a Provincial commercial department it would be open to that department to charge its normal commercial costs.

(ii) Public Works Department agency costs should be represented by such percentage charges on the cost of Central works executed by the Province as may be agreed between the Central and the Provincial Government concerned, the works outlay being treated as an amount placed at the disposal of the Provincial Government for actual expenditure on the execution of the work.

(iii) The cost of regular joint establishments should be shared as far as practicable on the basis of fixed annual sums settled in agreement with the Province concerned.

(iv) In other cases, the following procedure should be adopted unless there are special orders to the contrary:—

(1) Details of claims preferred by Provinces should be ascertained. (They may include pay, leave, salary and pension contributions, contingencies, etc.)

(2) If the work has been performed by the Province in the past the charges should be compared with those charged in the past. It is not necessary to be meticulous in the matter. The Finance Department will assist in taking a fairly general view.

(3) If the charges are found to be reasonable and do not exceed Rs. 20,000 per annum for any individual item (or connected group of items), a five years' contracts should be offered to the Province during which the Central Government would pay the fixed sum per annum for the work. The amount will be subjected to review at the end of each period of five years.

(4) If the amount agreed upon exceeds Rs. 20,000, it may be necessary to have an annual statement of proposed charges from the Province at the time of preparation of the Budget, unless in any individual case, the charges are obviously static, when the contract system may be adopted in these cases also.

(v) In exceptional cases in which arbitration has to be resorted to, the requisite arrangement in the matter will be made by the Finance Department.

(vi) The Finance Department should be consulted on all matters arising under Section 124 (4) of the Act.

319. No inter-Governmental adjustments can be carried out after the 15th of April on which date the books of the Bank are closed for the month of March. Every endeavour must, therefore, be made to settle as far as possible all transactions with Provinces before the close of the year.

### ADJUSTMENTS WITH FOREIGN GOVERNMENTS, OUTSIDE BODIES, ETC.

320. Payment must be required in all cases in respect of services rendered to any Foreign Government, or non-Government body or institution, or to a separate fund constituted as such either inside or outside the Public Account, unless Government by general or special order gives directions to the contrary. Relief in respect of payment for services rendered or supplies made to any outside body or fund should ordinarily be given through a grant-in-aid rather than by remission of dues.

### INTER-DEPARTMENTAL ADJUSTMENTS.

321. (1) The conditions under which a department of Government may make charge for services rendered or articles supplied by it and the procedure to be observed for the settlement of such charges are regulated by the directions referred to in the Note below sub-para. (2) of para. 316.

(2) Except in regard to transactions affecting the accounts of commercial departments and undertakings or allocation to capital heads, adjustments between different departments of Government should be restricted to the narrowest limits. Such adjustments, when they are essential, should, as far as possible, be based on lump sum figures fixed for a period of years with reference to some suitable formula easy of application and maintained for a series of years. Elaborate or meticulous calculations should be avoided as a general rule.

NOTE 1.—Adjustments between the Central Government and the Crown Representative will be governed by the arrangement described in the Account Code, Vol. 1.

NOTE 2.—The provisions of para. 317 apply *mutatis mutandis* to transactions between commercial and non-commercial departments as they apply to transactions between the Central and Provincial Governments.

NOTE 3.—Under the directions contained in the Account Code, Vol. IV, inter-departmental and other adjustments are not to be made in the accounts of the past year, if they could not have been reasonably anticipated in time for funds being obtained from the proper authority. In all cases, where the adjustment could have reasonably been anticipated as, for example, recurring payments to another Government or department, and payments which, though not of fixed amount, are of a fixed character, etc., the Accountant General will automatically make the adjustment in the accounts before they are finally closed. The onus of proving that the adjustments could not have been reasonably anticipated should lie with the Controlling Officer.

### ADJUSTMENT OF PENSIONARY CHARGES OF CERTAIN COMMERCIAL DEPARTMENTS.

322. The pensionary charges of the Irrigation, the Central Excises and Salt (Manufacturing Branch), and the Light House Departments are adjusted on a liability basis, i.e., at a percentage based on establishment charges, the actual payments of pensions being booked under the appropriate head for such charges.

NOTE.—In the case of irrigation major heads, the pensionary charge should ordinarily be calculated at a percentage of the total pay and leave salary of the pensionable establishment including such portion of the temporary staff as may be estimated to have the likelihood of ultimately being made permanent. The percentage which should be adopted should be based upon the cost of borrowing of the Central Government for the particular year in which the pensionary charge is adjusted in the accounts.

The percentages corresponding to the several rates of interest are as follows:—

(i) 12.500 per cent. of the total pay and leave salary of the pensionable establishment on a basis of 3 per cent. rate of interest ;

- (ii) 11.890 per cent. of the total pay and leave salary of the pensionable establishment on a basis of  $3\frac{1}{2}$  per cent. rate of interest ;
- (iii) 11.236 per cent. of the total pay and leave salary of the pensionable establishment on a basis of  $3\frac{1}{2}$  per cent. rate of interest ;
- (iv) 9.427 per cent. of the total pay and leave salary of the pensionable establishment on a basis of  $4\frac{1}{2}$  per cent. rate of interest ;
- (v) 8.899 per cent. of the total pay and leave salary of the pensionable establishment on a basis of  $4\frac{1}{2}$  per cent. rate of interest ;
- (vi) 7.893 per cent. of the total pay and leave salary of the pensionable establishment on a basis of 5 per cent. rate of interest.

323. The pensionary liability of commercial departments and undertakings, for which *pro forma* commercial accounts are maintained outside the regular Government accounts, is assessed on a contribution basis at rates fixed by Government, the actual method of adjustment in the regular Government accounts being determined in consultation with the Auditor General. As regards other departments and undertakings, for which no regular commercial accounts are maintained either within or outside the regular Government accounts but which are allowed to charge for their products or services rendered, the pensionary liability is taken into account in the estimate of overhead charges and manufacturing costs for the purpose of calculating the issue price of goods manufactured or fees for services rendered, the calculation being made at rates prescribed for the purpose by Government.

#### IV—PRO FORMA ACCOUNTS.

##### SUBSIDIARY ACCOUNTS OF GOVERNMENT COMMERCIAL UNDERTAKINGS.

324. When the operations of a department include undertakings of a commercial or *quasi*-commercial character, and the nature and scope of the activities of the undertaking are such as cannot suitably be brought within the normal system of Government account, the head of the undertaking should be required to maintain such subsidiary and *pro forma* accounts in commercial form as may be agreed between Government and the Auditor General. The methods and principles in accordance with which such accounts are to be kept, including *inter alia* the basis to be adopted for valuation of assets and for allocation of expenditure between capital and revenue accounts and the extent to which provision should be made in those accounts for bad debts, depreciation and other forms of indirect charges, *e.g.*, cost of management and supervision, audit charges, interest on capital expenditure, etc., will be regulated by orders and instructions issued by Government in each case. Where the commercial accounts are maintained for the purpose of assessment of the cost of an article or service, the head of the undertaking should see that adequate regulations are framed with the approval of Government in order to ensure that the cost deduced from the accounts is the accurate and true cost. He should also arrange to obtain the orders of Government regarding the nature and form of subsidiary accounts and statements, if any, which should be appended to the Appropriation Accounts of each year, and submit such accounts and statements to the Accountant General on such date as may be required by him.

##### OTHER PRO FORMA ACCOUNTS.

325. *Pro forma* accounts of regular Government Workshops and Factories will be kept in accordance with the detailed rules and procedure

prescribed in the departmental regulations. *Pro forma* accounts of Irrigation, Navigation, Embankment and Drainage works and of Government residential buildings will be prepared by the Accountant General in accordance with the instructions contained in Chapter 21 of the Account Code, Vol. IV.

## V—ANNUAL ACCOUNTS.

326. The annual accounts of receipts and disbursements of the Central Government are submitted to Government by the Auditor General in the form of the Finance Accounts and Report thereon. These, together with the Appropriation Accounts and Reports thereon, constitute the published accounts of Government.

The Finance Accounts and Report thereon deal with the accounts of Government as a whole, including transactions relating to debt, deposits, advances, suspense and remittance accounts which do not strictly fall within the scope of the Appropriation Accounts.

327. The comments or recommendations of the Legislature or of the Public Accounts Committee, if any, arising out of the Audit Report on the Finance Accounts, and the orders of Government thereon, will be communicated by the Finance Department to the Auditor General and other authorities concerned. The general responsibility for watching the action taken on the Audit Report will under directions of the Auditor General devolve on the Accountant General, Central Revenues.

## MEMORANDUM I.

### Memorandum Explanatory of each Rule in the General Financial Rules of the Central Government.

NOTE 1.—This Memorandum has been compiled solely for purposes of assisting reference and no expression used in it should be considered as in any way interpreting the rules.

NOTE 2.—The following abbreviations have been used in this Memorandum:—

"C. A. C.—stands for the Civil Account Code, Eighth Edition, Second Reprint, 1935.

B. F. P.—stands for the old Book of Financial Powers, First Edition, Reprint, 1927.

*Audit Code*—stands for the old Audit Code, Volume I, First Edition, Second Reprint 1935.

*Account Code*—stands for the old Account Code, First Edition, Reprint, 1934."

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## CHAPTER 1.

*Para. 1.*—No remarks.

*Para. 2.*—Clauses (i), (ii), (iv), (vi), (vii), (ix), (x), (xi) and (xx) are new and indicate the sense in which the respective terms have been used in the Compilation Clauses (iii), (xiii), (xiv), (xv), (xvi), (xvii), (xviii) and (xix) reproduce the provisions of clauses (a) and (g) to (m) of rule 1 in Part II of B. F. P., while clauses (v), (viii) and (xii) are respectively based on clause (a) of rule 2 in Appendix 8-c, Note below Article 230(c) and para. 3(b) of the Introductory Notes to C.A.C.

*Para. 3.*—Reproduces the provisions of para. 4 of the Introductory Notes to C.A.C.

**CHAPTER 2.**

*Para. 4 and 5* are based on Article 1 of C.A.C.

*Para. 6* is based on Article 1-A of C.A.C. The provision requiring non-Government funds being subjected to Audit check is new.

*Para. 7* is a new rule designed to prevent the withdrawal of moneys from the Public Account for investments or deposits elsewhere.

*Para. 8* is based on Article 7 of C.A.C.

*Para. 9* prescribes important safeguards in the matter of incurring expenditure from public funds.

*Para. 10* embodies the principles which were hitherto known as the canons of financial propriety and were contained in para. 11(a) of Appendix 1 to Audit Code.

*Paras. 11 to 13* specify the important responsibilities of heads of departments and controlling officers in the matter of control of expenditure and check against irregularities, etc. These are new rules.

*Para. 14* is based on Note 4 below Article 8(c) of C.A.C.

*Paras. 15 to 17* indicate the responsibilities of departmental officers in regard to maintenance of accounts, and other matters connected with or ancillary thereto. They are new rules.

*Para. 18* is new.

*Para. 19* reproduces the substance of the provisions of clauses (1) to (9) of Appendix 8-H to C.A.C., clause (x) of this para. being based on a separate order issued by Government.

*Para. 20.*—Sub-para.(1) and Exceptions 1 and 2 to this para. are based on Article 29 of C.A.C. and Exceptions 1 and 2 thereto, sub-para. (2) is new.

*Paras. 21 to 23* are new rules setting out the procedure for dealing with cases of loss of Government property.

*Para. 24 and 25.*—No remarks.

**CHAPTER 3.**

*Para. 26* is generally based on Article 34 of C.A.C. and the Note at the top of Chapter 2, *ibid.*

*Para. 27 to 31* are new rules.

*Paras. 32 and 33* are based on Article 35 of C.A.C., suitably modified to conform to the procedure obtaining in the Central sphere.

*Paras. 34 and 35* are respectively based on Articles 37 and 36 of C.A.C.

*Para. 36.*—No remarks.

*Para 37.*—The first sub-para. and the Notes below this para. are based on Article 29-A of C.A.C. and Notes 2 to 4 thereunder, the second sub-para. being based on an existing order.

*Para. 38 and Annexure A.*—No remarks.

**CHAPTER 4.**

*Para. 39* is new and is based on existing orders.

*Para. 40* is based on Article 225 of C.A.C.

*Para. 41.*—No remarks.

*Para. 42* is based on the first sentence of Article 230(a) of C.A.C.

*Para. 43* is new.

*Para. 44*—The functions and financial powers exercised by the High Commissioner for India which were respectively contained in Annexure E to Chapter 9 of Account Code and Chapter X in Part II of B.F.P. have been revised and inserted in Appendix 5 and Annexure B to Chapter 4 of the Compilation.

*Para. 45* is based on the orders contained in Appendix 8-F to C.A.C.

*Para. 46* is new.

*Paras. 47 and 48* are based on Article 227 of C.A.C.

*Para. 49* is based on Article 228 of C.A.C., modified with reference to subsidiary orders issued by Government.

*Para. 50.*—No remarks.

*Para. 51*—Clauses (iii) to (v) of this para. are generally based on Article 230 of C.A.C., the rest of the para. being newly introduced.

*Paras. 52 to 54* are respectively based on Articles 230-A, 231 and 231-A of C.A.C.

*Para. 55* reproduces the provisions of Article 192 of C.A.C.

*Para. 56* is new.

*Para. 57* is based on Article 232 of C.A.C., the Note below the para. reproducing an existing order of Government.

*Para. 58* is based on an existing order of Government.

*Paras. 59 and 60* reproduce respectively the provisions of Articles 233 and 233-A of C.A.C.

*Para. 61 and Annexures A and B.*—No remarks.

#### CHAPTER 5.

*Paras. 62 to 64* are based on the existing practice.

*Para. 65* is based on Article 185 of C.A.C.

*Paras. 66 to 71* are new rules formulated in accordance with present practice.

*Para. 72* is based on Rule 1 below Article 186 of C.A.C.

*Para. 73* is based on Articles 186-A, 187 of C.A.C. and existing orders of Government.

*Paras. 74 to 80* have been newly introduced and they generally provide for the procedure to be followed in the preparation and disposal of new item statements for purposes of the Budget.

*Paras. 81 and 82* replace the provisions in clause (i) of Article 187 of the C.A.C. and incorporate the procedure for framing the estimates of expenditure in England.

*Para. 83* is based on existing orders of Government.

*Para. 84* is based on Article 188 of C.A.C.

*Para. 85* reproduces the provisions of Article 197 of Audit Code.

*Para. 86* is new.

*Para. 87* provides for an important safeguard not distinctly laid down in the C.A.C.

*Paras. 88 to 90* are based on existing orders of Government which had not been codified previously.

*Para. 91* reproduces the provisions of Article 363 of Account Code.

*Para. 92* is new.

*Paras. 93 to 96* are based on existing orders of Government.

*Para. 97* reproduces the provisions of Article 190 of C.A.C.

*Paras. 98 to 104* are new and collect in one place the orders issued by Government from time to time in the matter of re-appropriation of funds and of obtaining Supplementary Grants.

*Para. 105* is based on Article 194 of C.A.C., the Note below this para. reproducing the provisions of the 2nd sub-para. of Article 191 *ibid.*

*Para. 106* is based on Article 193 of C.A.C.

*Para. 107* is new.

*Annexures A and B.*—No remarks.

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## CHAPTER 6.

*Para. 108* is new.

*Paras. 109 to 112* are based on Article 63 of C.A.C.

*Para. 113* contains the substance of Article 71 of C.A.C.

*Para. 114* is based on Article 52 of C.A.C.

*Para. 115* lays down important safeguards not provided for in the C.A.C.

*Paras. 116 and 117* contain the substance of clause (b) of Article 62(1) of C.A.C. and the Notes thereunder, the Note below Article 283 of Audit Code and the existing orders of Government.

*Para. 118* reproduces the provisions of Article 59-A of C.A.C.

*Para. 119* is based on Article 62(1) of C.A.C., omitting the detailed instructions regarding the method of preparation of the Annual Establishment Returns which have been included in Appendix 7.

*Paras. 120 to 122* are based on Articles 73, 74 and 74-A of C.A.C.

*Paras. 123 to 126* contains the provisions of clauses (b) and (c) of Article 8 of C.A.C. and other orders issued by Government regarding payment of arrears claims.

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## CHAPTER 7.

*Paras. 127 to 131* are new. They are intended to dispense with the existing distinction between "ordinary" and "special" contingencies for the purpose of sanction, and indicate clearly the powers which may be exercised by subordinate authorities in incurring expenditure on different items of contingencies.

*Para. 132* is based on Article 93 of C.A.C., Note 2 below this para. reproducing the provisions of Article 93-A, *ibid.*

*Paras. 133 to 136* are new.

*Para. 137* is based on Article 311 of Audit Code.

*Para. 138* is based on paras. 44(b) and 111-A of B.F.P.

*Para. 139* is based on Article 312 of Audit Code.

*Para. 140* is based on Article 112 of C.A.C.

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**CHAPTER 8.**

*Paras.* 141 to 170 are new and are designed to lay down in one place the various orders issued from time to time in the matter of purchase, custody, verification, sale, etc. of stores required for the public service.

*Paras.* 171 and 172 are respectively based on Articles 177 and 177-A of Account Code.

*Para.* 173 is based on Article 182 of Account Code.

*Paras.* 174 and 175 are based on Article 178 of Account Code and the Notes thereunder.

*Annexure A.*—No remarks.

*Annexure B* reproduces the provisions of Annexure D to Chapter 9 of Account Code.

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**CHAPTER 9.**

*Paras.* 176 to 200 and *Annexure A.*—These rules are new and collect in one place the miscellaneous orders and instructions issued by competent authority in regard to incurring expenditure on "works".

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**CHAPTER 10.**

*Paras.* 201 to 203 are new.

*Paras.* 204 and 205 are respectively based on Articles 114 and 113 of C.A.C.

*Paras.* 206 to 212 are new and are generally based on the existing orders of Government.

*Para.* 213 is based on Article 124 of C.A.C.

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**CHAPTER 11.**

*Para.* 214 is adapted from the Government Securities Manual.

*Para.* 215 is a new rule and is intended to bring the receipts and payments in connection with the Public Debt within the scope of the Treasury Rules and the instructions issued by the Auditor General regarding the accounting procedure.

*Para.* 216.—No remarks.

*Paras.* 217 to 220 contain subsidiary instructions regarding to recovery of contributions to various Provident Funds which had not been previously codified.

*Paras.* 221 and *Note below Para.* 222 are generally based on Article 246 of C.A.C. and the Note thereunder, the rule in para. 222 being new.

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**CHAPTER 12.**

*Paras.* 223 to 226 are new.

*Para.* 227 is based on Article 223-A of C.A.C.

*Paras.* 228 to 230 are new.

*Para.* 231 is based on Article 221 of C.A.C.

*Paras.* 232 to 234 are new.

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## CHAPTER 13.

*Paras. 235 to 237* are new

*Para. 238* reproduces the provisions of Article 135 of C.A.C.

*Para. 239* is new.

*Paras. 240 and 241* are based on Article 140 of C.A.C. and the Rules thereunder, Note 3 below *Para. 241* reproducing the provisions of Rule 1 under Article 143 of C.A.C.

*Para. 242* reproduces the provisions of Article 146 of C.A.C.

*Paras. 243 and 244* are based on Articles 144 and 145 of C.A.C., respectively.

*Paras. 245 and 246* are respectively based on Articles 151 and 152 of C.A.C.

*Para. 247* is new.

*Para. 248* is based on Note 2 below Article 145(a) of C.A.C.

*Para. 249* is based on Article 154-A of C.A.C.

*Para. 250* reproduces the provisions of Note 1 below Article 154 of C.A.C.

*Para. 251* is based on Note 4 below Article 154 of C.A.C., and Rule 1 thereunder, Note 1 below this para. being new.

*Para. 252* reproduces the provisions of Article 160 of C.A.C.

*Para. 253* is new and based on the existing practice.

*Para. 254* contains the existing orders of Government regarding grant of advances for the purchase of conveyance as also the provisions of clause (1) of Article 158 of C.A.C.

*Para. 255* is based on Note 4 below Article 156, Note 1 below Article 157 and Note 2 below Article 158 of C.A.C.

*Paras. 256 to 261* are based on Article 156 of C.A.C. and the Notes thereunder.

*Paras. 262 and 263* are based on Articles 157 and 158 of C.A.C. respectively.

*Para. 264* is based on clause (i) and Exception 3 to clause (b) (ii) of Article 159 of C.A.C.

*Para. 265* is based on clause (a) of Article 159 of C.A.C. and the Notes thereunder.

*Paras. 266 and 267* reproduces the provisions of clause (b) of Article 159 of C.A.C. and the Notes and Exceptions 1 and 2 thereto.

*Para. 268* reproduces the provisions of clause (c) of Article 159 of C.A.C.

*Para. 269* is based on sub-clauses (i) to (iii), (v) and (vi) of clause (d) of Article 159 of C.A.C. and the Notes thereunder.

*Para. 270* is based on clauses (e), (g) and (k) and sub-clause (iv) of clause (d) of Article 159 of C.A.C.

*Para. 271* is based on clause (h) of Article 159 of C.A.C.

*Para. 272* is new, the Note below this para. being based on clause (j) of Article 159 of C.A.C.

## CHAPTER 14.

*Paras. 273 to 285.*—The rules prescribe the procedure to be followed in obtaining security deposits and granting refund, etc., for which no provisions were contained in the C.A.C.

*Paras. 286 to 288* contain the existing orders of Government regarding transfer of Government lands and buildings and insurance of Government property.

*Para. 289.*—No remarks. The provisions of Chapter 19 of Account Code with suitable modifications have been incorporated in Appendix 16.

*Paras. 290 to 298* are based on Articles 255 to 258, 259-B, 259-C, 259-D and 259-DD of C.A.C. and paras 336 and 337 of the Pay and Allowance Regulations for the Army in India, Volume II.

*Para. 299* is based on Note below Article 8(b) of C.A.C.

*Para. 300* is new.

*Para. 301* is based on Article 33-B of C.A.C.

*Para. 302.*—No remarks. The provisions of Article 255 *et seq* of Audit Code have been incorporated in Appendix 18.

*Para. 303* embodies an existing order of Government.

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## CHAPTER 15.

The rules contained in this Chapter are generally based on the directions contained in the new Account Code, Vol. I, the Audit Code and subsidiary instructions issued by Government or the Auditor General.

### MEMORANDUM 11.

Memorandum indicating how the different rules contained in the Civil Account Code, the Resource Manual, the Book of Financial Powers and the Forest Account Code, have been treated in the new publications, namely, the Central Treasury Rules, the Central Financial Rules, the revised Book of Financial Powers and Volumes II and III of the Account Code.

NOTE 1.—This Memorandum has been compiled solely for the purpose of assisting references and no expression used in it should be considered as in any way interpreting the rules.

NOTE 2.—The following abbreviations have been used in this Memorandum:—

*C.A.C. I*—stands for Civil Account Code, Volume I, Eighth Edition, Second Reprint.

*C.A.C. II*—stands for Civil Account Code, Volume II, Eighth Edition, Second Reprint.

*R.M.*—stands for Resource Manual, First Edition, Second Reprint.

*R.F.P.(old)*—stands for the Book of Financial Powers, First Edition, Reprint.

*R.F.P.(new)*—stands for the Book of Financial Powers, Second Edition.

*F.A.C.*—stands for Forest Account Code, First Edition, 1921.

*T.R.*—stands for Central Treasury Rules, First Edition.

*G.F.R.*—stands for General Financial Rules, First Edition.

*A/c. Code II*—stands for Account Code, Volume II, First Edition.

*A/c. Code III*—stands for Account Code, Volume III, First Edition.

*Art.*—stands for Article.

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## (1) CIVIL ACCOUNT CODE, VOLUME I.

### Introductory Notes.

*Paras. 1 and 2* have been left out as they merely quote the authority under which the Treasury orders (which formed the basis of the Civil Account Code) had been framed and give a description of the matters dealt with in the two Volumes of that Code.

*Para. 3.*—Clause (a) giving a definition of the expression “local Government” has been omitted as that expression has not been used in the new publications.

Clause (b) has been reproduced in para, 2(xii) of the G.F.R.

The definitions of “The Bank” and “Treasury” in clauses (c) and (d) of this para, have been inserted in clauses (e) and (m) of rule 2 of the T.R. and in clauses (2) and (5) of Art. 3 of A/c. C. II.

The expression “the Bank” has also been defined in para. 2(v) of the G.F.R.

*Para. 4* has been reproduced in para. 3 of the G.F.R.

#### CHAPTER 1.

*Art. 1.*—The substance of this Article has been incorporated in paras. 4 and 5 of the G.F.R.

*Art. 1-A* has been suitably amplified and incorporated in para. 6 of the G.F.R.

*Art. 1-B.*—A revised and exhaustive list of cases in which a Government officer receiving moneys on behalf of the Central Government can use such moneys for meeting expenses of his office has been appended to sub-rule (2) of rule 7 of the T.R.

*Art. 2.*—The substance of this Article and Rule 1 thereunder has been incorporated in rules 78 and 79 of the T.R.

*Art. 3* has been reproduced in the first sentence of sub-rule (1) of rule 82 of the T.R.

*Art. 4.*—The requirements of this Article and the Rules and Note below it will be served by rules 72 and 73 of the T.R. and the concluding sentence of sub-rule (1) of rule 7 *ibid.*

*Art. 5.*—The substance of this Article has been incorporated in rules 92, 100 and 103 of the T.R.

The requirements of the Note below this Article will be fulfilled by rule 106 of the T.R.

Rules 1 to 4 below this Article have respectively been provided in rules 93, 94, 96 and 95 of the T.R.

*Art. 6* relates to the acceptance of cheques in payment of Government dues. A comprehensive rule on the subject covering the provisions of this Article and Rules 1 and 2 thereunder has been set out in rule 79 of the T.R.

*Art. 7* has been amplified and inserted in para. 8 of the G.F.R.

*Art. 8.*—Clause (a) of this Article has been reproduced in rule 17 of the T.R., while the provisions of Rules 1 and 2 below it have respectively been incorporated in rules 404 and 405 of the T.R.

The main provisions of the Note below this clause have been incorporated in clause (vii) of rule 138 of the T.R.

The general provisions of clause (b) of this Article have been incorporated in rule 136 of the T.R. The Note below this clause and the ‘Explanation’ thereunder, have been reproduced in para. 299 of the G.F.R. (*vide* also the remarks against Annexure A to this chapter).

The provisions of clause (c) of this Article and Notes 1 to 3 thereunder have been revised with reference to subsequent orders issued by Government and incorporated in paras. 123 to 126 of the G.F.R.

Note 4 below this clause has been reproduced in para. 14 of the G.F.R.

Clause (d) of this Article and the Note below it have been omitted.

*Art. 9.*—The instructions contained in this Article and Rules 2 to 4 thereunder have generally been provided in rules 131 and 132 of the T.R., those in Rule 2 relating to cheques in final payment of General Provident Fund Deposits being included in rule 608 of the T.R.

Rule 1 below this Article has been suitably amplified and inserted in rule 171 of the T.R.

The Note below Rule 2 and the "Exception" to Rule 3 have respectively been reproduced in rule 430 and the Note below rule 204 of the T.R.

*Art. 10.*—The provisions of this Article and the Note thereunder with suitable modifications have been reproduced in rules 133 and 187 of the T.R. and the Notes below them.

*Art. 10-A* has been reproduced in rule 789 of the T.R.

*Art. 11.*—The substantive rule in this Article has been incorporated in rule 146, while a revised and detailed list of authorised exemptions of receipts from stamp duty has been embodied in Appendix 2 to the T.R.

*Art. 12.*—The list of documents given in this Article has been inserted in Note 2 at the end of Appendix 2 to the T.R.

*Art. 13.*—The instructions contained in clauses (a) to (i) and (k) to (o) of this Article with suitable modifications have been reproduced in rules 138, 141 to 143, 171, 178, 180, 181 and 198 of the T.R., those in clause (j) being omitted.

*Art. 14* has been reproduced in rules 18 and 186 of the T.R.

*Art. 15.*—The general provisions of this Article have been included in rules 22 and 23 of the T.R., while Rules 2 and 3 thereunder have respectively been reproduced in rule 196 and Note 1 below rule 195 of the T.R.

The requirements of Rule 1 under this Article will be fulfilled by the Note below rule 602 of the T.R.

*Art. 16* has been suitably amplified and incorporated in rules 86 and 145 of the T.R.

*Art. 17.*—The general instructions contained in this Article have been incorporated in rule 212, while those in the Note below this Article have been suitably amplified and provided in rule 183 of the T.R.

*Art. 18* has been omitted as it lays down instructions to audit offices, with which the Finance Department is not concerned.

*Art. 18-A* has been reproduced in rule 213 of the T.R.

*Art. 19.* has been omitted as its purpose will be served by rule 52 of the T.R.

*Art. 20.*—Except for the last sentence which concerns an Accountant General and with which the Finance Department is not concerned, the provisions of this Article and Rules 1 to 3 thereunder have been embodied in rule 214 of the T.R., while Rules 4 to 6 below the Article have been reproduced in rules 215, 216 and 224 of the T.R. respectively.

*Arts. 21 to 27* relating to issue of cheques have been suitably revised on the basis of existing rules and orders and incorporated in rules 148 to 165 of the T.R., the provisions of Rule 2 below Art. 26 being incorporated in rule 90 of the T.R.

*Art. 28* has been reproduced in rules 80 and 166 of the T.R.

*Art. 29.*—The provisions of this Article and the "Exceptions" thereto have been suitably modified and embodied in rule 40 of the T.R. and para. 20 of the G.F.R., those contained in the Notes 1 and 2 below this Article being omitted.

*Art. 29-A* together with the Notes below it has been included in para. 37 of the G.F.R. and the Notes thereunder.

*Art. 30.*—The substance of this Article has been inserted in clause (vi) of rule 77 and rule 181 of the T.R., *vide* also rules 62 and 138 (iv) *ibid*.

*Arts. 31 and 32* have been omitted as their requirements are served by rules 540 and 553 of the T.R.

*Art. 23-A.*—The general provisions of this Article have been incorporated in Chapter 4 of the Account Code, Volume I and in para. 316 of the G.F.R.

*Art. 33-B* has been reproduced in para. 301 of the G.F.R.

*Art. 33-C and the connected Annexure B* have been suitably modified and incorporated in rules 77, 82, 83 and 109 of the T.R.

*Annexure A* has been omitted as all the Railways have since accepted the time-limit prescribed in the Note below *Art. 8(b)* of C.A.C.I. (para. 299 of the G.F.R.) for settlement of undercharges and overcharges with Government.

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## CHAPTER 2.

*Note at the top, Art. 34 and the Note thereunder* have been provided in rule 26 of the G.F.R. and Note 1 thereunder

*Art. 35.*—The instruction contained in this Article and Rules 1 to 4 thereunder have been suitably modified on the basis of existing orders and provided in paras. 32 and 33 of the G.F.R.

*Arts. 36 and 37* have been reproduced in paras. 35 and 34 of the G.F.R. respectively.

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## CHAPTER 3.

*Art. 38.*—The provisions of this Article in so far as they relate to pay and allowances of Government servants have been incorporated in rules 217 and 218, while those relating to pensions have been included in rule 339 of the T.R.

Rule 1 below this Article has similarly been reproduced in rules 219 and 340 of the T.R.

The provisions of Rules 2 to 4 below the Article have respectively been included in rules 232, Note 1 below rule 217 and sub-clause (iii) to clause (b) of rule 218 of the T.R.

Rule 5 below the Article has been left out as it does not concern payments in India.

*Art. 39.*—The instructions contained in this rule relating to the payment of pay and allowances of deceased Government servants have been provided in rules 233 and 234 while those relating to payment of arrears of pensions of deceased pensioners have been incorporated in rule 370 of the T.R.

The provisions of the Note below this Article are covered by rule 232 of the T.R.

*Art. 40* has been omitted as it contains certain administrative orders which should be suitably incorporated in the manuals or regulations of the departments concerned.

*Art. 41.*—The second sentence of this Article has been reproduced in rule 21 of the T.R. As under that rule the duty of prescribing the form, etc., of last pay certificates has been entrusted to the Auditor General, the

detailed instructions contained in Rules 1 to 3 below this Article have been left out and the rules framed by the Auditor General for regulating the preparation of last pay certificates have been embodied in Appendix 4 to the T.R.

*Art. 42.*—The revised procedure for drawing bonds of indemnities and an up-to-date list of agents who have executed general bonds of indemnity have been provided in rules 246 and 247 and Annexure A to Chapter II to Part V of the T.R.

*Art. 43* has been reproduced in rule 221 of the T.R.

The requirements of the Note below this Article will be covered by the Note below rule 602 of the T.R.

*Arts. 44 to 46.*—The general provisions of these Articles have been incorporated in rule 222 of the T.R., the detailed instructions contained in the Notes below Article 45, etc., being omitted.

*Art. 46-A.* The provisions of this Article and the Rule thereunder have been reproduced in sub-rules (1) and (2) to rule 223 of the T.R.

*Art. 46-B.*—Revised instructions relating to attachment of pay and allowances for debt have been included in rules 225 to 229 of the T.R.

#### CHAPTER 4.

*Art. 47* has been reproduced in sub-rule (1) to rule 249 of the T.R.

*Art. 47-A.*—The revised procedure for the disbursement of sterling overseas pay has been set out in rule 252 and 253 of the T.R.

*Art. 48* has been reproduced in rule 250 of the T.R.

*Art. 49.*—The provisions of this Article and Rules 1 to 3 thereunder have been incorporated in rule 245, while the Note below this Article has been reproduced in the Note below rule 253 of the T.R.

Rule 4 below this Article has been left out as its requirements will be served by the general provisions of rule 180 of the T.R.

*Art. 50* has been included in rule 230 of the T.R.

*Art. 50-A* has been reproduced in rule 251 of the T.R.

*Art. 51* has been provided in rule 257 of the T.R.

*Art. 51-A* has been omitted as it mainly deals with an instruction to the Audit Offices with which the Finance Department is not concerned.

*Art. 52.*—Detailed instructions for the submission of charge reports by gazetted officers on the transfer of office are laid down in rule 44 of the T.R. and paras. 114 and 115 of the G.F.R.

*Art. 53.*—The provisions of this Article have been suitably amplified and incorporated in rule 243 of the T.R.

*Art. 54* has been reproduced in rules 254 and 255 of the T.R.

*Art. 55* has been reproduced in rules 259 and 260 of the T.R.

*Art. 56 and 57.*—Revised rules governing the place of payment of pay and allowances of Government servants have been set out in rules 235 to 238 of the T.R.

*Arts. 58 and 59* have respectively been reproduced in rules 240 and 242 of the T.R.

*Art. 59-A* has been reproduced in para. 118 of the G.F.R.

*Art. 59-B.*—The provisions of this Article have been suitably amplified and incorporated in rule 261 of the T.R.

## CHAPTER 5.

*Art. 60* has been reproduced in rule 263 of the T. R.

*Art. 61.*—The substance of this Article has been incorporated in rule 264 of the T.R., the instructions contained in this Article for the guidance of an Accountant General in fixing the sections of establishments being omitted.

*Art. 62.*—The substantive rule contained in this Article has been incorporated in para. 119 of the G.F.R., while the detailed procedure for the preparation of the Annual Establishment Returns which has been separately laid down by the Auditor General has been embodied in Appendix 7 to the G.F.R.

The rule regarding alteration in the recorded dates of birth of Government servants contained in sub-clause (b) to clause (1) of this Article and the Notes thereunder has been incorporated in para. 116 of the G.F.R.

*Art. 63.*—The general provisions of this Article have been inserted in paras. 110 to 112 of the G.F.R. The references in clause II (iii) of schemes requiring the sanction of the Secretary of State has been omitted.

*Art. 64* has been reproduced in sub-rule (1) of rule 265, while Rules 2 and 3 below this Article have been reproduced in rule 268 of the T.R.

The provisions of Notes 1 and 2 below the Article have respectively been embodied in rules 266 and 269 of the T.R.

Rule 1 below this Article has been omitted.

*Art. 66* has been reproduced in rule 270 of the T.R.

*Art. 67* has been omitted as it will be covered by Note 2 below rule 270 of the T.R.

*Art. 68.*—The requirements of this Article will be served by rule 230 of the T.R.

*Arts. 69 and 69-A* have, after suitable modifications, been incorporated in rules 272 to 274 of the T.R.

*Art. 70.*—Except for the last sentence which has been included in rule 244 of the T.R., the provisions of this Article have been reproduced in rule 283 *ibid.*

The instructions contained in the Note below this Article have been included in rule 244 (b) of the T.R.

Rules 1 and 2 below the Article deal with last pay certificates and have been omitted for the reasons mentioned against Article 41.

Rule 3 below the Article has been provided in clause (10) of item 29 of Annexure A to Appendix 8 to the G.F.R.

Rule 4 has been left out as the cases which under the orders of Government will be exempted from the general provisions of rule 239 of the T.R. should be incorporated in the Manuals of the Accountants General concerned.

*Art. 71* has been reproduced in para. 113 of the G.F.R.

*Art. 72* has been reproduced in rule 276 of the T.R.

*Arts. 73, 74 and 74-A.*—The instructions contained in these Articles leaving the details which concern an Accountant General's office or which are already included in Supplementary Rules 197 to 203, have been incorporated in paras. 120 to 122 of the G.F.R.

*Arts. 75 to 78.*—The provisions of these Articles have been suitably modified and incorporated in rules 277 to 281 of the T.R.

*Art. 79* has been reproduced in rule 241 of the T.R.

## CHAPTER 6.

*Notes 1 and 2 at the top* have been included in rules 286 and 284 of the T.R. respectively.

*Art. 81.*—The requirements of this Article will be served by rule 285 of the T.R.

*Art. 82* has been reproduced in rule 287 of the T.R.

*Arts. 83 and 84.*—The distinction between “Ordinary” and “Special” contingencies for the purpose of sanctions has been removed and the powers of different authorities to sanction contingent charges have been laid down in paras. 129 and 130 of the G.F.R.

*Art. 85* has been reproduced in rule 292 of the T.R.

The provisions of Notes 1 and 2 below this Article have been included in item 20 of Annexure A to Appendix 8 to the G.F.R.

Note 3 below this Article has been reproduced in rules 293 and 294 of the T.R.

The powers granted by Note 4 below the Article to heads of departments for granting higher rates of pay to Central Government servants than those fixed for similar Government servants of Provincial Governments employed in the same station, have been withdrawn, *vide* sub-clause (ii) of clause (1) of item 20 of Annexure A to Appendix 8 to the G.F.R.

*Art. 86* has been omitted as its purpose will be served by the general instructions contained in paras. 98 and 133 to 136 of the G.F.R.

The Note below this Article has also been omitted as in view of the provisions in item 40 of Annexure A to Appendix 8 of the G.F.R. it seems superfluous.

*Art. 87.*—The requirements of this Article are satisfied by the general rules in paras. 105 and 106 of the G.F.R. and rule 289 of the T.R.

*Arts. 88 and 89* have been reproduced in rules 290 and 291 of the T.R. respectively.

*Art. 90* has been reproduced in the Note below para. 128.

*Arts. 91 and 92* have been reproduced in rules 295 and 296 of the T.R.

*Art. 93* has been suitably amplified and incorporated in rule 288 of the T.R. and para. 132 of the G.F.R.

*Art. 93-A* has been reproduced in Note 2 below para. 132 of the G.F.R.

*Arts. 94 to 97* have been included in rules 296 to 302 of the T.R.

*Art. 98* has been suitably amplified and incorporated in rule 317 of the T.R.

*Art. 99* has been reproduced in rule 305 of the T.R.

*Art. 100.*—The revised powers for incurring expenditure on non-recurring contingencies are laid down in Appendix 8 to the G.F.R. and Annexure A thereto.

*Arts. 101 to 105.*—The provisions of these Articles have been suitably modified and amplified, where necessary, and incorporated in rules 306 to 312 of the T.R.

*Arts. 106 and 107* have been omitted.

*Art. 108* has been reproduced in rule 313 of the T.R., the detailed procedure set out in Rule 1 below this Article being omitted.

*Arts. 108-A and 109* have been reproduced in rules 314 and 315 of the T.R.

*Arts. 110 to 112.*—The instructions contained in these Articles have been incorporated in para. 140 of the G.F.R. and rule 316 of the T.R., Notes 1

and 2 below Art. 111 being omitted and Notes 4 and 5 being provided in rules 381 and 377 of the T.R. respectively.

### CHAPTER 7.

*Note at the top* has been omitted.

*Art. 113.*—The substance of this Article has been incorporated in rules 400 and 401 of the T.R. and para. 205 of the G.F.R.

*Art. 114* has been provided in para. 204 of the G.F.R.

*Art. 115* has been left out as its purpose will be served by para. 204 of the G.F.R.

*Arts. 116 to 118.*—The provisions of Art. 116 have been reproduced in rule 411 of the T.R., the detailed instructions contained in Rules 3 and 4 below that Article and Arts. 117 and 118 being omitted as they will be covered by the Rules in Appendix 6 of the T.R.

*Art. 119.*—The instructions contained in this Article are contained in rule 412 of the T.R.

*Art. 120* has been reproduced in rules 414 and 415 of the T.R.

*Art. 121.*—The substance of this Article and the Rule thereunder has been included in rule 380 of the T.R.

*Art. 122.*—A comprehensive list of cases in which rewards are payable has been set out in item 34 of Annexure A to Appendix 8 to the G.F.R.

*Art. 123* has been reproduced in rule 416 of the T.R.

*Art. 124* has been reproduced in para. 213 of the G.F.R. and rule 418 of the T.R.

*Arts. 125 to 131.*—The provisions of Arts. 125 to 129 have been reproduced in rules 420 to 423 of the T.R., while Arts. 130 and 131 have been omitted.

*Arts. 132 and 133* have been reproduced in rules 424 and 425 of the T.R.

### CHAPTER 8.

*Arts. 134 and 135.*—The instructions contained in these Articles have been embodied in paras. 237 and 238 of the G.F.R.

*Art. 140.*—The provisions of this Article and Rules 1 to 3 thereunder have been incorporated in paras. 240 and 241 of the G.F.R.

*Arts. 142 and 143.*—The substance of these Articles has been provided in rules 660 and 662 of the T.R., Rule 1 below Art. 143 being reproduced in Note 3 below para. 241 of the G.F.R.

*Art. 144* has been embodied in paras. 243 of the G.F.R.

*Art. 145.*—Clauses (a) and (b) of this Art. and Note 1 below clause (a) have been reproduced in para. 244 of the G.F.R.

The submission of Annual Account required by Note 2 below clause (a) of this Article has been provided in para. 248 of the G.F.R.

*Art. 146* has been reproduced in para. 242 of the G.F.R.

*Arts. 147 and 148* have been reproduced in rules 664 to 666 of the T.R.

*Art. 149.*—Clause (a) of this Article has been reproduced in Art. 90 of A/c. Code II. The requirements of clause (b) are satisfied by Art. 120 *ibid.* Clause (c) has been included in sub-rule (2) of rule 666 of the T.R.

*Art.* 150 has been omitted as it relates to functions of an Account Office.  
*Arts.* 151 and 152 have been reproduced in paras. 245 and 246 of the G.F.R.

*Art.* 153 has been omitted as its requirements will be satisfied by paras. 248 and 247 of the G.F.R.

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## CHAPTER 9.

*Art.* 154 has been provided in para. 237 of the G.F.R.

The provisions of Notes 1 and 4 and Rule 1 below this Article have been reproduced in paras. 250 and 251 of the G.F.R., while those of Notes 2 and 5 are covered by para. 255 *ibid.*

Note 3 which relates to a Provincial Government has been omitted.

*Art.* 154-A has been reproduced in para. 249 of the G.F.R.

*Art.* 155 which relates to house-building advances has been omitted as such advances are no longer granted by the Central Government.

*Arts.* 156 to 158.—The rules in Article 156 for the grant of advance for the purchase of motor cars or motor boats and matters ancillary thereto have been revised with reference to the current orders on the subject and incorporated in paras. 254 to 261 of the G.F.R.

Similarly the rules for the grant of advances for the purchase of motor cycles and other means of conveyances contained in *Arts.* 157 and 158 have been embodied in paras. 262 and 263 of the G.F.R., respectively.

*Art.* 159.—Clause (a) of this Article with Notes 3, 4 and 6 to 9 below it has been suitably amended and incorporated in para. 265 of the G.F.R.

Notes 1, 2 and 5 which are no longer necessary have been left out.

Clause (b) together with the Notes and Exceptions 1 and 2 has been embodied in paras. 266 and 267 of the G.F.R., Exception 3 being incorporated as a Note below para. 264 *ibid.*

Clause (c) has been reproduced in para. 268 of the G.F.R.

Sub-clauses (i) to (iii), (v) and (vi) of clause (d) together with the Notes below it have been suitably modified and included in para. 269 of the G.F.R.

Sub-clause (iv) of clause (d) and clauses (e), (g) and (k) together with the provisions contained in the N.B. below clause (g) have been embodied in para. 270, while clauses (h), (i) and (j) have respectively been included in paras. 271, 264 and Note below para. 272 of the G.F.R.

*Art.* 160 has been embodied in para. 252 of the G.F.R.

*Art.* 161.—The substance of this Article has been provided in rules 258 and 660 of the T.R. and para. 253 of the G.F.R.

*Arts.* 162 and 163 have been incorporated in rule 669 of the T.R.

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## CHAPTER 10.

The rules in Part XII of the T. R. replace the rules contained in Chapter 10 of the C.A.C. I, Chapter 20 of the C.A.C. II and Chapter VII of the R.M. which become obsolete with the introduction of the new scheme of remittances through the Reserve Bank of India.

## CHAPTER 11.

*Art. 185.*—The substance of this Article has been provided in paras. 62 and 65 of the G.F.R.

*Art. 186.*—The main rule has been omitted, rule 1 below it being incorporated in para. 72 of the G.F.R.

*Art. 186-A* has been included in para. 72 (iii).

*Art. 187.*—The instructions contained in clauses (a) to (h) of this Article have been included after necessary adaptation and modification in para. 73 of the G.F.R., the Note below and the Exception to clause (9) being omitted.

Clause (i) together with the Exception to it has been suitably modified and incorporated in para. 81 of the G.F.R.

*Art. 188* has been embodied in para. 84 of the G.F.R.

*Art. 190 and 191* have been suitably modified and included in para. 97 *et seq* of the G.F.R.

*Art. 192* has been included in para. 55 of the G.F.R.

*Arts. 193 and 194.*—The substance of these Articles has been incorporated in paras. 105 and 106 of the G.F.R.

## CHAPTER 12.

*Art. 195* has been incorporated in rules 614, 623 and 625 of the T.R.

*Art. 196* has been omitted.

*Arts. 197 to 199* have been suitably modified and incorporated in rules 617 to 622 of the T.R.

*Art. 200* has been incorporated in clause (c) of rule 623 of the T.R., the note below this Article being provided in rule 619 of the T.R.

*Art. 201.*—Clause (a) of this Article has been provided in rule 627 of the T.R. and Art. 66 of Account Code, Vol. II.

Clause (b) has been incorporated in rules 630 and 631 of the T.R., the Note below this clause being embodied as a Note below Art. 66 of Account Code, Vol. II.

*Art. 202* has been incorporated in rule 632 and the Note below it in rule 629 of the T.R.

*Art. 203.*—This Article and the note below it have been reproduced in Art. 124 of Account Code, Vol. II, and its Note.

*Arts. 204 and 205* have been included in Arts. 125 and 126 of Account Code, Vol. II.

*Art. 206 and Notes thereunder* have been provided in rules 635 and 636 of the T.R. and Art. 127 of the Account Code, Vol. II.

*Art. 207 and Note thereunder* have been provided in rules 637 and 639 of the T.R. and Art. 63 of the Account Code, Vol. II.

*Art. 208* has been embodied in rule 638 of the T.R.

*Arts. 209 and 210* have been reproduced in Art. 71 of the Account Code, Vol. II: see also rule 641 of the T.R. The Notes below these Articles have been omitted.

*Arts. 211 and 212* have been incorporated in Notes 1 and 2 below rule 641 of the T.R.

*Arts. 213 to 216* have been reproduced in rules 643 to 646 of the T.R.

*Art. 217.*—The substance of this Article has been included in rule 648 of the T.R.

*Art. 217-A* has been suitably modified and incorporated in rule 651 of the T.R.

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#### CHAPTER 13.

*Art. 218* has been incorporated in rule 652 of the T.R.

*Art. 219* has been omitted.

*Arts. 220 and 220-A* have been incorporated in rules 654 to 656 of the T.R.

*Art. 221* has been incorporated in para. 231 of the G.F.R.

*Art. 222* has been reproduced in rule 657 of the T.R.

*Art. 223* has been omitted, but see Arts. 73 and 74 of the Account Code, Vol. II.

*Art. 223-A* has been reproduced in para. 227 of the G.F.R.

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#### CHAPTER 14.

*Art. 224* has been omitted.

*Art. 225* has been incorporated in para. 40 of the G.F.R.

*Art. 227 and the Notes and rules thereunder*, after suitable adaptation and modification, have been incorporated in paras. 47 and 48 of the G.F.R. and Schedule V to the B.F.P. (new).

*Art. 228* has been revised and incorporated in para. 49 of the G.F.R.

*Arts. 229 to 231-A* have been embodied in paras. 51 to 54 of the G.F.R.

*Art. 232* has been incorporated in para. 57 of the G.F.R.

*Arts. 233 and 233-A* have been reproduced in paras. 59 and 60 of the G.F.R.

*Arts. 234 and 235* have been omitted, but see para. 97 *et seq* of the G.F.R.

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#### CHAPTER 15.

*Art. 236.*—The provisions of this Article and Rule 1 below it have been embodied in rules 600 and 602(2) of the T.R.

*Art. 237* has been embodied in rules 601 and 603 of the T.R.

*Art. 238* has been reproduced in the second sub-para. of rule 600 of the T.R.

*Art. 239* has been omitted as its purpose will be served by rules 602(1) and 603 of the T.R.

Rules 1 and 2 below this Article have respectively been reproduced in the Note below rule 603 and rule 601 of the T.R.

*Art. 240* has been reproduced in rule 604 of the T.R.

*Art. 241* has been omitted as it is not within the scope of the Treasury Rules or the Financial Rules to prescribe how the rate of subscription to any particular fund or funds is to be determined.

*Art. 242.*—This Article together with Rule 1 below it has been reproduced in rule 605 of the T.R.

*Art. 243.*—A comprehensive rule governing the procedure for payment of advances, etc., from Provident and Service Funds has been set out in rule 606 of the T.R.

Rule 1 below this Article is provided in rule 609 of the T.R.

*Art. 244* has been modified and incorporated in rule 607 of T.R.

*Art. 245* has been reproduced in the second sub-para. of rule 601 of the T.R.

*Art. 246.*—The relevant portions of this Article and the Note below it have been incorporated in para. 221 and Note below para. 222 of the T.R. respectively.

*Arts. 247 to 253* have been omitted as they relate to rules of the Funds concerned and do not come within the purview of the Treasury Rules or the Financial Rules.

*Art. 254* has been reproduced in the Note below para. 220 of the G.F.R.

*Arts. 255 to 258* have been embodied in paras. 290 to 293 of the G.F.R.

*Art. 259* has been omitted as it does not affect any of the Central Treasuries.

*Arts. 259-A, 259-B, 259-C, 259-D and 259-DD.*—The provisions of these Articles have been modified with reference to subsequent orders and incorporated in paras. 294 to 298 of the G.F.R.

#### CHAPTER 15-A.

*Arts. 259-E, 259-F, 259-G, 259-GI and 259-H.*—The provisions of these Articles have been incorporated in rules 784 to 788 of the T.R.

*Art. 259-I* which merely introduces certain Appendices to the C.A. Code has been omitted.

*Art. 259-J.*—The provisions of this Article and the Notes below it have been included in rule 383 of the T.R.

*Art. 259-K* which merely introduces an Appendix to the C.A. Code has been omitted.

#### APPENDICES AND FORMS.

The following table indicates how the Appendices and Forms contained in C. A. C., Vol. I, have been treated in the new publications:—

Reference to the Appendix or Form in C.A.C., Vol. I	Corresponding Appendix form or rule in the new publications.	Remarks.
Appendix 1.	Form T.R. 15	
" 2	Appendix 3 to the T. R.	
" 4	" 9 to the G. F. R.	
" 4-A	" 10 to the G. F. R.	
" 5	" 8 to the G. F. R.	
" 5-A.	" 19 to the G. F. R.	
" 6	... ..	The rules in this Appendix being of Accounts classification have been left for the Auditor General to issue in Vol. I of the Account Code.
Appendix 7	Appendix 6 to the T. R.	
Appendix 8	" 14 to the G. F. R.	
Appendix 8-A	... ..	<i>Vide</i> remarks against Art. 41 in Chapter 8.

Reference to the Appendix or Form in C.A.C., Vol. I	Corresponding Appendix form or rule in the new publications	Remarks.
Appendix 8-B " 8-C	Appendix 13 to the G.F.R. . ...	The basic rules contained in this Appendix have, after necessary modifications and adaptations, been incorporated in Part I of the T. R.
Appendix 8-D " 8-E " 8-F	Appendix 17 to the G. F. R ... .. ... ..	<i>Vide</i> remarks against Art. 155 in Chapter 9. The provisions and restrictions contained in this Appendix which were issued by the Secretary of State in exercise of the powers vested in him under the old Act do not hold good under the New Constitution and have been omitted.
Appendix 8-G " 8-H Form " 1 " 1-A " 1-B " 1-C " 1-D " 1-E " 2 " 2-A " 2-B " 3 " 4 " 5 " 6	Appendix 1 to the G. F. R. Para. 19 of the G. F. R. Form T. R. 16. " " 17. " " 19. " " 18. " " 1. " " 14 " " 20. " G.F.R. 13. " T.R. 21. " G. F. R. 19. " G. F. R. 20. " G. F. R. 12. ... ..	<i>Vide</i> also remarks against Art 47-A in Chapter 4.
Form 8 " 10 " 10-A " 10-B " 10-C	Form T. R. 23. " " 22. " " 24. " " 28. ... ..	Detailed procedure for approaching the Secretary of State has not been made in the new rules as all schemes of revision of establishment are finally dealt with in India. Form 6 which is connected with applications to the Secretary of State for revision of establishment has therefore been omitted.
Form 11 " 12 " 13 " 14 " 14-A. " 15 " 15 A " 15-B " 16 " 17 " 18	Form T. R. 25 " " 26 " " 27. " " 29. " " 34. " " 31. " " 32. " " 33. " " 30. " " 41. " " 4.	This has been omitted as it belongs to the Fundamental Rules Series of Forms, <i>vide</i> F. R. Form 10.

Reference to the Appendix or Form in C.A.C., Vol. I.	Corresponding Appendix form or rule in the new publications.	Remarks.
Form 19	Form G. F. R. 14.	
" 19-A	" G. F. R. 1.	
" 19-B	... ..	
Forms 20, 20-A, 21, 22, 22-A and 23.	... ..	Vide remarks against Art. 155 in Chapter 9.
Form 24	Form G. F. R. 16.	
" 24-A	" G. F. R. 17	
" 24-B	" G. F. R. 18.	
" 25	... ..	
" 26	Form T. A. 21.	
" 27	" T. R. 61.	
" 28	" T. A. 43.	
" 29	" T. A. 49.	
" 30	" T. R. 62.	
" 30-A	" T. R. 56.	
" 30-B	" T. R. 57.	
" 30-C	" T. R. 58.	
" 31.	... ..	Vide remarks against Art. 40 in Chapter 3.
" 31-A	Form T.R. 70.	
" 31-B	... ..	Vide remarks against Art. 14 in Chapter 3.
" 31-C	Form G. F. R. 21.	

## (2) CIVIL ACCOUNT CODE, VOLUME II.

### Introductory Notes.

*Paras. 1 and 2.*—Same remarks as against paras. 1 to 3 of the Introductory Notes of C.A.C., Vol. I.

### CHAPTER 16.

*Art. 260.*—The provisions of this Article have been included in rule 4 of the T.R. while Rule 1 below it has been provided in rule 47 of the T.R.

*Arts. 261 and 262* have been embodied in rules 39, 41 and 52 of the T.R. while the Note below Article 261 has been incorporated in rule 51 *ibid*.

*Art. 263.*—Clause (a) has been omitted as the Resource Manual is no longer in force.

The provisions of clauses (b) and (c) will be covered by the rules in Section G of Chapter II of A/c. Code, Vol. II, and rule 704(1) of the T.R.

*Arts. 264 and 265* have been reproduced in rules 59 and 60 of the T.R. and Articles 29 and 30 of A/c. Code, Volume II.

*Art. 266* has been embodied in rules 99 and 102 of the T.R., while the Note below it has been reproduced in the Note below rule 500 of the T.R.

Rule 1 has been incorporated in rule 100 of the T.R.

Rule 2 has been provided in rules 98 and 105 of the T.R.

The requirements of Rules 3 to 5 will be covered by rules 99 to 103 and 91 of the T.R.

Rules 6 and 7 have been provided in rules 86 and 431 of the T.R. respectively.

Rule 8 which relates to Provincial Governments has been omitted.

Rules 9 and 10 have been included in rule 95 of the T.R.

*Art. 267* has been embodied in rules 177 and 179 of the T.R.

Rules 1 to 7 below this Article have respectively been incorporated in rules 18, 186, 184, 195(2), 20, 173 and 170 of the T.R.

*Art. 268* has been embodied in rules 22, 23 and the last sentence of rule 177 of the T. R.

For rules 1 and 2 below this Article see the remarks against Rules 1 and 2 below Article 15 in Chapter 1 of C. A. C., Vol. I.

Rule 3 has been reproduced in the Note below rule 183 of the T. R.

*Art. 269.*—This Article together with Rules 1 and 3 below it has been reproduced in rule 195 of the T. R.

The instructions contained in the N. B. below Rule 1 have been incorporated in the last sentence of Article 29 of A/c. Code, Vol. II, while the illustration given in Rule 2 has been omitted.

*Art. 270* clause (a) and Note 1 below the Article have been embodied in rule 132, while clause (b) has been reproduced in rules 106 and 107 of the T.R., Note 2 below the Article being provided in rule 318 *ibid.*

*Art. 271.*—The requirements of this Article will be covered by rule 147 of the T. R.

*Art. 272.*—The provisions of this Article and Note 2 below it have been included in rule 187 of the T.R., Note 1 being provided in rule 188 *ibid.*

*Art. 272-A* has been reproduced in sub-rule (2) of rule 401 of the T. R.

*Arts. 273 and 274.*—Same remarks as against Arts. 21 to 27 in Chapter I of C.A.C., Vol I., *vide* also rules 189 to 193 of the T.R.

*Arts. 275 to 277.*—The provisions of these Articles governing payments against letters of credit have, after suitable modifications and adaptations, been included in rules 168, 169 and 194 of the T.R.

*Art. 278.*—Clauses (a) to (c) have been provided in Arts. 33, 32 and 35 of A/c. Code, Vol. II, respectively.

Clauses (d) and (e) and the Note below it will be covered by Art. 35 of A/c. Code, Vol. II.

The provisions of Rules 1 and 2 below the Article have respectively been included in Note below Art. 34 and Art. 26 of A/c. Code, Vol. II.

Rule 3 has been reproduced in Note 2 below rule 789 (4) of the T.R.

*Arts. 279 and 280.*—The instructions contained in these Articles have, after suitable modifications and adaptations, been incorporated in Arts. 95 *et seq* of A/c. Code, Vol. II.

*Art. 281.*—Except for the last sentence of this Article, which has been omitted, it has been embodied in Art. 47 of A/c. Code, Vol. II, the Note below it being provided in the Note below rule 63 of the T.R.

*Art. 282.*—The substance of this Article has been embodied in Arts. 48 and 19, A/c. Code, Vol. II.

*Art. 283* has been provided in the Note below rule 132 of the T. R.

Notes 1 to 3 below the Article have been embodied in rule 203 of the T. R. and Articles 115 and 116 of A/c. Code, Vol. II.

*Arts. 284 to 286* have been provided in rules 65 to 67 of the T.R. and Arts. 50 to 56, A/c. Code, Vol. II.

*Art. 287.* The provisions of this Article and Rules 1 and 2 below it have been incorporated in rules 68 and 69 of the T. R.

Rule 3 below the Article has been reproduced in rule 185 of the T.R., while Rule 4 has been omitted as its purpose will be served by the rules in Section III of Part IV of the T. R.

*Art. 288.*—The substance of this Article and the Notes below it has been reproduced in para. 110 of A/c. Code, Vol. II.

*Arts. 290 and 291* have been incorporated in rules 74 and 75 of the T.R., the Note below Art. 290 being omitted.

*Arts. 292 to 294.*—A set of revised and compensation rules re-inspection of treasury have been set out in rules 70 and 71 of the T. R.

#### CHAPTER 17.

*Arts. 294-A and 295* have been incorporated in rule 426 of the T.R.

*Art. 296* has been reproduced in rule 427 of the T.R.

*Arts. 297 and 298.*—The requirements of these Articles so far as Government accounts are concerned will be covered by rules 457 and 458 of the T. R.

*Arts. 299 to 301* together with the Notes below *Art. 299* have been incorporated in rules 458 to 460 of the T. R.

*Arts. 302 and 303* have been embodied in rules 431 to 433 and 79 (1) (a) of the T. R.

*Arts. 304 to 306* together with the Note below *Art. 305* have been embodied in rules 434 to 436 and 464 of the T. R.

*Arts. 307 and 308* together with the Note below *Art. 307* have been omitted for the reasons stated against Chapter 10 of C.A.C., Vol. I.

*Arts. 309 and 310.*—The provisions of these rules have been amplified on the basis of the existing orders and included in rules 437 to 440 and 429 of the T. R.

*Art. 311.*—Clauses (a) and (b) of this Article have been incorporated in rule 442 of the T.R.

Clause (c) seems superfluous in view of the instruction incorporated in the Note below rule 442 of the T. R.

The Note below the Article has been embodied in rule 169(1) of the T. R.

*Art. 312* with necessary modifications has been incorporated in rule 443 of the T. R.

*Art. 312-A* has been omitted as its requirements will be covered by rule 442 of the T. R.

*Arts. 313 to 316* together with Rule 1 below *Art. 313* have been embodied in rules 446 to 448 and 452 of the T. R. respectively.

*Art. 317.*—*Vide* remarks against *Arts. 307 and 308* above.

*Arts. 318, 319 and 321* have been reproduced in rules 455, 456 and 428 of the T. R. respectively.

*Arts. 322 to 325* have been provided in rules 462 to 465 of the T. R.

#### CHAPTER 18.

*Arts. 326 and 327* together with the Notes below these have been suitably amplified to conform to the existing practice and incorporated in rules 328 to 331, 333 and 336 of the T.R.

*Art. 328* has been suitably modified and embodied in rule 356 of the T.R., the Note below this Article being included in rule 349 (1) *ibid*.

*Art. 329* has been reproduced in rule 358 of the T. R.

*Art. 330.*—The substance of this Article has been incorporated in rule 349 of the T. R.

Rules 1 to 4 below the Article have been reproduced in rules 350, 364, 352 and 353 of the T. R. respectively.

Clause (a) of Rule 5 below the Article has been embodied in the Note below sub-rule (2) of rule 349 of the T.R., while the detailed procedure for

the conversion of certain Colonial Government pensions contained in clauses (b) and (c) of that Rule has been omitted for inclusion in the Manuals of the Accountant General concerned, *vide* in this connection rule 355 of the T.R. and the remarks against that rule in the Explanatory Memorandum printed in the Treasury Rules, Vol. I.

Rules 6, 7 and 9 below the Article have been omitted while Rule 8 *ibid* has been embodied in rule 354(1) of the T.R.

*Art.* 331 has been reproduced in rule 359 of the T.R. The instructions contained in the Note below the Article will be covered by the proviso to rule 319(1) of the T. R.

*Art.* 331-A.—Clause (a) of the Article has been embodied in rule 369(1) of the T.R. while clause (b) has been replaced by rule 371 *ibid*.

*Art.* 331-B.—A comprehensive rule covering the provisions of this Article governing the procedure for the payment of provisions by Postal Money Order has been set out in rule 360 of the T.R.

*Art.* 332.—Clauses (1) to (3) of this Article have been reproduced in rule 367 of the T.R. while clause (4) has been embodied in rule 332 *ibid*.

*Arts.* 334 and 335 have been reproduced in rules 366 and 363 of the T.R. respectively.

*Art.* 336 has been omitted but see rules 373 to 375 of the T.R.

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## CHAPTER 19.

*Arts.* 337 and 338 have respectively been reproduced in Arts. 64 and 65 of A/c. Code, Vol. II, the Note below Art. 337 being included in a Foot Note below Form T.A. 20.

*Art.* 339 has been omitted for obvious reasons.

*Art.* 340 has been reproduced in Art. 67 of A/c. Code, Vol. II.

*Arts.* 341 to 343.—The substance of these Articles has been provided in Article 68 of A/c. Code, Vol. II, the Note below Art. 343 being omitted.

*Art.* 344 has been provided in rule 648 of the T.R., the instructions regarding the currency of cheques being covered by rule 162 *ibid*.

*Art.* 345 has been embodied in Art. 70 of A/c. Code, Vol. II.

*Art.* 346 has been incorporated in Arts. 75 and 76 of A/c. Code, Vol. II and Rule 634 of the T.R.

*Art.* 347 has been reproduced in Article 77 of A/c. Code, Vol. II.

*Art.* 348 has been embodied in the second sub-para. of rule 634 of the T. R.

*Art.* 349.—The substance of this Article has been embodied in Art. 69 while Rules 1 and 2 below this Article have been incorporated in the Note below Arts. 126 and 123(2) of A/c. Code, Vol. II.

*Arts.* 350 to 353 have been incorporated in Arts. 105 to 108 of A/c. Code, Vol. II.

*Art.* 354 has been included in rule 648 of the T.R.

*Art.* 355.—The substance of this Article has been included in Art. 111 of A/c. Code, Vol. II.

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## CHAPTER 20.

*Vide* remarks recorded against Chapter 10 of C.A.C., Vol. I.

### CHAPTER 21.

*Art. 394* has been reproduced in rule 97 of the T.R. and *Art. 109* of A/c. Code, Vol. II, the Note below this *Art.* being omitted.

*Art. 399* has been reproduced in rule 104 of the T.R., the Note below is being omitted.

*Arts. 400 and 401* together with the Note below *Art. 400* have been embodied in rule 402 of the T. R.

*Arts. 402 and 402-A* have been omitted.

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### CHAPTER 22.

*Arts. 403 and 403-A.*—The requirements of these two Articles will be covered by *Art. 104* of A/c. Code, Vol. II.

*Art. 404* has generally been provided in rule 564 of the T. R.

*Art. 405* has been reproduced in rule 566 of the T.R.

*Arts. 406, 407 and 407-A.*—The special procedure for the drawing of money by the Meteorological Department, Geological Survey and Survey of India Departments contained in these three Articles have been suitably modified to bring it into conformity with the existing orders and practice and incorporated in rules 567 to 573 of the T.R.

*Art. 408.*—Clauses (a), (d) and (e) and the first sub-para. of clause (b) of this Article have been incorporated in rule 586 of the T.R. and *Art. 120* of A/c. Code, Vol. II, while clause (f) and the Note thereunder have been included in rule 590 of the T. R., Clause (c) and the second sub-para of clause (b) have been omitted.

*Art. 408-A.*—This Article has been suitably amended to conform to the existing practice and incorporated in rule 565 of the T.R.

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### CHAPTER 23.

*Art. 409.*—This Article together with Note 2 below it has been reproduced in rule 564, while Note 1 has been incorporated in rule 557 of the T.R.

*Art. 410.*—Clauses (a) and (b) of this Article have been incorporated in rule 556 and Note below rule 558 of the T.R. and *Art. 102* of A/c. Code, Vol. II.

*Art. 411.*—The requirements of this Article will be covered by rule 555 of the T.R.

*Art. 412* has been reproduced in rule 558 of the T.R. see also *Art. 58* of A/c. Code, Vol. II.

*Arts. 413 to 415* have been provided in rules 559 to 561 of the T.R.

*Art. 416.*—The requirements of this Article will be covered by *Arts. 58, 101 and 120(b)* of A/c. Code, Vol. II.

*Art. 417* has been reproduced in rule 562 of the T.R.

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### CHAPTER 24.

The rules in this chapter, after allowing for the changes in procedure consequent on the abolition of the letter of credit system and on the *pro-forma* separation of Railway balances, have been incorporated in Chapter II of Part VII of the T.R. and in *Arts. 9-A, 38-A., 101, 104 and 117 to 120* of A/c. Code, Vol. II.

## CHAPTER 26.

*Art. 437* and Rule 1 below it have been included in rules 540 and 541 of the T. R.

*Arts. 438 and 438-A* have been omitted but *see paras. 187 et seq.* of the G.F.R.

*Art. 439.*—Clauses (a) and (b) of this Article are respectively provided in rule 543 and Note below rule 542 of the T. R.

*Art. 440* has been provided in rule 544 of the T.R. and *Art. 604* of A/c. Code, Vol. II.

*Arts. 441 and 442* have been incorporated in rule 545 of the T.R.

*Art. 443* has been reproduced in rule 546 of the T.R.

*Art. 444* has been provided in *Arts. 101 and 104* of A/c. Code, Vol. II.

*Arts. 445 to 448* together with the Note below *Art. 445* have been reproduced in rules 547 to 549 of the T.R.

*Art. 449* has been provided in *Art. 14* of A/c. Code, Vol. II.

*Arts. 450 and 451* have been reproduced in rules 550 and 551 of the T. R. respectively.

## CHAPTER 27.

*Art. 452* together with Notes 1 and 3 below it has been reproduced in rule 467 of the T.R. Note 2 below the Article being incorporated in the second sub-para. of rule 470 *ibid.*

*Art. 453.*—The list of departmental officers embodied in this Article has been printed as an Annexure to Chapter 1 of Part VII of the T.R. *see also rule 468* of the T. R.

*Art. 454* and Notes 1 to 4 below it have been reproduced in rule 469 of the T. R.

*Art. 454-A* has been included in rule 470 of the T. R.

*Arts. 455 and 456* have been reproduced in rules 471 and 472 of the T. R. respectively.

*Arts. 457 to 465 and 465-A.*—These Articles have been revised, where necessary, to make them conform to the existing practice and orders and incorporated in rules 473 to 477 of the T. R.

*Arts. 466 to 470* have been incorporated after necessary modifications in rules 478 to 482 of the T. R.

*Arts. 471 to 473.*—Except for the instructions contained in the N.B. below Article 472, which have been omitted, the provisions of these Articles have been included in rules 483 to 485 of the T. R. respectively.

*Arts. 474 and 475* have been embodied in rule 486 of the T. R.

*Art. 476* has been reproduced in rule 487 of the T.R.

*Art. 477.* has been omitted as its requirements will be covered by rule 492 read with rule 373 of the T.R.

*Arts. 478 to 480.*—Except for the Note below *Art. 480* which has been omitted, the provisions of these Articles have been reproduced in rules 488 to 490 of the T.R. respectively.

*Art. 481* has been omitted.

*Art. 482* has been reproduced in rule 491 of the T.R.

*Arts. 483 and 484* have been omitted as their requirements will be covered by rule 492 read with rule 373 of the T.R. The Note below Article 484 has been reproduced in rule 374 of the T. R.

*Art. 485.*—Clauses (a) and (b) of the Article have been reproduced in rule 375 of the T.R. clause (c) has been embodied in Article 16 of A/c. Code, Vol. II, while the Note below the clause has been omitted as its requirements will be covered by rule 492 read with rule 373 of the T.R.

*Art. 486.*—The relevant provisions of this Article and the Notes below it have been incorporated in Articles 59, 101 and 120 of A/c. Code, Vol. II.

*Art. 486-A* has been included in rule 223 of the T. R.

#### CHAPTER 28.

*Art. 487* together with the Note below it has been reproduced in rule 509 of the T. R.

*Arts. 488 and 489* have been incorporated in rule 511 of the T. R.

*Art. 489-A* has been reproduced in rule 524 of the T. R.

*Arts. 490 to 492.*—Except for the Note below Article 492 which has been omitted, the provisions of these Articles have been reproduced in rules 513 to 515 of the T.R. respectively.

*Art. 493* has been reproduced in rule 516 of the T.R., the Note below the Article being provided in rule 517 *ibid.*

*Arts. 494 to 497* have been reproduced in rules 518 to 521 of the T.R. respectively.

*Art. 498.*—The requirements of this Article will be covered by rule 198 of the T.R.

*Arts. 499 and 500* have been incorporated in rules 522 and 523 of the T.R.

*Art. 501* has been provided in rule 525 of the T.R.

*Art. 502* has been incorporated in Art. 60 of A/c. Code, Vol. II.

*Art. 503* has been reproduced in rule 526 of the T.R.

*Art. 504* has been omitted.

#### CHAPTER 29.

*Arts. 505 and 506* have been included in rules 530 and 531 of the T.R. respectively.

*Art. 506-A* has been reproduced in rule 536 of the T.R.

*Art. 507* has been omitted as its requirements will be covered by Article 12 of A/c. Code, Vol. II.

*Art. 508.*—The provisions of this Article have been included in rule 172 of the T.R.

*Art. 509* has been provided in rule 523 of the T.R., the Note below the Article being included in rules 148(2) and 151 *ibid.*

*Art. 510* has been reproduced in rule 535 of the T.R.

*Art. 511* has been suitably modified to bring it into conformity with the existing practice and incorporated in rule 533 of the T.R.

*Art. 512* has been reproduced in rule 534 of the T.R.

*Arts. 519 and 520* have been reproduced in rules 537 and 538 of the T.R. respectively, see also first sub-para. of Art. 113 of A/c. Code, Vol. II.

*Art. 521* together with the Note below it has been included in Art. 113 of A/c. Code, Vol. II.

## CHAPTER 30.

*Arts. 522 and 523* have been reproduced in Arts. 73 and 74 of A/c. Code, Vol. II, respectively.

*Art. 524* has been provided in rules 654 and 655 of the T.R.

*Arts. 525 and 526* have been included in Article 110 of A/c. Code, Vol. II and rule 657 of the T.R. respectively.

## APPENDICES AND FORMS.

The following table indicates how the Appendix and forms contained in the Civil Account Code, Vol. II, have been dealt with in the new publications :—

Reference to the Appendix or form C.A.C., Vol. II.	Corresponding Appendix or form in the new publication.	Remarks.
Appendix 9	Appendix H to the T. R.	
Form 32	Form T. A. 1.	
" 32-A.	" T. R. 6.	
" 35	" T. A. 2.	
" 36	" T. A. 3.	
" 37	" T. A. 36.	
" 38	" T. A. 37.	
" 39	" T. A. 9.	
" 40	" T. R. 36.	
" 40-A	" T. R. 37.	
" 41	" T. R. 38.	
" 41-A	" T. R. 39.	
" 41-B	" T. R. 40.	
" 43	" T. A. 20.	
" 44	" T. A. 22.	
" 45	" T. A. 24.	
" 46	" T. A. 23.	
" 47	" T. A. 44.	
" 48	" T. A. 45.	
Forms 49 to 55	...	For the reasons recorded against Chapter 10 of C.A.C., Vol. I, these forms have been replaced, where necessary, by suitable forms introduced in the Treasury Rules and the Account Code, Vol. II, in conformity with the scheme of remittance through the Reserve Bank.
Form 56	Form T. R. 54.	
" 57	" T. R. 55.	
" 58	...	Has been omitted as under the new rules in Art. 120 of A/c. Code, Vol. II, the Schedule of revenue received on account of the Salt Revenue Branch of the Central Excises and Salt, Northern India, has to be submitted in Form T. A. 10.
Form 59	Form T. R. 55.	
" 60	" T. A. 39.	
" 60-A	" T. R. 52.	
" 61	" T. A. 12.	
" 62	" T. A. 13.	
" 63	" T. R. 11.	
" 64	" T. A. 11.	

Reference to the Appendix or form C.A.C., Vol. II.	Corresponding Appendix or form in the new publications.	Remarks.
Form 65	Form T. A. 10.	
" 66	" T. R. 46.	
" 66-A	" T. R. 51.	
" 67	" T. R. 45.	
" 68	" T. R. 47.	
" 69-A.	" T. R. 48.	
" 69-B	" T. A. 14.	
" 70	" T. A. 15.	
" 71	" T. A. 16.	
" 71-A.	" T. A. 17.	
" 71-B	" T. R. 49.	
	" T. R. 50.	

### (3) RESOURCE MANUAL,

NOTE.—The rules contained in this Manual have been amended, where necessary, to make them conform to the changed conditions caused by the abolition of the office of the Controller of the Currency, the creation of the Reserve Bank of India, etc., and included in the Central Treasury Rules in the manner indicated in the following Table.

Reference to Articles, Annexures, Appendices or Forms in the Resource Manual.	Corresponding Rule, Appendix or Form in the Central Treasury Rules.	Remarks.
<b>Chapter 1.</b>		
Art. 1	...	
Art. 2	...	The jurisdiction of the different offices of issue of the Reserve Bank over the Central Treasuries has been shown in Note 1 below rule 53 of the T. R.
Art. 3	Rule 53	The Note below the Article which is superfluous has been omitted.
Art. 4	Paras. 1 and 3 of Chapter XIV, and Note below rule 426.	
Art 5	Paras. 3 and 12 of Part XIV, see also Para. 5 <i>ibid.</i>	
Art. 5 A	... ..	Has been omitted as the special procedure embodied in it for the resource operation at Cawnpore and Lahore Circles is no longer operative. As regards the list of officers responsible for submission of periodical returns, etc., provided in this Article, necessary provision has been made in the respective rules of the Central Treasury Rules, etc.
<b>Chapter II.</b>		
Art. 6	Note at the top of rule 113.	
Art. 7	Rules 55 and 56.	
Art. 8	Rule 116.	
Art. 9	Rule 113.	
Arts. 10 and 11	Rule 115.	
Art. 12	Rule 114.	

Reference to Article Annexures, Appendices or Forms in the Resource Manual.	Corresponding rule, Appendix or Form in the Central Treasury Rules.	Remarks.
Art. 13	Rule 117	
Art. 14	Rule 118	
Art. 15	Rule 119	
Art. 16	Rule 123 and Note 1 below Rule 124.	Note 2 below the Article has been provided in rule 122 of the T. R.
Art. 17	Rule 125	
Art. 18	... ..	The provisions of this Article seem superfluous and have been omitted.
Art. 19	Rule 45 and Note 2 below Rule 124.	
Art. 20	Rule 121	
Art. 21	Note 1 below para. 11 and Note below para. 13 of Part XIV.	
Art. 22	Para. 13 of Part XIV.	
Art. 23	Para. 14 of Part XIV.	Note I below this Article has been omitted.
Arts. 24 and 24-A.	Paras. 15 and 17 of Part XIV.	
<b>Chapter II'.</b>		
Art. 26	Para. 7 of Part XIV.	
Art. 27	Para. 8 of Part XIV.	
Art. 28	Para. 9 of Part XIV.	
Arts. 29 and 30	Para. 10 of Part XIV.	
Art. 31	Para. 11 of Part XIV.	
Art. 32	... ..	
Art. 33	Para. 3 of Part XIV.	
Art. 34	Para. 6 of Part XIV.	
Arts. 35 to 40	Rules in Section II of Part XI.	

#### Chapter IV.

The rules contained in this Chapter other than those in Arts. 91 and 92 relating to small Coin Depots which have been included in Section IV of Part IV of the T. R. and Arts. 128 *et seq* of A/c. Code, Vol. II, have, after necessary modifications and adaptations, been incorporated in Chapter III of Part XIV of the T.R.

Annexures A and B to the Chapter have been revised and included in Appendix D to the T. R., while the instructions and the form prescribed in Annexure C have been reproduced in para. 26 of Part XIV and Form T. E. 5.

#### Chapter V.

The rules contained in this Chapter have similarly been embodied in Chapter IV of Part XIV of the T. R.

#### Chapter VI.

Art. 114	Rule 671	
Art. 115	... ..	The provisions of this Article have been included in Arts. 17 <i>et seq</i> of A/c., Vol. II.
Arts. 116 to 157	Rules 683 to 731	

#### Chapter VII.

As regards the rules contained in this Chapter, *vide* remarks against Chapter 10 of C. A. C., Vol. I.

The Annexure to this Chapter has been provided in Appendix A to the T. R.

Appendix 1	Appendix E.
Form 1	Form T.R. 2.
Form 2	Form T.R. 3.

Reference to Article Annexures, Appendices or Forms in the Resource Manual.	Corresponding rule, Appendix or Form in the Central Treasury Rules.	Remarks.
Form 3	Form T. R. 9.	
Form 4	Form T. R. 10.	
Form 5	Form T. E. 1.	
Form 5 (a)	Form T. E. 2.	
Form 5 (b)	Form T. E. 4.	
Form 8	Form T. E. 7.	
Form 9	Form T. E. 8.	
Form 10	Form T. E. 9.	
Form 11	Form T. E. 10.	
Form 12	Form T. E. 11.	
Form 14	Form T. E. 65.	
Form 15	Form T. E. 6.	Form T. E. 6 has since been abolished.
Form 16	... ..	This form has been replaced by Form T. A. 50.
Form 19	Form T. R. 7.	
Form 20	Form T. R. 64.	
Form 21	Form T. R. 8.	
Form 24	Form T. R. 66.	
Form 25	Form T. R. 67.	

#### (4) BOOK OF FINANCIAL POWERS (OLD).

##### Part I.

This part specifies the subjects, expenditure on which required the previous sanction of the Secretary of State in Council under the Government of India Act of 1919.

The corresponding rules under the Government of India Act of 1935 are contained in para. 39 and the connected Annexure A to Chapter 4 of the G.F.R.

##### Chapter I.

*Rule 1.*—The definitions in clauses (a), (c) and (g) to (m) have been reproduced in rule 1 of the B.F.P. (new) and rule 2 of the G.F.R., while the other definitions have been omitted.

*Rule 2* has been included in rule 2 of the B.F.P. (new).

*Rules 3 to 6* have been reproduced in rules 3 to 6 of the B.F.P. (new).

*Rule 7* has been amplified by the inclusion of an exhaustive list of primary units of appropriation which were included in other Chapters of the Book, and embodied in rule 7 of the B.F.P. (new).

*Rules 8 and 9* have been modified on the basis of existing orders and provided in rules 8 and 9 of the B.F.P. (new).

*Rule 10* has been omitted, but *see* rule 14 of the B.F.P. (new).

*Rule 11.*—The substance of this rule has been provided in rule 15 of the B.F.P. (new).

##### Part II.

##### Chapter II.

*Rule 12* has not been specifically provided in the new rules, but *see* rule 11 of the B.F.P. (new).

*Rule 13.*—The revised powers of subordinate authorities to sanction the creation of permanent posts have been shown in rule 10 and Schedule 1 to the B.F.P. (new).

As provided in Note 2 below rule 10 of the B.F.P. (new), subordinate authorities may sanction the abolition of posts which they are competent to create.

*Rule 14* has been omitted as—

(i) it is intended to withdraw the powers of subordinate authorities to increase or reduce the pay of a post; and

(ii) the power to increase or reduce the pay of a particular Government servant should be governed by the ordinary rules in the Fundamental Rules, etc.

*Rule 15.*—The revised powers of subordinate authorities to sanction the creation of temporary posts have been embodied in rule 10 and Schedule II to the B.F.P. (new).

*Rules 16 and 17* have been omitted as it is intended to withdraw the powers of subordinate authorities to increase or reduce the pay of a post.

*Rule 18.*—The revised powers of subordinate authorities to sanction contingent expenditure have been shown in Appendix 8 to the G.F.R.

*Rule 19.*—The revised powers of subordinate authorities to sanction miscellaneous expenditure have been included in Schedule IV to the B.F.P. (new).

*Rule 20.*—The restrictions imposed by this rule have been shown, where necessary, against the powers mentioned in the different Schedules to the B.F.P. (new).

*Rule 21* has been included in para. 49 of the G.F.R.

*Rule 22* has been included in rule 7 of the B.F.P. (new).

*Rules 23 and 24.*—The revised powers of appropriation and reappropriation delegated to subordinate authorities have been shown in Schedule III to the B.F.P. (new).

*Rule 25.*—Same remarks as against Rule 10 of Chapter I.

### Chapter III.

The rules contained in this Chapter other than rules 27 (3) and 37 (a) have been omitted as it is not intended to give the Public Works Department a separate treatment from other Departments of the Central Government in the matter of financial powers.

Rules 27(3) and 37(a) have respectively been included in rule 12 and Note 2 below rule 8 of the B.F.P. (new).

### Chapter IV.

For the reasons explained in para. 4 of the *preface* to the G.F.R., the rules in this chapter have been omitted.

### Chapter V.

*Rule 55* has been omitted.

*Rules 56 to 61.*—Same remarks as against Rules 13 to 18 of Chapter II.

*Rule 62* has been provided in rule 13 of the B.F.P. (new).

*Rule 63* has been omitted as it is intended to withdraw the powers of subordinate authorities to sanction political pensions and gratuities.

*Rule 64.*—Same remarks as against Rule 19 of Chapter II.

*Rules 65 to 68, vide* remarks against Rules 22 to 25 of Chapter II.

*Rule 69* has been omitted.

### Chapter VI.

*Rules 70 to 76, vide* remarks against Rules 13 to 19 of Chapter II.

*Rules 77 to 81.*—Same remarks as against Rules 22 to 25 of Chapter II.

**Chapter VII.**

*Rule 82* has been omitted.

*Rules 83 to 87*, *vide* remarks against Rules 13 to 17 of Chapter II.

*Rule 88* has been omitted as the powers of granting pie money, etc., to the staff, which have been specially delegated to the Director General, are contained in an authorised departmental regulations.

*Rule 89* has been included in Note 3 below Rule 13 of the B.F.P. (new).

*Rule 90* has been omitted as it should more appropriately find a place in the departmental regulations concerned.

*Rule 91*.—Clause (a) of this Rule has been provided in item 7 of Annexure B to Appendix 8 to the G.F.R., while clause (b) has been omitted for the reasons mentioned against Rule 90 above.

*Rules 92 and 93*.—Same remarks as against Rule 90 above.

*Rules 94 and 95* have been provided in items 11 and 39(v) (2) of Annexure to Appendix 8 to the G.F.R.

*Rules 96 to 98*, *vide* remarks against Rules 18 to 20 of Chapter II.

*Rule 99* has been omitted, as it seems superfluous.

*Rule 100*.—Same remarks as against Rule 90 above, *vide* also Note below para. 167 of the G.F.R.

*Rule 100-A* has been provided in para. 47 of the G.F.R. and Schedule V to the B.F.P. (new).

*Rule 101*.—Same remarks as against Rule 99 above.

*Rules 102 and 103*.—Same remarks as against Rule 22 of Chapter II.

*Rules 104 and 105*, *vide* remarks against Rules 23 and 24 of Chapter II.

*Rule 105-A* has been provided in Note 2 below rule 8 of the B.F.P. (new).

**Chapter VIII.**

*Rules 106 to 111*.—Same remarks as against Rules 13 to 18 of Chapter II.

*Rule 111-A* has been included in para. 138 of the G.F.R.

*Rule 111-B*.—Same remarks as against Rule 19 of Chapter II.

*Rule 111-C* has been provided in Schedule V to the B.F.P. (new).

*Rules 112 to 116*, *vide* remarks against Rule 20 and Rules 22 to 25 of Chapter II.

**Chapter IX.**

On the abolition of the post of the Controller of the Currency, the rules in this Chapter have become obsolete and have therefore been omitted from the new publications.

**Chapter X.**

This has been provided in Annexure B to Chapter 4.

**(5) FOREST ACCOUNT CODE.****Chapter I.**

*Arts. 1 and 2* which deal with the scope and arrangements of the rules contained in the Forest Account Code have been omitted.

*Art. 2-A* has not been specifically provided in the new rules but the requirements of this Article will be served by the general rule in para. 51 of the General Financial Rules.

## Chapter II.

*Art. 3.*—The substance of this Article has been embodied in rule 559 of the Treasury Rules.

*Art. 5.*—The requirements of this Article will be met by rule 553 of the Treasury Rules.

*Art. 6.*—The substance of this Article has been provided in rule 560 of the Treasury Rules.

Rule 1 below this Article has been omitted as its purpose will be served by Article 250 of Account Code, Volume III.

*Art. 7.*—The requirements of this Article will be served by rules 561 and 151 of the Treasury Rules.

*Art. 8* has been provided in rule 172 of the Treasury Rules.

*Arts. 9 and 10* have not been specifically provided, but see rule 388 of the Treasury Rules.

*Art. 12* has been reproduced in Article 267 of the Account Code, Volume III.

## Chapter III.

*Art. 14* has been provided in Article 9(4) of the Account Code, Volume III.

*Art. 15.*—The requirements of this Article will be met by rules 77 and 109 of the Treasury Rules.

*Art. 16* has been reproduced in Article 256 of the Account Code, Volume III, Rule 1 below the Article being incorporated in Article 258 of the Account Code, Volume III.

*Art. 17* and Rules 1 and 2 below it have been provided in Article 257, 259 and 260 of the Account Code, Volume III, respectively. Rule 3 below the Article has been omitted.

*Art. 18.*—The requirements of this Article will be met by Article 281 of the Account Code, Volume III.

*Art. 19.*—The first sentence of this Article has been included in Article 257 of the Account Code, Volume III. The rest of the Article together with Rules 1 and 2 below it has been provided in Arts. 240 *et seq.* of the Account Code, Volume III.

*Art. 20* has been included in Art. 253 of the Account Code, Volume III.

*Art. 21.*—The substance of this Article has been embodied in Arts. 244 and 245 of the Account Code, Volume III.

*Arts. 22 to 24* have been reproduced in Arts. 262 to 264 of the Account Code, Volume III, respectively.

*Art. 25* is covered by rule 77 of the Treasury Rules.

*Arts. 26 and 27.*—The requirements of these Articles will be served by Arts. 265 and 266 of the Account Code, Volume III and rule 77 of the Treasury Rules.

*Art. 27-A* has been reproduced in Art. 278 of the Account Code, Volume III.

*Arts. 28 and 29* have been included in Art. 250 of the Account Code, Volume III.

*Art. 30* has been omitted.

*Art. 31.*—The requirements of this Article will be served by Article 274 of the Account Code, Volume III.

## Chapter IV.

*Art. 32* has been provided in rule 554 read with rules 92 *et seq.* of the Treasury Rules.

*Art. 33* has been reproduced in rule 557 of the Treasury Rules.

*Art. 34* has been provided in rule 555 of the Treasury Rules.

*Art. 35* has been incorporated in rule 558 of the Treasury Rules. The Note below the Article has not been specifically provided as in Presidency towns the functions of Treasury Officers are done by the local Accountants General (*vide* rule 429 of the Treasury Rules).

*Art. 36.*—The substance of this Article has been included in Article 242 of the Account Code, Volume III.

*Art. 37* has been included in Article 255 of the Accountant Code, Volume III and Note below rule 554 of the Treasury Rules.

#### Chapter V.

*Art. 38* has been provided in Article 268 of the Account Code, Volume III, *vide* also rule 389 of the Treasury Rules.

*Art. 39* has been incorporated in rule 390 of the Treasury Rules.

*Art. 40.*—The requirements of this Article will be served by Article 288 of the Account Code, Volume III.

*Art. 41* together with the Footnote below it has been omitted.

*Art. 42.*—The requirements of this Article will be met by the rules in Section III of Chapter I of Part V of the Treasury Rules.

*Art. 43.*—The substance of this Article has been incorporated in Art. 269 of the Account Code, Volume III and rule 395 of the Treasury Rules.

*Art. 44* has been omitted.

*Art. 45* is covered by rule 397 of the Treasury Rules.

*Art. 46* has been embodied in Article 251 of the Account Code, Volume III.

*Art. 47.*—The substance of this Article has been provided in Article 241 *et seq* of the Account Code, Volume III.

*Art. 48* has not been specifically provided but its requirements will be served by para. 178 of the General Financial Rules.

*Art. 49* has been provided in Article 270 of the Account Code, Volume III.

*Art. 50* has been omitted.

#### Chapter VI.

*Arts. 51 to 56* have been omitted, as they may more properly be incorporated in the Departmental Code.

#### Chapter VII.

*Art. 57* has been omitted.

*Arts. 58 to 60* have been reproduced in Articles 281, 288 and 292 of the Account Code, Volume III, respectively.

*Art. 61* has been provided in Articles 282, 289 and 291 of the Account Code, Volume III.

*Art. 61-A.*—The substance of this Article has been incorporated in Article 295 of the Account Code, Volume III.

*Art. 62* has been included in Article 283 of the Account Code, Volume III.

*Art. 63* has been omitted.

*Art. 64* has been reproduced in Article 290 while Rule 1 below it has been provided in Article 291 of the Account Code, Volume III.

*Arts. 65 and 66* have been reproduced in Arts. 284 and 296 of the Account Code, Volume III, respectively.

*Art. 66-A* has been omitted.

## Chapter VIII.

*Arts. 66 to 71.* have been reproduced in Articles 272 to 276 of the Account Code, Volume III, respectively.

*Arts. 72 and 73.*—The substance of these Articles has been embodied in Articles 286 and 287 of the Account Code, Volume III, respectively.

*Art. 74* has been omitted.

## Chapter IX.

*Arts. 75 to 79* have been omitted, but see paras. 88, 89 and 51 (vii) of the General Financial Rules.

## Chapter X.

*Arts. 80 to 82* have been omitted, but see rules 213 *et seq* of the Treasury Rules.

## APPENDICES AND FORMS.

The following table shows how the Appendices and Forms contained in the Forest Account Code have been dealt with in the new publications :—

Reference to Appendices and Forms in the Forest Account Code.	Corresponding Appendix or Form in the Account Code, Volume III.	Remarks.
Appendix ... ..	...	Has been omitted as its purpose will be served by the rules in Chapter V of the Account Code, Vol. III, Appendix 2 to Account Code, Vol. I and paras. 310 <i>et seq</i> of the General Financial Rules.
Appendix 2 ... ..	...	Has been omitted.
Forms 1 & 2 ... ..	...	Have been omitted as in view of the abolition of letter of credit system in the Forest Department they are no longer necessary.
Form 3 ... ..	...	Is no longer necessary as the original rule in the Forest Account Code in which the Form was mentioned was deleted.
Form 4 ... ..	Form F. A. 2 ... ..	
Form 6 ... ..	Form F. A. 1. ... ..	
Forms 7 & 8 ... ..	...	<i>Vide</i> remarks against Articles 51 to 56 to which they pertain.
Forms 9 to 11 ... ..	...	Seem to be unnecessary and have been omitted.
Form 12 ... ..	Form F. A. 4 ... ..	
Form 13 ... ..	" " 8 ... ..	
Form 14 ... ..	" " 5 ... ..	
Form 15 ... ..	" " 6 ... ..	
Form 16 ... ..	" " 3 ... ..	
Forms 17 & 18 ... ..	...	Same remarks as against Forms 9 to 11.
Form 19 ... ..	...	<i>Vide</i> remarks against Article 43.

