

CENTRAL GOVERNMENT



APPROPRIATION ACCOUNTS  
OF  
THE DEFENCE SERVICES  
FOR THE YEAR 1958-59  
AND  
COMMERCIAL APPENDIX  
THERETO



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## APPROPRIATION ACCOUNTS OF THE DEFENCE SERVICES 1958-59

(NOTE.—The figures in these accounts are in thousands of rupees unless otherwise stated.)

### SECTION I.—GENERAL REVIEW

The Sanctioned Grants and Appropriations on Revenue Account for the Defence Services under the four Grants—Army, Navy, Air Force and Non-effective Charges—during 1958-59 stood at Rs. 297·92 crores (Original Voted Grant Rs. 296·98 crores *plus* Original *Charged* Appropriation Rs. 0·91 crore *plus* Supplementary *Charged* Appropriation Rs. 0·03 crore) as against the actual expenditure of Rs. 275·58 crores (Voted expenditure Rs. 274·65 crores and *Charged* expenditure Rs. 0·93 crore). The Sanctioned Grant as well as the Appropriation under Defence Capital Outlay were Rs. 30·00 crores (Original Voted Grant Rs. 29·93 crores *plus* *Charged* Appropriation—Original and Supplementary—Rs. 0·07 crore) against the actual expenditure of Rs. 29·66 crores (Voted expenditure Rs. 29·63 crores *plus* *Charged* expenditure Rs. 0·03 crore).

2. *Supplementary Appropriations.*—Supplementary Appropriations amounting to Rs. 3·00 lakhs and Rs. 0·14 lakh were obtained under Demand No. 9—Army and 108—Defence Capital Outlay respectively, during October 1958, December 1958 and March 1959. The Supplementary Appropriations were obtained to recoup outstanding advances to the extent of Rs. 0·18 lakh drawn from the Contingency Fund during the year 1957-58 and to meet the payments in satisfaction of court decrees/arbitration awards against the Government.

3. All known and foreseeable excess provision in the Sanctioned Grants was surrendered in the Final Estimates for the year.

4. *Delay in the adjustment of debits.*—With the separation of accounts from audit with effect from the 1st April 1955 in the Ministries of Works, Housing and Supply and Food and Agriculture (the two Ministries with which the Defence Services are primarily concerned in this context) and the introduction of the cash re-imburement system in consequence thereof, a substantial volume of payments which, under the old procedure of exchange accounts, would have been adjusted in the Defence books in the March Final and Supplementary Accounts, remained unadjusted in the accounts for the year 1958-59. A sum of Rs. 1·09 crores (mainly on account of cost of wheat and rice supplied to the Defence Services) representing re-imburements made during 1959-60 by the Controllers of Defence Accounts to the Pay and Accounts Officers of Ministry of Food and Agriculture for supplies of stores to the Defence Services during 1958-59 and earlier was adjusted in the accounts for the year 1958-59 as a special case with the concurrence of the Comptroller and Auditor General. Similar readjustments were made in the previous year's accounts also



5. The Actuals for the year compared with the Sanctioned Grants/Appropriations, the Revised Estimates and the Final Estimates are shown in the table below :—

(In crores of rupees)

No. and Name of Grant		Sanctioned Grant or Appropriation (including Supplementary)	Revised Estimate	Final Estimate	Actual Expenditure
<i>Expenditure met from Revenue</i>					
9—Defence Services, Effective — Army					
	Voted.	O	178·08	173·08	170·12
	Charged.	$\left\{ \begin{array}{l} O \\ S \end{array} \right.$	$\left. \begin{array}{l} 0·03 \\ 0·03 \end{array} \right\}$	$\left. \begin{array}{l} 0·06 \\ 0·06 \end{array} \right\}$	$\left. \begin{array}{l} 167·62 \\ 0·06 \end{array} \right\}$
10—Defence Services, Effective— Navy	Voted.	O	16·65	16·65	16·44
11—Defence Services, Effective— Air Force	Voted.	O	88·54	83·77	77·49
12—Defence Services, Non-Effective	Voted.	O	13·71	13·61	13·55
	Charged.	O	0·88	0·88	0·87
<b>TOTAL ON REVENUE ACCOUNT</b>					
	Voted.	O	296·98	287·11	277·60
	Charged.	$\left\{ \begin{array}{l} O \\ S \end{array} \right.$	$\left. \begin{array}{l} 0·91 \\ 0·03 \end{array} \right\}$	$\left. \begin{array}{l} 0·94 \\ 0·93 \end{array} \right\}$	$\left. \begin{array}{l} 274·65 \\ 0·93 \end{array} \right\}$
<i>Capital Expenditure</i>					
108—Defence Capital Outlay	Voted.	O	29·93	29·93	29·93
	Charged.	O	0·07	0·07	0·03
<b>GRAND TOTAL ON REVENUE AND CAPITAL ACCOUNT</b>					
	Voted.		326·91	317·04	307·53
	Charged.		1·01	1·01	0·96
	<b>TOTAL</b>		<b>327·92</b>	<b>318·05</b>	<b>308·49</b>
					<b>305·24</b>

NOTE.—‘O’ stands for Original Grant/Appropriation and ‘S’ for Supplementary Grant/Appropriation.

6. It will be seen from the above that taking the Revenue and Capital Expenditure together, there was a saving of about Rs. 23 crores, compared with the Sanctioned Grant. This works out to about 6.9 per cent as against the saving of 3.2 per cent in the year 1957-58. Compared with the Revised Estimates, the saving is Rs. 12.81 crores which works out to 4 per cent as against 2.9 per cent in the previous year. As compared to the Final Estimates, the saving is Rs. 3.25 crores which works out, in terms of percentage, to 1.0 as against the excess of 0.7 per cent in the previous year.

7. The framing of close estimates on the Defence side, particularly in regard to store expenditure is beset with certain inherent difficulties. The Budget Estimates are framed on the basis of developments known at that time. During the course of the year either due to changes in policy or due to rapid changes in the supply position of stores which occur for a variety of reasons, the original expectations are considerably altered.

All possible efforts are, however, being made to arrest the trend of large scale surrenders.

8. A detailed comparison of the Estimates and the Actuals and explanations for variations between the Final Estimates and the Actuals under various Sub-heads of Grants are given in Section IV of the Accounts.

9. Comments on the store accounts and the results of stock-verification have been dealt with in the Controller General of Defence Accounts' Certificate separately published in this book.

10. A detailed review of the expenditure incurred by the Military Engineer Services is given separately in Section V of these Accounts. A review of the accounts of the manufacturing concerns of the Defence Services is included in the Commercial Appendix.

S. JAYASANKAR,  
*Financial Adviser,*  
*Ministry of Finance (Defence).*

NEW DELHI ;  
Dated the

25 APR 1960

O. PULLA REDDI,  
*Secretary to the Government of India,*  
*Ministry of Defence.*

NEW DELHI ;  
Dated the

25 APR 1960

SECTION II.—CHANGES IN FORM AND CLASSIFICATION

II. No important change was made during the year 1958-59 in the form and classification of accounts of the Defence Services.



### SECTION III.—MISCELLANEOUS OBSERVATIONS

12. Contributions paid to International Organisations from the Defence Services Estimates are mentioned in foot-notes to the Grants concerned in Section IV.

13. The Commercial Appendix to the Appropriation Accounts has also been incorporated in these Accounts. The annual reports of the Directors to the Shareholders and the accounts of the Hindustan Aircraft (Private) Ltd., and the Bharat Electronics (Private) Ltd. have not been included in the Commercial Appendix as, in accordance with Section 639 of the Companies Act, 1956, these are required to be presented to the Parliament separately.

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NOTE.—In the Appropriation Accounts exhibited at pages 28 to 41:

'O' stands for Original Grant/Appropriation and appears in column 1 only when a figure is shown against it and is omitted from that column when the figure against it is *nil*.

'S' stands for Supplementary Grant/Appropriation sanctioned by the Parliament.

'R' stands for residual modifications (reappropriation/surrender) sanctioned by the competent authorities other than Parliament.

The figures shown in the second column of the Accounts against all sub-heads are the figures as they stand after all modifications including surrenders or withdrawals but the figures shown in the same column against 'Total' represent merely the totals of the Original and the Supplementary Grants/Appropriations (if any), unaffected by surrenders or withdrawals. In order to neutralise the effect of reductions made in the provision under different sub-heads on account of surrenders or withdrawals, a sub-head "Surrenders or withdrawals within Grant or Appropriation" is opened, where necessary, as the last sub-head in the Accounts.

No explanation is given for variations between the Original Grant/Appropriation and the final grant/appropriation against individual sub-heads. Explanation is given mainly for divergencies between the final figure in column 2 and the actual expenditure in column 3, the difference between which appears in column 4. No amounts or percentages are prescribed for explaining these divergencies. Explanations of variations in respect of those cases only which are likely to be required by the Public Accounts Committee are included.

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## SECTION IV.—APPROPRIATION ACCOUNTS

## 14.—Grand Summary of Appropriation Accounts by Grants and Appropriations, 1958-59.

No. and Name of Grant	Original Grant or Appropri- ation	Final Grant or Appropri- ation	Actual Expenditure	Actual Expenditure more(+) less (-) than the		
				Original Grant or Appropri- ation	Final Grant or Appropri- ation	
1	2	3	4	5	6	
9—Defence Services, Effective— Army.	{ Voted. Charged.	1,78,08,25 2,50	1,78,08,25 5,50*	1,67,62,53 5,47*	-10,45,72 +2,97	-10,45,72 -3
10—Defence Services, Effective— Navy.	{ Voted. Charged.	16,65,08 50	16,65,08 50	16,37,66 16	-27,42 -34	-27,42 -34
11—Defence Services, Effective— Air Force.	{ Voted. Charged.	88,54,15 50	88,54,15 50	77,35,05 10	-11,19,10 -40	-11,19,10 -40
12—Defence Services, Non-Effec- tive.	{ Voted. Charged.	13,70,49 87,50	13,70,49 87,50	13,29,56 87,43	-40,93 -7	-40,93 -7
Total Expenditure met from Revenue.	{ Voted. Charged.	2,96,97,97 91,00	2,96,97,97 94,00	2,74,64,80 93,16	-22,33,17 + 2,16	-22,33,17 -84
108—Defence Capital Outlay.	{ Voted. Charged.	29,93,50 6,50	29,93,50 6,64**	29,63,56 3,04**	-29,94 -3,46	-29,94 -3,60



GRAND TOTAL

.	{	Voted.	3,26,91,47	3,26,91,47	3,04,28,36	-22,63,11	-22,63,11
		Charged.	97,50	1,00,64	96,20	-1,30	-4,44

\*This includes 4 for the recoument of an advance drawn from the Contingency Fund in 1957-58.

\*\*This includes 14 for the recoument of advances drawn from the Contingency Fund in 1957-58.

NOTE—The above account does not include the recoveries shown below, which are adjusted in the accounts in reduction of the expenditure.

Revenue	.	.	.	.	.	.	5,67,39
Capital	.	.	.	.	.	.	1,78,34
Total	.	.	.	.	.	.	<u>7,45,73</u>

**CONTROLLER GENERAL OF DEFENCE ACCOUNTS' CERTIFICATE,  
1958-59.**

15. I certify, to the best of my knowledge and belief, that no part of the expenditure contained in the Appropriation Accounts for 1958-59 has been incurred without the sanction of the Government of India, where such is required by regulations and other orders, with the exception of certain items where the necessary sanction is awaited. Particulars of such items of Rs. 2,000 and over in value in each case are furnished in Annexure I to this certificate (Pages 11 to 26).

I also certify that the test check of the Defence Services store accounts for the year 1958-59 has been carried out under my instructions. The store accounts of units and formations in the Jammu & Kashmir area continued to be subjected to a reduced scope of check, as in the previous years.

Cases of incomplete maintenance/non-maintenance/non-production of store accounts/connected documents continued to be reported.

Cases of uneconomical/unauthorised use of Government transport were also noticed.

Unauthorised and excess issues of rations and clothing stores were also reported in some cases.

Stock-verification was not carried out in six cases in Army (including Military Engineer Services) formations and was partially done in fortyfour cases. The stock-verification revealed surpluses and deficiencies of an appreciable magnitude in a few cases. Surpluses worth about Rs. 6 lakhs and deficiencies worth about Rs. 3 lakhs came to light in eight Ordnance Depots.

Stock-verification was not carried out in one case and was partially carried out in six cases in the Navy. Surpluses worth Rs. 56,000 and deficiencies to the extent of Rs. 40,000 were revealed.

Stock-verification was not carried out in one case and was partially carried out in three cases in the Air Force. The biennial stock-taking in certain Equipment Depots revealed surpluses worth Rs. 7.89 lakhs and deficiencies to the extent of Rs. 6.92 lakhs.

Stock-verification was completed in all the Ordnance Factories except in respect of three items of steel scrap. The stock-verification revealed surpluses worth Rs. 4.6 lakhs and deficiencies worth Rs. 2.4 lakhs.

Cases continued to occur in which Army Depots and Units, Naval Establishments and Equipment Depots of the Air Force could not link the vouchers on which the stores were actually brought on charge with the issue vouchers of the consignor. There were about 3,800 vouchers in which credit could not be verified in the ledger of the consignees. About 14,500 vouchers have also not been produced to Audit.

Outstanding dues on account of stores supplied and services rendered by the Defence Services (other than Ordnance Factories) up to 31st March 1959 to outside parties, including Central Civil Departments and State Governments, amount to approximately Rs. 1.26 crores as on 30th June 1959. In respect of work done or stores supplied by the Ordnance Factories up to 31st March 1959 to Civil Departments, Railways and private bodies, etc., the amount due for recovery is approximately Rs. 2.15 crores as on 30th June 1959.



Outstandings on account of rent as on 31st March 1959 from State Governments, Central Ministries, private bodies, Messes and Clubs, Officers, etc., amount to approximately Rs. 2.69 crores. These outstandings are expected to be reduced by about Rs. one crore as a result of a review of rent assessments in respect of one Ministry. The position, however, requires improvement.

A complete check of pension payments made during the year in respect of certain payments could not be conducted due to non-receipt of some pension payment accounts and change statements from the Pension Disbursing Officers and for certain other reasons. Cases of fraudulent drawal of pensions from three Civil Treasuries reported in 1956-57 are still under investigation.

The number of outstanding audit objections continues to be large, although there has been a substantial reduction as compared to the previous year. The number of objections as on 1st April 1959 is 57,231 as against 71,067 in the previous year. The recent delegation of powers to lower authorities to settle certain types of audit objections is likely to improve the position further.

Some of the specific cases involving financial and procedural irregularities are detailed separately in Annexure II to this certificate (Page 27).

I also certify that the expenditure met from the special grants-in-aid to Cantonment Boards from the Defence Services Estimates has been checked under my direction and the conditions on which such grants were made have been fulfilled.

NOTE.—This certificate does not cover :—

- (a) the internal check of store accounts of Quartermaster General's installations under the Ministry of Food & Agriculture, as the local audit of these accounts is conducted by the Director of Audit, Food, Rehabilitation, Supply, Commerce, Steel and Mines on behalf of the Comptroller and Auditor General of India, and
- (b) the expenditure incurred by the High Commissioner for India in the United Kingdom and booked in the accounts of the Defence Services for the year 1958-59 which is audited by the Director of Audit, Indian Accounts in the United Kingdom on behalf of the Comptroller & Auditor General of India.

NEW DELHI ;  
Dated the 12th January, 1960.

PHUL CHAND,  
Controller General of Defence Accounts.

Countersigned.

NEW DELHI ;  
Dated the 14th January, 1960.

S. JAYASANKAR,  
Financial Adviser,  
Ministry of Finance (Defence).

## AUDIT CERTIFICATE

16. The account at pages 6-7 has been examined under my direction in accordance with the provisions of the Government of India (Audit and Accounts) Order, 1936, as adapted under the India (Provisional Constitution) Order, 1947, read with Article 149 of the Constitution of India. I am assured that my officers have obtained all the information and explanations that they have required and according to the best of my information as a result of the test audit of the accounts, I certify that the account above is correct subject to the observations in the Audit Report.

NEW DELHI ;

Dated the 2 MAY 1960

A. K. CHANDA,

*Comptroller and Auditor General of India.*

ANNEXURE I TO PARA 15

Statement showing items of expenditure of Rs. 2,000 and over in each case in respect of which sanction of Government of India is awaited.

Serial No.	Brief particulars	Amount involved	Head of account	Circumstances in which expenditure was incurred without sanction of Government of India or was admitted without proper authority	Remarks
1	2	3	4	5	6

Rs.

Month and year in which the objection was first raised.      Month and year in which the case was first reported to higher authorities/Service Headquarters.

1	Expenditure incurred by a Garrison Engineer on the bulk purchase of electricity without concluding agreements with the suppliers as under :—	8,44,259	Major Head 60 <sup>1</sup> Sub-Head F	The expenditure was incurred in anticipation of the conclusion of agreements.	July 1954	April 1956.
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Rs.

upto March 1954	6,21,018
1954-55	78,633
1955-56	43,755
1956-57	70,404
1957-58	18,191
1958-59	12,258





- Major Head 58*
- 4 Employment in Army Headquarters of one Upper Division Clerk and three Lower Division Clerks against the vacancies of Map Curators. 15,023 (approx.) Main Head 3 Payment was inevitable. December 1955. December 1955.
- 5 Employment by a Field Ordnance Depot of civilian personnel both Industrial and non-Industrial in excess of the authorised establishment during the period August 1958 to March 1959. 34,725 Major Head 58 This was due to wrong interpretation of orders by the administrative authorities. April 1959. January 1959.

- Major Head 58*
- 6 Expenditure incurred by a Supply Depot on payment of licence fee for import of rum during 1958-59. 13,300 Main Head 6 Prepayment of licence fee was made to obtain permit from the Excise authorities. December 1958.
- 7 Irregular placing of supply orders by a Supply Platoon for the local purchase of meat-on-hoof and firewood on the same day on one contractor, with the transactions split up so as to bring the amount within the competence of lower authority. 1,73,816 Major Head 58 The expenditure was placed under objection on its detection by the internal audit. October 1958; July 1959.

Rs.

Meat-on-hoof.	1,46,628
Firewood.	27,188

1	2	3	4	5	6
		Rs.			Month and year in which the objection was first raised.      Month and year in which the case was first reported to higher authorities/Service Headquarters.
8	Irregular drawal, by a Transit Camp located outside an operational area, of half rations in respect of leave details for the day from which leave commences and for the day of their return to their units during 1958-59 for which ration allowance is admissible.	72,954	<i>Major Head 58</i> Main Head 6	Irregular drawal of half rations upto December 1954 was regularized by Government in March 1959. The unit continued to draw half rations for leave details.	June 1953.      Also reported in the Appropriation Accounts, 1956-57 and 1957-58.
9	Conversion of a Stable building into a married Non-Commissioned Officer's quarter.	10,319	Major Head 58.	After demolishing the entire structure, complete reconstruction of one Non-Commissioned Officer's quarter was undertaken at a station much in excess of authorised plinth area and normal cost.	February 1959. October 1959.
10	Irregular issue of Military Credit Notes instead of Civil Credit Notes for moves of stores by rail for a project.	Not assessable.	Major Head 86.	The expenditure was admitted subject to the receipt of Government sanction.	November 1958.      February, 1959.



*Major Head 58*

- 11 Expenditure on the local purchase of stationery in excess of 20% of the allotment for the year 1958-59 by two Headquarters Divisions. 7,957 Main Head 4 The expenditure was placed under objection on its detection in post-audit. July 1959. October 1959.

*Major Head 58*

- 12 Expenditure incurred on provision of water sewage system in existing temporary buildings without proper sanction in three cases as under :—
- |                 | Rs.   |
|-----------------|-------|
| (i) . . . . .   | 4,837 |
| (ii) . . . . .  | 5,109 |
| (iii) . . . . . | 4,957 |
- 14,903 Main Head 7 The work was done under the administrative approval of Command Headquarters. As the provision of water borne sewage system in the existing temporary buildings was in contravention of Government orders, the expenditure incurred was placed under objection. December 1958. October 1959.

1	2	3	4	5	6
---	---	---	---	---	---

Rs.

Month and year in which the objection was first raised.      Month and year in which the case was first reported to higher authorities/Service Headquarters.

13 Expenditure incurred on printing of a journal by Army Headquarters as follows :—

36,930      *Major Head 58*      Main Head 4-C      The expenditure was admitted pending the issue of Government sanction.      November 1958.      March 1959.

	Rs.
1953-54	6,293
1954-55	4,670
1955-56	3,862
1956-57	7,330
1957-58	10,635
1958-59	4,140

- 14 Unauthorised issue of free rations to civilian personnel attending courses of instructions during 1958-59 by an institute. 7,317 Main Head 6 The expenditure was authorised as a "Joint Measure" during the last war. In view of the termination of the financial agreement between the United Kingdom Government and Government of India with effect from 1st April 1947, fresh Government sanction is necessary, as the original sanction has become inoperative from that date. April 1954. June 1956. Also reported in the Appropriation Accounts, 1956-57 and 1957-58.
- 15 Irregular payment of rent for leased lands, non-residential buildings and plots, etc. beyond 10 years in three cases as under :—
- |       |                |                |                           |
|-------|----------------|----------------|---------------------------|
|       | Rs.            |                |                           |
| (i)   | . . . 41,248   | Not assessable | Major Heads 58, 59 and 60 |
| (ii)  | . . . 1,81,410 |                |                           |
| (iii) | Not assessable |                |                           |
- Pending receipt of Government sanction for hiring for a period exceeding 10 years, payment had to be made. June 1958. June 1958.  
April 1959. April 1959.  
October 1956. September 1958.
- 16 Expenditure on special staff in the office of a Revenue Commissioner and Civil Liaison Officer in connection with acquisition/requisition work done for the Defence Services during 1957-58 and 1958-59. 17,639 Major Head 58 Pending receipt of Government sanction for the continuance of the staff beyond 28th February 1957, debit raised by the Civil Accountant General concerned was provisionally adjusted. March 1959. January 1960.

1	2	3	4	5	6	
		Rs.			Month and year in which the objection was first raised.	Month and year in which the case was first reported to higher authorities/Service Headquarters.
17 Irregular expenditure on payment of rent by Garrison Engineers for hired site/bungalows without necessary lease agreements as under :—						
(i) 1st April 1942 onwards.	4,87,716	Major Head 58	Government sanction for the lease of the property for 50 years from 20th February 1940 is awaited.	April 1956.	July 1959.	
(ii) 1958-59 . . .	42,408	Do.	Payment was made to avoid eviction.	October 1954.	February 1956.*	
(iii) 1952-53 onwards . . .	8,605	Do.	Do.	April 1958.	October 1959.	
(iv) 1958-59 . . .	5,646	Do.	Do.	July 1954.	March 1957.* *Also reported in the Appropriation Accounts, 1956-57 and 1957-58.	



18	Refund of security deposit which was withheld for the failure of an auctioneer to restore the site when a suit was filed by the individual during 1958-59.	2,768	Do.	Payment was made pending Government sanction.	March 1958.    May 1958.
----	--	-------	-----	---	--------------------------

*Major Head 59*

19	Expenditure due to consumption of stores in excess of the monetary allotment or without any allotment by twenty-eight Naval formations during 1958-59.	4,05,635	Sub-Head E	Such excesses are usual and have been attributed to a variety of reasons, viz., increase in price of stores, non-fixation of the allotment, increase in the number of ratings and camp arrangements, accommodation to sailors in tents and accommodation during refit of ships, large quantities required during refits, continuous sailing and taking part in exercises, age of the ships, etc. The expenditure was incurred in anticipation of covering Government sanction.	Between February and August 1959.    Between March and October 1959.
----	--	----------	------------	--	--

20	Expenditure in excess of annual grant for 1958-59 on educational training by a Naval formation.	5,634	Sub-Head D	Cost of stationery items drawn through Service sources was not debited to this head.	June 1959.    October 1959.
----	---	-------	------------	--	-----------------------------

1	2	3	4	5	6	
		Rs.				
					Month and year in which the objection was first raised. Month and year in which the case was first reported to higher authorities/Service Headquarters	
21	Expenditure on conversion of a ship during July 1957 to June 1958.	1,98,707	Sub-Heads C and E	The expenditure was incurred in anticipation of covering Government sanction.	November 1958.	January 1959.
22	Expenditure incurred on manufacture and despatch of certain articles for an exhibition by a Naval Dockyard during September 1958 to January 1959.	16,830	Sub-Head D	The expenditure was incurred on instructions from the Naval Headquarters.	September 1958.	July 1959.
23	Expenditure on repairs to permanent buildings of a Naval Dockyard during May to December 1958.	2,13,563	Sub-Head F	The administrative authorities contend that expenditure on any one building is less than Rs. 20,000. Government sanction has, however, been called for	December 1958.	August 1959.

24	Expenditure on the manufacture of certain stores by a Naval Dockyard in excess of the sanctioned amount during July 1954 to February 1959.	17,408	Sub-Heads C and E	Being the first of its kind, a number of technical problems had to be solved.	November 1957.	December 1957.
25	Issue of return air passage tourist class to two foreign technicians for a factory project during 1958-59.	5,380	Provisionally compiled to Major Head 58	The expenditure was incurred pending Government sanction.	August 1959.	August 1959.
			<i>Major Head 59</i>			
26	Irregular expenditure incurred on the continued retention of a non-residential building beyond 10 years from the date of original sanction.	3,93,854	Sub-Head F	Expenditure was obligatory.	August 1958.	September 1959.
27	Unauthorised flights undertaken by a Training Command for a flypast on Air Force Day.	Not assessable	Major Head 60	The expenditure was placed under objection in internal audit.	July 1959.	August 1959.
28	Expenditure incurred by certain Air Force units/formations on pay and allowances as under :—					
	(i) Due to employment of nine pensioners as civilians in six Air Force formations during 1951 to 1959.	Not assessable	Major Head 60	Government orders fixing their pay, taking into account their military pensions, were awaited.	Various dates.	Various dates. 6 of these cases were also reported in the Appropriation Accounts, 1957-58.



1	2	3	4	5	6
		Rs.			Month and year in which the objection was first raised. Month and year in which the case was first reported to higher authorities/Service Headquarters.
(ii) Due to irregular employment of four non-matriculantes as Equipment Assistants during 1958-59.	6,179	Sub-Head C	The payment was made as the individuals were actually employed.	March 1958.	December 1958. The case was also reported in the Appropriation Accounts 1957-58.
(iii) Due to absorption of a carpenter against the vacancy of an airman with effect from 16th September 1955.	2,296	Do.		December 1958.	October 1959.
29 Expenditure on the opening of an additional medical inspection room not provided for originally.	Not assessable	Major Head 60	Expenditure incurred placed under objection for want of Government sanction.	May 1958.	February 1959.
30 Expenditure incurred in 3 cases on special flights undertaken for searching missing aircraft/ground familiarisation.	Not assessable	Do.	Flights were placed under objection for want of Government sanction.	Between December 1958 and June 1959.	May and June 1959 in two cases.



31	Irregular issue of Ordnance Stores to the Station Sick Quarters at various Air Force Stations.	Do.	Do.	Ordnance stores are to be issued on the basis of the number of beds authorised for the Station Sick Quarters. In the absence of the Government orders fixing the number of beds, issues were made on the authority of Scales of Accommodation (War) 1944.	January 1959; August 1959;
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32	Expenditure incurred on flying hours performed in excess of those authorised, by a Squadron of the Air Force during 1958-59.	Do.	Do.	The expenditure was placed under objection on detection in internal audit.	March 1959. August 1959.
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*Major Head 60*

33	Two cases of expenditure by an Embassy on account of accommodation for certain Air Force Officers as under:—	Sub-Head D	Expenditure was incurred pending the issue of Government sanction.	June 1957 and various other dates.	As soon as detected.
	(i) 1956-57 and 1957-58 . . . . .	56,194		September 1958 to July 1959.	September 1958 to July 1959.
	(ii) 1958-59 . . . . .	24,314			
34	Test flights undertaken by an Air Force unit without Government sanction during September 1957 to March 1959.	Not assessable.	Sub-Head E	The flights were undertaken with reference to orders of Maintenance Command and Air Headquarters.	February 1959. October 1959.



## ANNEXURE II TO PARA 15

*Statement showing some of the specific cases involving financial and procedural irregularities.*

1. In a certain unit, clothing accounts were not properly maintained. Articles of personal (payment) clothing were charged off from the clothing ledgers on the authority of certain issue vouchers which did not contain all the items charged off. Alterations and overwritings of figures in the accounts were noticed. Results of special stock-taking conducted revealed surpluses and deficiencies indicating that the accounts were not properly maintained.

2. In a certain formation, Store Accounts were not maintained properly for some years even though Government had condoned the non-maintenance of Accounts for the prior period. Stock was not verified. Unauthorised and irregular issue of stores on loan were noticed. Various items of expendible stores utilised during a period of over two years were charged off on a consolidated voucher in March 1958. Non-credit of stores in the ledger in respect of large number of vouchers was also noticed.

3. In a certain unit, clothing accounts were not properly maintained in respect of Public clothing. Repair books were also not maintained. No loss statement for articles taken away by deserters was prepared.

No proper accounts of fuel for lighting, fire-wood and petrol, oil and lubricants were kept. Particulars of stores despatched were not shown on counterfoils of Military Credit Notes used by the unit.

4. In one Command quite a large number of units could not produce petrol, oil and lubricants accounts for certain periods in spite of repeated demands by the audit authorities. The non-production of accounts extended to a period of three years in some cases.

5. A number of vehicles belonging to units/formations under the control of a certain Corps were detailed on long training drives with the object of showing the Jawans the Defence Services Exhibition 1958 at Delhi. The total mileage involved in this case was about one lakh.

6. Certain articles of personal clothing and necessaries were condemned and replacement given to units before expiry of the prescribed life period, by a certain Field Ordnance Depot. The cost of stores involved amounted to Rs. 67,000 approximately.

7. In a certain depot, stores such as nuts, bolts, screws etc., worth about Rs. 7 lakhs were discovered to have been buried underground or otherwise concealed and not accounted for. Full details regarding actual surpluses are awaited. The matter is under investigation by a Court of Inquiry.



## APPROPRIATION ACCOUNTS

## 17. GRANT NO. 9—DEFENCE SERVICES, EFFECTIVE—ARMY.

Sub-Heads		Final Grant or Appropriation	Actual Expenditure	Excess(+) Saving(-)
I		2	3	4
<i>Major Head 58</i>				
<b>A. Pay and Allowances of the Army</b>				
Voted	{ O. 52,85,39 R. -58,43 }	52,26,96	52,60,79	+33,83
<b>B. Pay and Allowances and Miscellaneous Expenses of Territorial Army, etc.</b>				
Voted	{ O. 2,20,57 R. -37,37 }	1,83,20	1,83,57	+37
<b>C. Pay and Allowances of Civilians employed with (or for) the Army</b>				
Voted	{ O. 25,28,54 R. 13,39 S. 12* }	25,41,93	25,39,81	-2,12
Charged	{ R. 13 }	25	25	..
<b>D. Transportation and Miscellaneous</b>				
Voted	{ O. 15,35,09 R. 87,32 }	16,22,41	16,43,48**	+21,07
Charged	{ O. 1,25 S. 2 R. -1,23 }	4	4	..
<b>E. Expenditure on Manufacturing Establishments (including Stores and Works)</b>				
Voted	{ O. 17,71,49 R. 1,45,04 S. 1,54 }	19,16,53	19,07,68	-8,85
Charged	{ R. 4 }	1,58	1,51	-7

\*This includes 4 for the recoument of an advance drawn from the Contingency Fund in 1957-58.

\*\*Includes 3 on account of subscription for 1955 to 1958 to the International Committee of Military Medicine and Pharmacy and 1 representing expenditure on pay and allowances of casual establishment which should have been correctly debited to Sub-Head C of this Grant.

## GRANT NO. 9—DEFENCE SERVICES, EFFECTIVE—ARMY.

## EXPLANATIONS

*Sub-Head D*

The excess is mainly due to :—

	(In lakhs of Rs.)
(a) Larger expenditure than anticipated on rail charges owing to transfer of certain officers and records between different stations and other moves, etc. . . . .	51
(b) Heavier expenditure than anticipated in respect of printing and stationery . . . . .	13
	<u>64</u>
(c) Partly counter-balanced by—	
(i) less expenditure on hired transport, sea passages and air transportation charges due partly to non-payment of outstanding bills (Rs. 19 lakhs) and partly to less hiring of transport (Rs. 6 lakhs) . . . . .	25
(ii) less expenditure in respect of Unit allowances and other miscellaneous expenses . . . . .	11
(iii) less payments of Grants-in-aid to Cantonments, etc. . . . .	3
(iv) other minor variations . . . . .	4
	<u>43</u>
Net excess . . . . .	<u>21</u>

GRANT NO. 9—DEFENCE SERVICES, EFFECTIVE—ARMY—*contd.*

Sub-Heads	Final Grant or Appropriation	Actual Expendi- ture	Excess (+) Saving(-)	
1	2	3	4	
F. Purchase and sale of Stores [other than for Manufacturing Establishments and Military Engineer Services (excluding Engineer Store Depots)].				
Voted	$\left\{ \begin{array}{l} \text{O.} \quad 43,04,80 \\ \text{R.} \quad -4,10,76 \end{array} \right\}$	38,94,04	35,99,43	-2,94,61
Charged	$\left\{ \begin{array}{l} \text{O.} \quad 1,00 \\ \text{S.} \quad 62 \\ \text{R.} \quad -78 \end{array} \right\}$	84	85	+1
G. Expenditure on Works (other than Capital Projects), Maintenance, etc.				
Voted	$\left\{ \begin{array}{l} \text{O.} \quad 11,31,78 \\ \text{R.} \quad 27,46 \end{array} \right\}$	11,59,24	11,61,89	+2,65
Charged	$\left\{ \begin{array}{l} \text{O.} \quad 25 \\ \text{S.} \quad 70 \\ \text{R.} \quad 1,84 \end{array} \right\}$	2,79	2,82	+3
H. Charges in England				
Voted	$\left\{ \begin{array}{l} \text{O.} \quad 10,30,59 \\ \text{R.} \quad -5,63,68 \end{array} \right\}$	4,66,91	4,65,07*	-1,84
I. Loss or Gain by Exchange				
Voted	R. 81	81	81	..
Surrenders or withdrawals within Grant				
Voted	R. 7,96,22	7,96,22	..	-7,96,22
TOTAL				
	$\left\{ \begin{array}{l} \text{Voted} \\ \text{Charged} \end{array} \right\}$	1,78,08,25	1,67,62,53	-10,45,72
		5,50	5,47	-3

\* Includes 4,26 on account of contribution for 1958-59 to the Imperial War Graves Commission.

**GRANT No. 9—DEFENCE SERVICES, EFFECTIVE—ARMY—Contd.**

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EXPLANATIONS—*contd.*



## 18. GRANT NO. 10—DEFENCE SERVICES, EFFECTIVE—NAVY.

Sub-Heads			Final Grant or Appropriation	Actual Expenditure	Excess(+) Saving(-)
	1	2	3	4	
<i>Major Head 59</i>					
A.—Pay and Allowances of the Navy.	{ O. 3,26,28 R. 24,69 }	} 3,50,97	3,52,27	+1,30	
B.—Pay and Allowances of Reservists.	{ O. 2,15 R. -1,16 }				99
C.—Pay and Allowances of Civilians.					
Voted	{ O. 2,97,30 R. 3,95 }	} 3,01,25	2,98,24	-3,01	
Charged	R. 15				15
D.—Transportation and Miscellaneous.					
Voted	{ O. 74,20 R. 2,76 }	} 76,96	77,05	+9	
Charged	{ O. 50 R. -50 }				..
E.—Expenditure on Stores	{ O. 4,34,54 R. -22,29 }	} 4,12,25	4,09,95	-2,30	
F.—Expenditure on Works (other than Capital Project), Maintenance, etc.					
Voted	{ O. 1,00,77 R. -52 }	} 1,00,25	95,92	-4,33	
Charged	R. 1				1
G.—Charges in England	{ O. 4,29,84 R. -28,93 }	} 4,00,91	4,02,62*	+1,71	
H.—Loss or Gain by Exchange.	R. 70				70
Surrenders or withdrawals within Grant or Appropriation.					
Voted	R. 20,80	20,80	..	-20,80	
Charged	R. 34	34	..	-34	
TOTAL	{ Voted Charged }	16,65,08	16,37,66	-27,42	
		50	16	-34	

\*Includes 14 on account of contribution for 1958 to the International Hydrographic Bureau.

NOTE.—The above account does not include the recoveries shown below, which are adjusted in the accounts in reduction of expenditure.

Particulars	Sub-Head	Budget Estimate	Revised Estimate	Actual Recoveries	Actual Recoveries more(+) less(-) than the	
					Budget Estimate	Revised Estimate
1	2	3	4	5	6	7
Pay and Allowances of Civilians	C	3,60	3,60	3,67	+7	+7



## EXPLANATIONS

*Sub-head F.*—The saving is mainly on account of less expenditure in respect of general charges due to non-receipt of bills for the general tax from Public Works Department and Railways (Rs. 2 lakhs), non-payment of terminal compensation (Rs. 1 lakh) and other minor variation (Rs. 1 lakh)

## 19. GRANT No. II—DEFENCE SERVICES, EFFECTIVE—AIR FORCE.

Sub-Heads		Final Grant or Appropriation	Actual Expenditure	Excess(+) Saving(—)
I		2	3	4
<i>Major Head 60</i>				
A. Pay and Allowances of the Air Force.	{ O. 8,02,36 } { R. —16,04 }	7,86,32	7,86,01	—31
B. Pay and Allowances of Reserve and Auxiliary Services.	{ O. 4,20 } { R. —80 }	3,40	3,41	+1
C. Pay and Allowances of Civilians.	{ O. 2,53,80 } { R. —3,53 }	2,50,27	2,50,35	+8
D. Transportation and Miscellaneous.				
Voted	{ O. 2,08,16 } { R. 24,50 }	2,32,66	1,94,59	—38,07
Charged	{ O. 50 } { R. —44 }	6	6	..
E. Expenditure on Stores.	{ O. 16,50,65 } { R. —1,64,26 }	14,86,39	15,31,34	+44,95
F. Expenditure on Works (other than Capital Projects), Maintenance, etc.				
Voted	{ O. 2,65,26 } { R. 3,94 }	2,69,20	2,63,16	—6,04
Charged	{ O. 9 } { R. —9,57,72 }	9	4	—5
G. Charges in England.	{ O. 56,69,72 } { R. —9,57,72 }	47,12,00	46,98,02	—13,98
H. Loss or Gain by Exchange.	R. 8,19	8,19	8,17	—2
I. Surrenders or withdrawals within Grant or Appropriation.				
Voted	R. 11,05,72	11,05,72	..	—11,05,72
Charged	R. 35	35	..	—35
TOTAL	{ Voted } { Charged }	88,54,15	77,35,05	—11,19,10
		50	10	—40

NOTE.—The above account does not include the recoveries shown below, which are adjusted in the accounts in reduction of expenditure.

Particulars	Sub-Head	Budget Estimate	Revised Estimate	Actual Recoveries	Actual Recoveries more(+) less(—) than the	
					Budget Estimate	Revised Estimate
I	2	3	4	5	6	7
Cost of Works (other than Capital Projects), Maintenance, etc.	F	..	..	1,24	+1,24	+1,24

## GRANT NO. 11—DEFENCE SERVICES, EFFECTIVE—AIR FORCE.

## EXPLANATIONS

*Sub-Head D.*—The saving is mainly due to :—

(In lakhs of Rs.)

(a) Less expenditure than anticipated on account of transportation charges (Rs. 10 lakhs) and miscellaneous expenses (Rs. 4 lakhs) . . . . .	14
(b) Less payments to P. & T. Department on account of non-installation of some circuits (Rs. 10 lakhs) and delay in submission of bills by P.&T. (Rs. 3 lakhs) . . . . .	13
(c) Debits adjusted in advance during 1957-58 accounts in respect of rentals for the year 1958-59 . . . . .	9
(d) Non-receipt of debits in respect of meteorological facilities provided by Civil Departments . . . . .	2
	38

*Sub-Head E.*—The excess is mainly on account of :—

(a) Erroneous debits raised by the High Commission of India London against the Air Force heads of account instead of H.A.L. in respect of supplies made to H.A.L. against their letters of credit . . . . .	34
(b) Larger materialisation of supplies of Aviation Stores (Rs. 20 lakhs) and Ordnance Stores (Rs. 12 lakhs) . . . . .	32
(c) Adjustment of arrear transactions relating to Aviation Stores received during 1957-58 . . . . .	12
	78

Partly set off by savings due to less expenditure on provisions (Rs. 8 lakhs) and petrol, oil and lubricants on account of non-adjustment of bills and vouchers etc. (Rs. 25 lakhs) . . . . .	33
Net excess	45

*Sub-Head F.*—The saving under "Voted" is due to :—

(a) Less expenditure on departmental charges on Air Force Works carried out by the Military Engineer Services, on account of reduction in expenditure on Works. . . . .	3
(b) Non-payment of bills and non-receipt of debits, etc. . . . .	2
(c) Non-receipt of stores, non-adjustment of debits, etc. . . . .	1
	6



## 20. GRANT No. 12—DEFENCE SERVICES, NON-EFFECTIVE.

Sub-Heads		Final Grant or Appropriation	Actual Expenditure	Excess(+) Saving(-)	
I		2	3	4	
<i>Major Head 60-A</i>					
A. Army	Voted	O. 13,36,47	13,22,14	12,99,29	-22,85
		R. -14,33			
	Charged	O. 85,19	85,11	85,11	..
		R. -8			
B. Navy	Voted	O. 20,66	20,13	18,29	-1,84
		R. -53			
	Charged	O. 2,25	2,25	2,25	..
		R.			
C. Air Force	Voted	O. 10,99	8,63	8,40	-23
		R. -2,36			
	Charged	O. 6	7	7	..
		R. 1			
D. Charges in England.	Voted	O. 2,37 R. 1,01	3,38	3,57	+19
E. Loss or Gain by Exchange.		R. 1	1	1	..
Surrenders or withdrawals within Grant or Appropriation	Voted	R. 16,20	16,20	..	-16,20
	Charged	R. 7	7	..	-7
TOTAL		Voted	13,70,49	13,29,56	-40,93
		Charged	87,50	87,43	-7

## GRANT No. 12—DEFENCE SERVICES, NON-EFFECTIVE.

## EXPLANATIONS

*Sub-Head A.* —The saving is due to :—

(In lakhs of Rs.)

(a) Less number of pensioners than anticipated turned up to draw pensions during the last quarter of 1958-59 . . . . .	18·95
(b) Less expenditure than anticipated on account of Compassionate Gratuity Fund . . . . .	2·40
(c) Delay in the raising of debits by a State Accountant General in respect of pensions paid during 1958-59 . . . . .	1·50
	22·85

*Sub-Head B.*

The saving is mainly due to non-utilisation of the Government contribution in respect of some subscribers to the Indian Naval Dockyard Workmen Provident Fund on their election of pensionery benefits.

## GRANT NO. 108—DEFENCE CAPITAL OUTLAY

Sub-Heads		Final Grant or Appropriation	Actual Expenditure	Excess(+) Saving(—)	
I		2	3	4	
<i>Major Head 86</i>					
A.1. Army	Voted	O. 8,58,50	7,78,64	7,88,57	+9,93
		R. -79,86			
	Charged	O. 6,50	1,33	1,49	+16
		S. 14*			
		R. -5,31			
A.2. Navy	Voted	O. 13,45,00	15,65,66	15,50,41	-15,25
		R. 2,20,66			
	Charged	R. 10	10	10	..
A.3. Air Force	Voted	O. 4,55,00	3,59,42	3,34,80	-24,62
		R. -95,58			
	Charged	R. 1,37	1,37	1,45	+8
A.4. Industrial Development		O. 3,35,00	2,89,78	2,89,78	..
		R. -45,22			
Surrenders or Withdrawals within Appropriation.	Charged	R. 3,84	3,84	..	-3,84
TOTAL		Voted	29,93,50	29,63,56	-29,94
		Charged	6,64	5,04	-3,60

\*This is for the recoupment of advances drawn from the Contingency Fund in 1957-58.

NOTE.—The above account does not include the recoveries shown below, which are adjusted in the accounts in reduction of expenditure.

Particulars	Budget Estimate	Revised Estimate	Actual Recoveries	Actual Recoveries	
				more(+) than the	less(—) than the
I	2	3	4	Budget Estimate	Revised Estimate
				5	6
Recoveries on Capital Account . . . . .	3,00,00	2,10,00	1,78,34	-1,21,66	-31,66



## GRANT No. 108—DEFENCE CAPITAL OUTLAY.

## EXPLANATIONS

*Sub-Head A.1.*

The excess under "Voted" is mainly due to :—

(In lakhs of Rs.)

(a) Receipt of heavier debits than anticipated owing to larger materialisation of plant and machinery for the Factories. . . . .	45
(b) Partly set off by savings in respect of :—	
(i) Army and Farms Works, due to non-receipt/non-adjustment of debits (Rs. 9 lakhs) and non-receipt of stores/slow progress of work (Rs. 7 lakhs), non-payment of bills (Rs. 6 lakhs) and non-commencement of works (Rs. 4 lakhs). . . . .	26
(ii) Acquisition of land, due to non-adjustment/non-receipt of debits (Rs. 6 lakhs) and non-payment of compensation to the owners of certain lands (Rs. 3 lakhs) . . . . .	9
	35
	10
Net excess . . . . .	10

*Sub-Head A.2.*

The saving is mainly on account of non-payment for the acquisition of certain land.

*Sub-Head A.3.*

The saving under "Voted" is mainly due to :—

(a) Non-receipt/non-adjustment of debits and inter-departmental schedules. . . . .	11
(b) Delay in the acquisition of land proceedings, etc. . . . .	5
(c) Less expenditure on stores because of non-materialisation, etc. . . . .	4
(d) Non-payment of final bills . . . . .	4
(e) Other minor variations . . . . .	1
	25

SECTION V.—REVIEW OF MILITARY ENGINEER SERVICES  
EXPENDITURE.

22. The total expenditure incurred by the Military Engineer Services on Capital projects and on Revenue Account during the year 1958-59 was Rs. 26·91 crores. A comparison of the figure with the Original Grant and Final Estimate is given below:—

(In crores of Rupees)

	Original Grant or Appropriation	Final Estimate	Actual Expen- diture	Actual Expenditure more (+) less (—) than the	
				Original Grant or Appropriation	Final Estimate
Expenditure met from Revenue . . . . .	14·81	15·36	15·19	(+)0·38	(—)0·17
Expenditure met from Capital . . . . .	13·08	12·16	11·72	(—)1·36	(—)0·44
Grand Total . . . . .	27·89	27·52	26·91	(—)0·98	(—)0·61

The expenditure shown above has been brought to account under the relevant sub-heads of the Grants shown in Section IV where explanations for variations have also been furnished.

It will be seen from the figures furnished above that the variation between the Original Grant and the Actual Expenditure and the Final Estimate and the Actual Expenditure for the year under Review was 3·51% and 2·22% respectively. The saving under Revenue Account is small. The saving under Capital Account is due mainly to non-receipt of debit for stores and non-payment of final bills.

23. A statement showing the amount originally allotted to certain important projects during the year and the actual expenditure incurred against these allotments is given in Appendix 'G'. The reasons for variations have been given in each case. The main reasons for under-spending are excess provision of funds, late conclusion/non-conclusion of contracts and non-availability of stores. Funds in most of the cases were surrendered during the course of the year. In cases of over-spending the variations are attributable to less provision of funds in the first instance and accelerated progress of works. In these cases, additional funds were re-appropriated from savings elsewhere.

24. The authorised works procedure was generally complied with by the executive authorities.

Annexure I to this Section will show the amount of expenditure objected to by the internal check authorities for non-compliance with the basic rules governing works expenditure.



25. A statement showing variations between the original estimates and actual final costs in respect of works completed during the year is given in Appendix 'H'. The savings in the expenditure were attributable to low tendered rates, reduction in scope of work and non-utilisation of provision for contingencies and establishment charges.

26. The statistics relating to the flow of cash expenditure have been examined. It is seen that the expenditure during the four quarters of the year was 15%, 18%, 22% and 45% respectively of the total expenditure. The corresponding percentages in respect of the previous year were 18, 22, 22 and 38. The expenditure in the month of March 1959 alone was about 3.58 times the average expenditure of the first eleven months and 2.70 times the average expenditure of the year. This indicates that despite the general instructions issued from time to time, the flow of expenditure continued to be large in the closing months of the year and that the position during the year under review has even deteriorated to some extent as compared with the previous year.

The rush of expenditure in the month of March 1959 was mainly due to greater 'on account' payments, late submission of bills by the contractors and suppliers, late completion of works, accelerated progress of works and late finalisation of bills and contracts for various reasons.

27. The position in regard to recoveries of rent and allied charges, as indicated in the Controllers' reports, has shown some improvement. As against the sum of Rs. 3.18 crores and Rs. 2.95 crores respectively reported as outstanding at the end of the years 1956-57 and 1957-58 respectively the amount outstanding at the end of the year under review was Rs. 2.69 crores. As already reported in previous years, the bulk of the amount outstanding is against State Governments and Central Ministries.

28. In regard to the operation of contracts, the Controllers' reports indicate that in 7 cases where contracts were concluded without adequate security, additional securities were neither deposited by the contractors nor recovered through the first 'on account' payments as required under the terms of the contracts, though these were recovered from or deposited by the contractors subsequently. In 18 cases tenders were accepted initially without any earnest money which on acceptance of tender is held as 'security'. In these cases the requisite amounts were deposited subsequently or recovered through the first 'on account' payments to the contractors.

The Controllers' reports further indicate that the extensions of time granted under the contracts were disproportionately long when compared with the periods of contracts specified at the tender stage. In 540 cases the extensions of time that were granted to the contractors for completion of works exceeded half of the time originally contemplated, and in 267 out of these, periods of extensions exceeded even the full periods of time as specified originally. The main reasons for these extensions were non-availability of stores (177 cases), non-availability/late handing over of sites (119 cases), bad weather and other unavoidable hindrances (96 cases), changes in specifications; scope (34 cases) and suspension of work owing to other miscellaneous reasons (114 cases).

29. During the year under review, two large projects for providing living accommodation, estimated to cost Rs. 114.88 lakhs and Rs. 39.47 lakhs respectively, were taken up for execution by troop labour instead of by the normal method of contract; the former was physically completed during the year itself. More projects are expected to be executed by this method, where feasible. Such projects are being executed under the direct control of Divisional Commanders, the technical control and supervision being exercised by appropriate engineer authorities. For ensuring expeditious construction, Divisional Commanders have been vested with special financial powers to be exercised within the limits of the administrative



approval, such as powers of direct purchase of constructional stores other than steel and cement. A simplified system of accounting has also been introduced and an Assistant Accounts Officer is also posted to such projects, who functions in the triple capacity of Accounts Officer, Local Financial Adviser and Auditor.

30. The Controllers' reports indicate that the system of documentation and store accounting in Engineer Stores Depots was generally satisfactory and that stock-verification was carried out in the normal manner.

As regards Military Engineer Services formations also, the system of store accounting was generally satisfactory. The expenditure on maintenance of stores was found reasonable. Stock-verification was carried out in the usual manner except in seven formations in which it was done only partially.

31. The total expenditure on establishment during the year amounted to Rs. 3.06 crores against a total works load of Rs. 22.56 crores. This works out to 13.55% as against 13.62% for the year 1957-58 and 13.09% for the year 1956-57. The percentage of establishment charges to works expenditure has been worked out on the total actual expenditure on Military Engineer Services Establishment, less estimated expenditure on such portions of the establishment as are not engaged on execution of works.

32. A statement showing cases of remission or reduction of departmental charges on works undertaken by the Military Engineer Services during the year under review is printed as Annexure II to this Section.

## ANNEXURE I to SECTION V

(Referred to in paragraph 24)

Serial No.	Nature of objection	Amount outstanding on 1-4-1958	Amount objected to during the year 1958-59	Amount settled during the year 1958-59		Amount outstanding on 31-3-1959
				Objections pertaining to the previous years	Objections pertaining to the current year	
1	2	3	4	5	6	7
		Rs.	Rs.	Rs.	Rs.	Rs.
1	Want of Administrative Approval . . . . .	23,87,871	12,52,057	11,72,257	3,79,155	20,88,516
2	Want of Technical Sanction . . . . .	10,32,724	7,10,087	7,27,829	2,37,411	7,77,571
3	Want of Allotment of Funds . . . . .	..	20,86,553 (-)14,60,053	..	16,35,990 (-)66,021	4,50,563 (-)13,94,032
4	Excess over Administrative Approval . . . . .	4,88,005	27,97,930	1,12,487	4,35,771	27,37,677
5	Excess over Technical Sanction . . . . .	42,23,588	1,75,995	6,80,912	35,949	36,82,722
6	Excess over allotment . . . . .	..	69,47,516 (-)9,87,925	..	31,98,518 (-)1,08,259	37,48,998 (-)8,79,666

ANNEXURE II TO SECTION V

(Referred to in paragraph 32)

Statement showing cases of remission or reduction of departmental charges on works undertaken by the Military Engineer Services for Municipalities, Cantonment Boards, Local Governments, etc., during 1958-59.

Serial No.	Name of work	Estimated cost	Expenditure incurred		Amount of departmental charges remitted/reduced.	
			During 1958-59	to end of 1958-59	During 1958-59	to end of 1958-59
1	2	3	4	5	6	7
		Rs.	Rs.	Rs.	Rs.	Rs.
1	St. Thomas Mount, Madras—Construction of a school building	58,542	36,397	41,195	728	1,208
2	Dinapore—Construction of flush type group latrine in Sadar Bazar area	18,822	305	15,805	31	1,581
3	Lajpatnagar—(Kilokri Scheme)—Phase V—Provision of water supply	3,25,000	430	2,70,147	37	44,540
4	Ferozepore—Provision of additional street lights in Cantonment area	6,270	*5,019	5,922	100	190
5	Jalahalli—Construction of Bharat Electronics Factory					
	(a) Phase I	1,02,96,370	1,09,609	57,78,783	7,124	7,92,904
	(b) Phase III (B)	26,24,577	—3,557	18,52,114	—213	2,68,841
	(c) Air-conditioning of workshop	3,89,747	27,236	3,19,421	1,771	44,138

NOTE.—The figures shown under column 6 except in respect of Sl. No. 2 have been worked out on the basis of the revised rates of departmental charges, i.e., 16½% effective from 1-4-1958. The figure in respect of Sl. No. 2 has been worked out on the basis of rates effective prior to 1-4-1958 as the expenditure shown under column 4 was actually incurred prior to that date.

\*Includes an expenditure of Rs. 51 actually incurred during 1957-58, the corresponding departmental charges remitted/reduced having been included in the figure shown in column 7.



## APPENDIX A

*Statement of losses of cash, overpayments, etc., pertaining to the post-partition period, finally dealt with during the year 1958-59*

Serial No.	Nature of losses written off with particulars	Amount
		Rs.
	<i>I. Cash losses, overpayments, irrecoverable claims, etc., due to theft, fraud or neglect.</i>	
	ENGINEER-IN-CHIEF'S BRANCH	
1	Loss representing overpayment of pay to an Oil Engine Driver employed in an Engineer Division for the period 25th March 1949 to 31st July 1954. The Administrative authorities fixed his pay at Rs. 111 per mensem with effect from 1st February 1947 on passing the requisite trade test. The individual elected the New Pay Code and his pay fixation papers were submitted to Accounts authorities in February 1949 who returned the papers with certain observations on 25th March 1949. The case was, however, not pursued by the Executive authorities until August 1954 when the same was detected in audit while checking pay bills. A sum of Rs. 792 overpaid to the individual for the period from 1st January 1947 to 24th March 1949 is being recovered from him. No Court of Inquiry was held as it was considered by Chief Engineer that this would not bring forth any facts. The overpayments have been attributed to the lapse on the part of the Administrative authorities but responsibility could not be fixed on any particular individual.	2,623
	ADJUTANT GENERAL'S BRANCH	
2	Loss resulting from misappropriation of cash by a Junior Commissioned Officer in a Unit during the period January to October 1951 when he was maintaining Public Fund Cash Account Book as well as handling Regimental Treasure Chest. Defalcations were made by fraudulent entries in the Public Fund Cash Account Book. The Junior Commissioned Officer was tried by a General Court Martial on 31st July 1952 and awarded five years' rigorous imprisonment and dismissal from service. A Court of Inquiry held on 11th August 1952 to investigate the circumstances leading to the loss opined that the Officer	8,380

Serial No.	Nature of losses written off with particulars	Amount
		Rs
	<p>Commanding was responsible for the mal-administration of the Unit and the Accounts Officer of the Unit failed to exercise efficient supervision on the maintenance of the Unit Cash Accounts. Displeasure of the Divisional Commander was conveyed to the Accounts Officer. Penal deductions amounting to Rs. 1,000 were also imposed on the officer by Government.</p>	
	AIR HEADQUARTERS	
3	<p>Loss of cash in an Air Force formation while encashing a cheque for Rs. 10,000 on 28th May 1956. Investigation by the Civil Police resulted in the recovery of the suit-case in which the cash was kept but not the cash. Three suspects in the case who were charge-sheeted were discharged by the Magistrate on the ground that a <i>prima facie</i> case was not established. The Air Force Officer who encashed the cheque was tried by Court Martial on 12th November 1956 awarded forfeiture of one year's past service, severe reprimand and deduction of Rs. 1,500 from his pay and allowances which has since been effected.</p>	8,500
	Losses exceeding Rs. 10 but not exceeding Rs. 2,500 in each case.	32,282
	TOTAL I	51,785
	II. <i>Cash losses, overpayments, irrecoverable claims, etc. due to other causes.</i>	
	MASTER GENERAL OF ORDNANCE BRANCH	
I	<p>Loss resulting from the resale of certain stores in an Ordnance Depot on 5th April 1956. The stores were sold by public auction on 4th August 1955 for Rs. 2,700, but the purchaser after depositing the earnest money of Rs. 675 failed to deposit the balance within the stipulated time. The stores were resold on 5th April 1956 for Rs. 1,630 only, i.e., Rs. 395 short of the first bid less the amount of earnest money forfeited. For the period 2nd September 1955 to 5th April 1956, ground rent amounting to Rs. 5,859 also was recoverable from the original bidder. No legal action was taken against him for failure to pay the amount, as such a course was not possible in the absence of a formal contract.</p>	6,254
	ADJUTANT GENERAL'S BRANCH	
	Loss representing overpayment of pension to 35 Junior Commissioned Officers who were discharged after the last war on completion of	19,917



Serial No.	Nature of losses written off with particulars	Amount
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Rs.

prescribed service limits and were granted mustering out pensions. Subsequently it was realised that the officers were not eligible for mustering out pensions but were entitled only to the ordinary service pensions admissible to them. Loss in respect of the prepartition period was Rs. 10,193.

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|---|--|--------|
| 3 | Loss due to irregular payment of retaining fee to 53 Short Service Regular Commissioned Officers during August 1950 to June 1952 for the period of their reserve liability. The retaining fee was admissible under rules to the officers only when they had actually been commissioned in a properly constituted reserve. No Court of Inquiry was held and no one was held responsible, as the payments were made due to a misinterpretation of the orders.  | 11,400 |
| 4 | Loss due to non-adjustment of advances paid to certain State Force Units during the period October 1947 to 1948 on account of purchase of stores, payment of extra pay and advances to serving personnel and other miscellaneous expenses. The adjustment of the advances was not made by the Accountant General/Comptroller concerned during the period of disbandment of these units in 1950 for reasons not known. No Court of Inquiry was held as the Officers Commanding Units had been released on 23rd June 1951 and 1st July 1951 and the Units disbanded in 1950. Disciplinary aspect was also not pursued as the responsibility for not adjusting/recovering the advances could not be fixed on any one. | 6,338  |

#### QUARTERMASTER GENERAL'S BRANCH

- |   |   |       |
|---|---|-------|
| 5 | Loss representing the extra expenditure incurred by a Military Farm in purchasing white Bhoosa during the period 16th October 1953 to 15th February 1954. Out of 700 tons of Bhoosa to be supplied by a contractor at Rs. 2-11-7 per 100 lbs. under the terms of a contract only 330 tons 1,870 lbs. could be accepted by the authorities due to heavy rains, lack of plinths and satisfactory weighing arrangements. The extension of the contract for a further term was also not accepted as it was hoped that white Bhoosa from | 8,599 |
|---|---|-------|



Serial No.	Nature of losses written off with particulars	Amount
		Rs.
	<p>the fresh harvest would be available in abundance at cheaper rates. The balance of 369 tons and 370 lbs. was arranged through local purchase at higher rates of Rs. 3-12-0 and 4-4-0 per 100 lbs. and transfer of baled hay from other Farms. This resulted in extra expenditure of Rs. 8,599. A Court of Inquiry which investigated the matter could not hold any one responsible for the loss. The Sub-Area Commander and the General Officer Commanding-in-Chief while agreeing with the opinion of the Court expressed the view that there was lack of proper planning on the part of those responsible for the deal.</p>	
6	<p>Loss representing the cost of Government transport used by Units in a Station during the period 1st April to 30th September 1953 for delivery of meat in Unit Lines from the Cantonment butchery. Under the terms of the contract, the contractor was to supply meat either at the Supply Depot Ration Stand or at the Unit Lines in his own transport. Due to the absence of suitable Ration Stand at the Supply Depot, delivery there was not feasible. The alternative method of asking the contractor to deliver at the Unit Lines which was one of the special conditions attached to the contract was also not adopted resulting in avoidable extra expenditure.</p>	5,490
7	<p>Loss representing extra expenditure incurred partly in purchasing locally and partly in transferring from other Farms of hay by a Military Farm during the period 15th October to 14th November 1955. On the failure of the contractor to supply the quantity contracted for, purchase/transfer was effected at his risk and expense. The failure of the contractor in this case was due to heavy rains and floods which affected the system of transport. The recovery of the extra expenditure from the contractor was, therefore, waived.</p>	12,779
8	<p>Loss representing the extra expenditure incurred in purchasing 184 tons of Bhoosa on the failure of the contractor to supply the same. Under the terms of the contract, the contractor was to supply 500 tons of Bhoosa during the period 1st</p>	6,324

Serial No.	Nature of losses written off with particulars	Amount
	<b>NAVAL HEADQUARTERS</b>	Rs.
15	Loss due to overpayment made to 21 Branch List Officers on promotion to the rank of Lieutenant during the period 1949 to 1953. The promotions were made effective from the dates of selection instead of from the dates following that on which they successfully completed the qualifying course. The overpayment resulted due to an ambiguity in the instructions which has since been rectified.	26,351
16	Loss representing the estimated cost of effecting repairs to the damages caused to a ship on 15th March 1956 while being piloted by a Bombay Port Trust Pilot on her way to a dry dock. A Board of Inquiry convened on 21st March 1956 to inquire into the circumstances of the damage held that the damage resulted from the negligent handling of the ship by the Port Trust Officers. The Commanding Officer of the ship was also blamed for not taking timely action for averting the collision. The Port Trust authorities refused to pay the cost of repairs on the ground that the Commanding Officer of the ship could, by the exercise of reasonable vigilance, have averted the consequences of the negligence of the Port Trust Officers. They repudiated their liability in the matter under provisions of the Bombay Port Trust Act. The claim against the Port Trust authorities had to be dropped on the advice of the Ministry of Law. The displeasure of the Chief of the Naval Staff was conveyed to the Commanding Officer.	7,293
17	Loss of Rs. 8,416 caused as a result of erroneously messing certain Commissioned and Warrant candidates in the ward-room mess of a Naval training establishment during the period January 1952 to July 1955 and Rs. 191 on account of overpayment of mess maintenance allowance to the same establishment during November 1953 to July 1955. This occurred because of the fact that messing arrangements to be made for the Commissioned and Warrant candidates were not specified in the revised instructions on the subject. Suitable provision was made in the subsequent orders issued in 1955. No Board of Inquiry was considered necessary. Since regulations laying down the correct procedure exist, cases of the nature are not likely to happen in future.	8,607
	Losses exceeding Rs. 10 but not exceeding Rs. 5,000 in each case.	2,30,437
	TOTAL II	4,20,638
	GRAND TOTAL I AND II	4,72,423



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Serial No.	Nature of losses written off with particulars
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*III.—Losses monetary value of which could not be assessed.*

QUARTERMASTER GENERAL'S BRANCH

- 1 Loss of 2 blank Military Credit Note forms held on charge of a Military Grain Depot during June 1957. A Court of Inquiry held on 26th June 1957 to investigate the loss held a Junior Commissioned Officer and a Non-Commissioned Officer responsible for the loss. The Junior Commissioned Officer was reprimanded and the Non-Commissioned Officer was reduced to ranks.
  - 2 Loss of four Railway Concession forms by an Army Service Corps (General Transport) Company, detected in November 1950. In addition, the unit could not produce the Concession forms for the period 13th April to 10th June 1950. The irregularity was attributed to lack of proper care in handling the forms. A Court of Inquiry investigated the loss. Disciplinary aspect of the case could not be pursued, as the staff serving at the time of the loss/irregularity had already been discharged/released from service.
  - 3 Loss of 7 Railway Warrants and Concession Forms etc. by a Supply Company detected in June 1952 during the process of handing/taking over of the unit. Three of the four Commissioned Officers who were found negligent by a Court of Inquiry held on 27th February 1954 were warned to be careful in future while the fourth Commissioned Officer had already been released from the Army.
  - 4 Loss of twelve forms of Military Credit Notes in a Supply Depot during December 1948 to April 1949. The hired transport register for the same period and the labour register for the fuel group for the period December 1948 to March 1949 were also not maintained.
  - 5 Loss of one Supply Order form in an Army Service Corps Company during the period December 1949 to September 1950 due to improper handing/taking over of the books and forms.
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Serial No.	Nature of losses written off with particulars
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## GENERAL STAFF BRANCH

- 6 Loss of 25 complete books of Railway forms (each book containing 100 forms) in an Area Headquarters during October 1954. These forms were sent to a Signal Unit for despatch by registered post to the Forms Store by the Area Headquarters as the latter did not visualise any use for them. The Forms Store did not receive the books. As the forms were correctly despatched by the Area Headquarters, the responsibility for the loss could not be fixed on any individual of that Headquarters. As the Signal Unit had destroyed all their records by the time it was established that the Forms Store did not receive the forms, no investigation was possible.
- 7 Loss of 19 Railway Warrant forms in an Army Unit, detected in August 1954. A Court of Inquiry which investigated the loss held an officer and three sepoy clerks responsible for the same. The officer was severely reprimanded. One sepoy clerk was awarded 14 days' rigorous imprisonment and discharged from service and the other deprived of his Lance Naik appointment. Cost of three warrants which were misused by certain individuals of the unit was recovered.
- 8 Loss of a Military Credit Note held on charge of a Light Anti-Aircraft Regiment during the period 2nd June to 11th December 1955. The loss was attributed to the negligence of two officers and a Junior Commissioned Officer as concluded by a Court of Inquiry convened on 23rd March 1956. The officers were warned to be more careful in future and a certificate of willingness to refund the cost if the credit note was later on found exchanged by unauthorised persons was obtained from the Junior Commissioned Officer.
- 9 Loss of a Railway form on charge of a Station Headquarters during 1950, detected during the course of handing/taking over. The responsibility for the loss could not be pin-pointed.
- 10 Loss of three Railway forms and misuse of another form in April 1955 in a Command Headquarters. A Court of Inquiry which investigated the irregularities held that the form was mis-used by forging the signature of an officer. A Naik was
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Serial No.	Nature of losses written off with particulars
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suspected in the case, but since the handwriting expert to whom the documents were shown could not give a definite opinion no disciplinary action could be taken against him. The officer concerned was warned.

- 11 Loss of a book containing one hundred Railway Warrant forms on charge of an Infantry Brigade on the 30th January 1957. The Court of Inquiry convened on 8th April 1957 to investigate the loss held the Orderly Officer of the formation responsible. He was reprimanded. It was also decided that if later on any of the lost forms was found to be misused by any person, the cost of the warrant should be recovered from the said Orderly Officer.
- 12 Loss of a Railway Warrant form by a Training Team, discovered on 29th June 1956. A Court of Inquiry convened to investigate the loss held the Officer Commanding Unit technically responsible for lack of safe custody of the documents. He was warned by the Area Commander to be more careful in future.
- \*13 Loss of a Railway Warrant form in a Battalion on 24th June 1955. The Court of Inquiry convened to investigate the circumstances of the loss held the Quartermaster of the unit responsible. It was also decided that the loss, if any, caused to the State by the utilisation of the Railway Warrant would be recovered from the officer. Displeasure of the Corps Commander was conveyed to the officer concerned.
- 14 Loss incurred on account of non-recovery of conservancy charges from certain non-entitled individuals at a station for the period prior to June 1951. The irregularity was detected by internal check authorities in June 1951. The responsibility for the loss could not be fixed due to repatriation/release of the officers concerned in January 1948 and December 1951 respectively.

MASTER GENERAL OF ORDNANCE BRANCH

- 15 Loss of 9 Railway Warrants in an Armoured Workshop Company, detected on 4th November 1955. The loss was attributed to the negligence of a Commissioned Officer who did not keep the book in proper custody. The officer was reprimanded.
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Serial No.	Nature of losses written off with particulars
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- 16 Loss of a Military Credit Note form in the Ordnance Branch of an Infantry Division during October 1954. A Court of Inquiry which investigated the loss attributed the same to oversight on the part of a Havildar Clerk, who was released from the Army. The Divisional Commander, however, held an officer responsible for the loss and ordered that any loss coming to light due to the misuse of the form should be recovered from that officer. The loss was intimated to the Railway authorities.

ADJUTANT GENERAL'S BRANCH

- 17 Loss of a Railway form dated 28th July 1953 in a Regimental Centre. The form which was issued to a Sepoy reservist on his transfer to the reserve establishment was stated to have been torn and burnt by his children. The Central *Ad hoc* Committee which considered the case recommended that a fresh form be issued to the individual after recovering its cost.
- 18 Loss of three Railway Warrants by a Sub-Recruiting Officer, detected on 14th August 1957. The Court of Inquiry convened on 3rd September 1957 to fix the responsibility held two Extra Assistant Recruiting Officers responsible. Departmental action was taken against them and they were awarded "Censure". It was also decided to recover the cost of warrants from them at 50 per cent each as and when the warrants were used.

ENGINEER-IN-CHIEF'S BRANCH

- 19 Loss of 2 Railway forms by a Field Company Engineers during 1949 and 1950.

NAVAL HEADQUARTERS

- 20 Loss representing irrecoverable hire charges on account of furniture issued to officers and Wardroom mess of an Indian Navy Ship during the period prior to 1st October 1953.
- 21 Loss of two blank Military Credit Notes dated the 31st January and 3rd February 1955 respectively which were issued by a Naval Store Officer to a private Oil Company who lost them. There was no possibility of misuse of these Credit Notes, as it was confirmed by the Railway authorities that the notes in question were not received by them during the period of their validity.
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## APPENDIX B

*Statement showing by various categories the total amount of store losses pertaining to the Defence Services relating to post-partition period finally dealt with during the year 1958-59.*

(In rupees)

Categories of losses	Food & forage	Petrol, oil, lubricants and aviation spirit	Other Army Service Corps Stores	Mechanical transport vehicles & connected stores	Other Ordnance and clothing stores	Medical stores	Military Engineer stores and buildings	Miscellaneous stores	Aviation stores	Naval stores	Total
I. Actual losses due to theft, fraud or neglect.	13,203	24	1,022	1,63,384	3,12,104	21	1,17,218	69,973	6,12,397	2,830	12,92,176
II. Actual losses due to other causes.											
(a) Fire . . . . .	1,037	3,733	137	34,676	13,703	..	4,931	343	..	..	58,560
(b) Deficiencies in actual balances . . . . .	2,861	3,14,825	2,214	94,311	6,12,282	67	5,805	80,478	2,12,378	1,57,012	23,31,033
(c) Deterioration . . . . .	6,44,928	17,809	6,519	8,897	37,76,402	716	15,410	10,332	78,656	87,498	46,47,167
(d) Defective storage . . . . .	18,937	76,083	166	1,809	480	..	..	277	..	..	97,752

(e) In transit . . .	1,10,623	2,92,827	1,02,082	10,78,258	2,97,008	10,356	58,594	38,874	59,984	11,314	20,59,920
(f) Miscellaneous causes . . .	28,025	4,75,342	7,367	2,51,709	9,04,311	3,892	6,58,767	2,25,919	26,969	1,42,703	27,25,004
<b>TOTAL II</b> . . .	<b>8,06,411</b>	<b>11,80,619</b>	<b>1,18,485</b>	<b>23,18,460</b>	<b>56,04,186</b>	<b>15,031</b>	<b>7,43,507</b>	<b>3,56,223</b>	<b>3,77,987</b>	<b>3,98,527</b>	<b>1,19,19,436</b>
<b>GRAND TOTAL I AND II</b>	<b>8,19,614</b>	<b>11,80,643</b>	<b>1,19,507</b>	<b>24,81,844</b>	<b>59,16,290</b>	<b>15,052</b>	<b>8,60,725</b>	<b>4,26,196</b>	<b>9,90,384</b>	<b>4,01,357</b>	<b>1,32,11,612</b>

NOTE 1—Details of losses exceeding (i) Rs. 5,000 due to theft, fraud or neglect and (ii) Rs. 15,000 due to other causes in each case are given in the annexure to this Appendix.

NOTE 2—Losses of aircraft as a result of crashes and accidents due to incidence of service have not been included in this statement.

## ANNEXURE TO APPENDIX B

Serial No.	Nature of losses written off with particulars	Amount
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Rs.

*I—Losses due to theft, fraud or neglect exceeding Rs. 5,000 in each case.*

## MASTER GENERAL OF ORDNANCE BRANCH

- |   |  |        |
|---|--|--------|
| 1 | Loss representing the value of certain items found deficient in 350 vehicles sent by an Unfit Park to a Command Workshop for repairs during 1948-49. A Court of Inquiry which investigated the loss held the Officer-in-Charge responsible for not carrying out even the spot check at the time of taking over the vehicles. The General Officer Commanding the Area, however, held two officers responsible for the loss. They were warned to be more careful.  | 19,357 |
| 2 | Loss representing the value of stores found deficient in an Electrical and Mechanical Engineer Workshop at the time of stock-taking carried out in October 1951. The loss has been attributed to bad accounting. A Court of Inquiry which investigated the loss held a Junior Commissioned Officer responsible for the same. Accordingly, the Junior Commissioned Officer was reprovved by the General Officer Commanding Corps on 7th February 1955.  | 14,343 |
| 3 | Loss representing the value of stores found deficient in an Ordnance Depot during the course of the stock-verification in 1953-54. The loss was attributed to negligence and several other causes. The Staff Court of Inquiry convened on 26th August 1953 to assess the responsibility considered that the exact causes of deficiencies and degree of blame could not be pinned down. No disciplinary action was taken against any individual since no specific charge could be levelled against any one. | 8,422  |
| 4 | Loss on account of damages to a vehicle (including equipment tools and extra fittings) due to an accident on 12th December 1954. A Staff Court of Inquiry convened on 20th December 1954 held the driver responsible and he was subsequently tried by a District Court Martial and reduced in rank and awarded rigorous imprisonment for two months.   | 51,554 |



Serial No.	Nature of losses written off with particulars	Amount
		Rs.
5	Loss representing the value of 1,404 valves of sorts found deficient in stock in a Central Ordnance Depot at the time of stock-taking held during December 1954. Investigations revealed that the loss was due to pilferage, negligence and partly due to incorrect counting of the stores. A Court of Inquiry was also held on 31st December 1954 to investigate the loss which was of the opinion that a storeman and a sepoy were partly responsible. The case was then referred to the Special Police Establishment on 15th October 1955 who in January 1957 recommended departmental action against the above individuals and a Havildar. As a result of a departmental inquiry held on 9th April 1957, the civilian storeman was censured for negligence and entries were recorded in his service documents and the sepoy was severely reprimanded and deprived of his acting rank of Lance Naik. The Havildar was, however, exonerated.	6,903
6	Loss representing the value of mechanical transport components found deficient in a Central Ordnance Depot due to theft which occurred on and before the nights of 29/30th August 1952 and 31st August/1st September 1952. A Court of Inquiry convened on 13th October 1952 to investigate the loss attributed the theft to inadequate security arrangements. Action to improve the security measures has been taken and adequate remedial measures to ensure correct check of vehicles have been adopted.	15,010
7	Loss representing the value of stores received short in an Ordnance Depot from an Infantry Unit in 1951. The consignor unit was disbanded in early 1952. No claim could be lodged against the Railway authorities as the wagons were booked under "said to contain" Railway Receipt. No Court of Inquiry was held as no theft, fraud or neglect was involved on the part of the consignee Depot. The Auditing Controller, however, attributed the loss to theft, fraud or neglect in the consignor unit.	24,796
	QUARTERMASTER GENERAL'S BRANCH	
8	Loss representing cost of damages to a vehicle due to an accident on 8th July 1955. A Court of Inquiry which investigated the accident attributed it to carelessness on the part of the recruit driver and the instructor. The former was awarded 28 days' rigorous imprisonment and the latter fined Rs. 10.	18,324

Serial No.	Nature of losses written off with particulars	Amount
		Rs.
9	Loss representing cost of tents issued to a Remount Veterinary and Farms Corps School in October 1948. In 1952 the Farms authorities were asked to give a receipt for the tents but they could not locate the tents. A Court of Inquiry was convened on 16th August 1954 to investigate the loss. The Court held the Officer Commanding and the Manager of the Farm responsible for the loss and recommended recovery of 50 per cent of the cost from them. Both the officers appealed against the Court decision. A fresh Court of Inquiry was convened in January 1957, as the individuals were not called upon to give evidence before the first court. The second court held that there was no attempt towards fraud or misappropriation and that the loss should therefore be borne by the State. But the Area Commander recommended that 10% of the loss (Rs. 673) should be borne by the Officer Commanding the Unit who has, however, appealed against the recovery. Two officers, including the Officer Commanding, were also warned to be more careful in future.	6,730
10	Loss on account of damage caused to a vehicle due to an accident on 27th October 1956. A Court of Inquiry which investigated the case on the 14th May 1957 attributed the loss to the negligence of the civilian driver. A sum of Rs. 104 was recovered from the driver.	9,757
11	Loss on account of damage to a vehicle due to an accident on 18th July 1956. A Court of Inquiry convened on 27th November 1956 to investigate the loss held the driver responsible. He was sentenced to 7 days' rigorous imprisonment.	10,506
12	Two cases of losses (Rs. 13,432 and Rs. 10,171) on account of discrepancy in clothing/ration stores and furniture in a Supply Depot during the period January 1949 to March 1950. The Court of Inquiry held on 26th to 29th April 1950 to investigate the case opined that the loss occurred due to lack of supervision and non-verification of stock. The Junior Commissioned Officer concerned was awarded severe reprimand and forfeiture of one year's service for pension and a fine of Rs. 500. A Non-Commissioned Officer was dismissed, while another was fined Rs. 500. The charges against two other officers were dropped being time barred.	22,603



Serial No.	Nature of losses written off with particulars	Amount
		Rs.
	GENERAL STAFF BRANCH	
13	Loss representing cost of damages to a vehicle due to an accident on 5th March 1957. A Court of Inquiry which investigated the loss held the driver responsible for the accident. He was awarded two months' rigorous imprisonment.	9,262
14	Loss on account of damages caused to a vehicle in an accident on 18th February 1954. A Court of Inquiry held on 27th February 1954 did not hold the driver responsible. However, the Commandant of the college to which the vehicle belonged differed from the opinion of the Court and held the driver responsible for the loss. The driver was awarded a penal deduction of Rs. 10.	5,379
	ENGINEER IN CHIEF'S BRANCH	
15	Loss representing cost of stores and tools and plants in an Engineer Division discovered in 1951 during a cent per cent stock-verification. These stores had originally been collected during World War II for incorporation in War Time Projects. The loss was investigated by a Staff Court of Inquiry on 6th May 1953 which attributed it to non-verification of stock in the past, paucity of staff and labour employed on stores, laxity of administrative and supervisory control, inadequate security arrangements and wrong accounting. Departmental action was recommended to be taken by the Area Commander against the head of the Division and three other subordinates; suitable action was to be taken against another subordinate who was absconding. The three subordinates have been warned to be careful in future, the fourth subordinate has not been apprehended and disciplinary action against the Garrison Engineer is in progress.	86,530
	AIR HEADQUARTERS	
16	Loss representing the value of certain item of store wrongly ordered in 1950 from the United Kingdom. The Officer, who was responsible for this, was an officer of the Royal Air Force on loan to India Government. Since he left his post on 18th April 1951, no action could be taken against him. The store has been scrapped, as there was no possibility of its use by the Defence Services.	73,720
17	Three cases of losses ranging from Rs. 25,000 to Rs. 2,49,750 resulting from accidents to aircraft on different dates between January 1956 and June 1957. The Courts of Inquiry which investigated the accidents attributed them to negligence on the part of the pilots in two cases and two Non-Commissioned Officers in the case of the third. All were severely reprimanded. Besides, the	3,54,750



Serial No.	Nature of losses written off with particulars	Amount
		Rs.
	pay and allowances amounting to Rs. 250 were stopped as a penal deduction in the case of one pilot and seniority for six months was forfeited in the case of the other pilot.	
18	Loss representing cost of damages to an aircraft following an accident on 26th April 1957. A Court of Inquiry which investigated the accident concluded that it was due to poor airmanship of the pilot. He was awarded "severe reprimand" and penal deduction of Rs. 150.	64,850
19	Loss representing the value of certain Sparking Plugs found deficient in a Base Repair Depot on 10th April 1956. A Court of Inquiry held on 18th April 1956 to investigate the case attributed the loss to lack of proper security arrangements and negligence on the part of the stock holder and the supervising staff. An officer was reprimanded, a civilian storekeeper was warned and a penal recovery of Rs. 50 was made from an Equipment Assistant.	5,912
20	Loss on account of damage to an aircraft due to accident on 23rd May 1957. A Court of Inquiry convened on 28th May 1957 to investigate the damage opined that the accident was caused due to faulty technique of landing on the part of the pilot. He was severely reprimanded.	30,000
	<i>II. Losses due to other causes exceeding Rs. 15,000 in each case.</i>	
	MASTER GENERAL OF ORDNANCE BRANCH	
1	Loss representing the value of certain stores found deficient in an Ordnance Depot at the time of stock-taking held on 22nd March 1954. The loss has been attributed to incorrect stock-verification and mix-up of stores.	15,116
2	Loss representing the value of certain stores found deficient in an Ordnance Depot at the time of stock-taking held on 3rd January 1956. The loss has been attributed to incorrect counting of stores in the past.	42,140
3	Two cases of losses (Rs. 49,775 and Rs. 16,956) of stores found deficient in an Ordnance Depot at the time of stock-taking held on 28th January 1954 and 11th October 1955. The losses were attributed to incorrect counting/accounting of stores/documentation in the past.	66,731

Serial No.	Nature of losses written off with particulars	Amount
		Rs.
4	Loss representing the value of components of vehicles found deficient in an Armoured Fighting Vehicles Depot at the time of physical verification during December 1955 to March 1956. The deficiencies could not be detected at the time of receipt of the vehicles due to the low standard of technical knowledge of the personnel employed on checking the vehicles.	1,22,677
5	Loss representing the value of 2,82,675 pounds of Soda Caustic Commercial deteriorated in an Ordnance Depot due to long storage prior to April 1955. The entire stock pertained to wartime supplies made in 1944-45. Due to its corrosive nature it had eaten up the containers with the result that the contents came into contact with air and got liquified/decomposed.	47,701
6	Loss representing the value of 87 water pumps found deficient in an Ordnance Depot at the time of stock-taking held on 31st March 1955. The loss was attributed to incorrect counting and accumulation of discrepancies. Responsibility for the loss could not be pin-pointed.	24,795
7	Loss representing the value of certain stores found deficient in an Infantry Workshop Company in September 1951. No Court of Inquiry was held to investigate the loss as it was suspected to have occurred during 1949-50 and all the officers who were serving then had left the unit on transfer, release, etc., and it would have been difficult and expensive to call them up for examination.	24,850
8	Loss representing the value of certain stores found deficient in an Ordnance Depot during stock-taking held on 31st March 1955. - The loss was attributed to incorrect counting of stores as 15 numbers of the same item were found surplus in a subsequent stock-taking.	49,000
9	Loss representing the cost of certain tentage stores rendered unserviceable due to rain/storm on 8th June 1955 in a Field Ordnance Depot.	25,712
10	Loss representing the value of 541 numbers of an item found deficient in an Ordnance Depot at the time of stock-taking held on 18th January 1957. The loss was attributed to incorrect counting of stores as in the subsequent stock-taking 735 numbers of the same item were found surplus.	16,230



Serial No.	Nature of losses written off with particulars	Amount
11	Loss representing the value of vehicle components found deficient in a Vehicle Sub Depot during 1952. The components were missing at the time the vehicles were received from the original consignors but due to the absence of technical staff the vehicles could not be checked at the time of receipt.	Rs. 46,901
12	Loss representing the value of stores found deficient in an Ordnance Depot at the time of stock-taking on 4th March 1954. The loss was attributed to short packing/incorrect issues by consignors in the past and adoption of a percentage check when they were received in 1945. Responsibility for the loss could not be fixed on any individual.	18,872
13	Loss representing the value of certain stores found deficient in an Ordnance Depot at the time of stock-taking on 18th August 1954. The loss was attributed to incorrect identification of the stores in the past.	65,835
14	Seven cases of losses due to change in condition and deterioration of apparatus camouflage nets of various sizes in an Ordnance Depot revealed during the course of re-organisation/overhaul during the period 1948 to 1950. The change in condition was attributed to (1) inadequate storage conditions, (2) heavy commitments and paucity of staff and (3) lack of adequate overhauling of the item which led to its further deterioration. As no theft, fraud or neglect was involved, no Court of Inquiry was held. With a view to avoiding similar losses in future, the stock has been completely reorganised and is being periodically overhauled. The present loss is being exhibited in continuation of the losses of Rs. 36,20,904 already reflected in the Appropriation Accounts for 1954-55 and 1955-56 in Appendices 'B' thereto and Serial Nos. 57 (page 125) and 1 (page 57) respectively thereof.	36,80,238
15	Loss representing the change in condition of containers food portable, revealed during the course of stock-taking on 13th October 1954, in an Ordnance Field Depot. The change in condition was attributed to the after effects of the unprecedented floods that occurred during September 1950 in the station. This loss has been treated as due to the same causes which necessitated the write off of the loss of Rs. 9,29,144 included at Serial No. 10 at page 80 of Appropriation Accounts, Defence Services, 1953-54.	1,04,166



Serial No.	Nature of losses written off with particulars	Amount
		Rs.
16	Loss representing the value of components of certain vehicles received short in a Vehicle Sub Depot in a consignment of 67 vehicles despatched by a Vehicle Depot in September 1950. No Court of Inquiry was held to investigate the loss as (a) the consignee depot was in persistent arrears of work and shortage of staff and (b) a number of individuals employed on the work had been transferred/discharged/released. It was considered that calling of all the witnesses would entail unnecessary extra expenditure to the State and even then it might not be possible to fix the responsibility. Suitable instructions to avoid the recurrence of such losses in future have been issued.	23,22
17	Loss representing the value of stores found deficient in a Central Ordnance Depot at the time of stock-taking held on 16th February 1954 in connection with re-organisation. The deficiency has been attributed to mix-up/wrong identification of stores in the past. As no theft, fraud or neglect was suspected, a Court of Inquiry was not held. No disciplinary action was also taken, as no one was held responsible. With a view to avoid similar losses in future, the entire stock has been completely reorganised.	17,627
18	Loss representing the cost of damages to tentage stores caused by storm/rain in an Ordnance Field Depot on the night of 2/3rd October 1954. A Station Board of Officers detailed on 13th October 1954 to assess the loss/damage was of the opinion that the loss occurred due to unavoidable circumstances. The holding of a Court of Inquiry was waived by Government.	93,654
19	Loss representing the value of deficiencies damages revealed in a consignment of 500 motor cycles received in an Ordnance Depot from U. K. in April 1951. The loss was investigated by a Staff Court of Inquiry convened on 6th Feb. 1952 which opined that the damage occurred due to faulty packing and that the packing material, its design and the method of securing the contents was not satisfactory. No legal action could be taken against the suppliers to recover the cost of the damages/deficiencies.	22,297

Serial No.	Nature of losses written off with particulars	Amount
		Rs.
20	Loss representing the value of stores found deficient in an Ordnance Depot at the time of stock-taking held on 4th July 1950. A Court of Inquiry held on 29th February 1956 came to the conclusion that the loss was due to (a) non-accounting of certain stores and (b) short receipt of stores in the past due to the percentage check prior to the reorganisation and that the exact reasons for the deficiency could not be ascertained as the storeman in charge who got the items checked had been posted away. The stock has since been reorganised.	49,920
21	Loss representing the value of stores found deficient in a Central Ordnance Depot at the time of stock-taking held on 31st March 1955. Investigation revealed that the loss was due to incorrect marking of the category of stores on an issue voucher. A Court of Inquiry was not considered necessary since the reasons for the deficiency were known. The responsibility could not be fixed on any one as the omission in making amendment to the issue voucher was attributed to heavy rush of work and certain sudden changes in the staff. To avoid the recurrence of such losses in future, an inspector has been posted in the Depot to check the stores thoroughly and to confirm their categories before effecting their actual issues.	25,280
22	Loss representing the value of certain tentage items rendered unserviceable/repairable due to storm/rain on 31st July/1st August 1957 in a Field Ordnance Depot. A Station Board of Officers convened on 14th August 1957 to assess the loss opined that the loss was due to unavoidable circumstances and no one could be held responsible. The holding of a Court of Inquiry was waived by Government.	18,962
23	Loss representing the value of specialist equipment attached to Specialist Vehicles found deficient in a Vehicle Depot during the period from 1st April 1950 to 31st March 1955. The deficiency in stores was revealed during inspection by Electrical and Mechanical Engineers. The loss had been ascribed to short receipt in the past and wrong accounting. No Court of Inquiry was held, as the loss could not be attributed to theft, fraud or neglect. Suitable remedial measures were taken to avoid recurrence of such losses.	52,760



Serial No.	Nature of losses written off with particulars	Amount
		Rs.
36	<p>Loss of 46,430 gallons of mechanical transport gas which occurred in the despatches made to a Railhead Petroleum Depot from a Petroleum Depot in another station during the period 1st January to 31st July 1956. The loss has been attributed to lack of adequate facilities for transshipment of tank wagons from metre gauge to broad gauge at an intervening station, slope of the siding which resulted in a few gallons being left over in each tank wagon after each transshipment, unsatisfactory pumping arrangements, higher temperature at the transshipment station, leakage and evaporation in transit between stations. The percentage of loss in this case was 2.24. Agreement has been reached with the trade whereby they will make good future transshipment losses over and above 0.5% but the company will not be responsible for any loss due to delay in transshipment which is beyond their control. An Army representative (J.C.O.) has been stated to have been posted at the intervening station to supervise transshipment arrangements.</p>	91,818
37	<p>Loss on account of damages to Government property and auditable documents held by an Army Service Corps Company and a Transport Company Workshop Section of Electrical and Mechanical Engineers due to severe storm and heavy rains on 31st May 1956 at a military station. A Board of Officers was held on 1st June 1956 which attributed the loss to an act of God and no one could be held responsible.</p>	23,235
38	<p>Loss representing the cost of 7,10,099 lbs. of grass and hay at a Military Farm Depot which became unfit for animal consumption due to abnormal rains in January and February 1957. A Court of Inquiry convened on 1st July 1957 to investigate the loss opined that it had occurred under unavoidable circumstances. Suitable precautionary measures for the protection of fodder and hay were taken for the future.</p>	18,897
39	<p>Loss representing the value of 721 gallons of insect repellent at a Supply Depot in 1952 due to leakage and difference in scales of conversion.</p>	64,949



Serial No.	Nature of losses written off with particulars	Amount
		Rs.
	<p>Two Courts of Inquiry convened on 29th May 1953 and 28th March 1955 to investigate the loss opined that no individual could be blamed. Suitable remedial measures have been taken to avoid recurrence of such losses.</p>	
40	<p>Loss representing the value of 373 tons of milk tinned received from a foreign country between May and October 1950 which was declared unfit for human consumption during 1951. The deterioration occurred during the warranty period. The firm, however, declined liability on the ground that as a result of a sample survey conducted by them long after the warranty period, only a small proportion was found to be bad. After negotiations, a compensation of Rs. 41,160 only was received from the manufacturers and the balance of loss was written off on 5th March 1959.</p>	6,38,333
ENGINEER-IN-CHIEF'S BRANCH		
41	<p>Loss due to damage to a vehicle on 10th October 1956 following an accident. A Court of Inquiry which investigated the case on 13th March 1957 opined that the damage was due to the vehicle getting bogged in soft sand and subsequently remaining submerged in water for nearly four days. No individual was held responsible for the loss.</p>	16,531
42	<p>Two cases of losses (Rs. 68,541 and Rs. 1,77,623) due to damages to military structures and furniture by cyclonic storms on 4th June 1954 and 2nd/3rd May, 22nd May, 2nd June, 3rd June and 18th June 1955.</p>	2,46,164
43	<p>Loss representing the value of stores issued to field units and lost during operations against flood damages in a station in 1950.</p>	39,749
44	<p>Loss representing value of stores and equipment lost damaged due to hail-storm on 9th January 1957 in an Engineer Works Section.</p>	29,319

Serial No.	Nature of losses written off with particulars	Amount
		Rs.
*56	Loss of Air Force equipment carried by an aircraft in October 1951 due to an accident. Stores and equipment carried by the aircraft were not commercially insured and replacements for the lost equipment were indentured and procured in the normal manner. Hence write off action became necessary for the loss. The loss could not have been avoided nor can any remedial action be taken since it occurred due to an accident. A Court of Inquiry was held on 10th October 1951 and the cause of accident was attributed to adverse weather conditions. No individual was held responsible and no disciplinary action was taken.	1,12,871
57	Loss representing total loss of an aircraft following an accident on the 17th May 1957 in a Training Wing.	49,700
NAVAL HEADQUARTERS		
58	Loss on account of damages to a Naval Motor Cutter on 11th September 1953 while in the custody of Port Trust Authorities. No legal action was taken against them on legal advice.	83,500
59	Loss representing the value of a Torpedo which was lost by an Indian Navy Ship during a firing exercise on the 15th February 1957. Extensive search for six hours failed to locate the Torpedo. Technical investigation revealed that the loss was due to failure of the material.	44,036
60	Loss representing the value of stores found deficient in a Naval Store Depot during stock-verification in 1955-56. The deficiencies were investigated by a Board of Inquiry which came to the conclusion that no individual was responsible for the loss.	26,614
61	Loss representing the value of consumable Naval stores found deficient in a ship as a result of hundred percent muster of Naval Stores carried out during the period June to October 1955. Surplus stores valued at Rs. 16,131 were also discovered. The deficiencies were attributed to (1) non-destoring of the ship for the period from 1949-55 due to operational and training commitments thereby hampering a	71,695

\*Pertains to 1957-58.



Serial No.	Nature of losses written off with particulars	Amount
		Rs.
	<p>complete muster and survey of stores in harbour (2) paucity of time between two exercise periods in a year to demand, survey and store the ship (3) lack of adequate and experienced staff to carry out the Naval store-keeping duties in the ship (4) dual responsibility of electronic stores which accounts for fifty per cent of the deficiencies and (5) apparent accumulation of deficiencies over the period 1948—55 during which period no discrepancy report as a result of periodical muster has been rendered. Suitable measures were taken to avoid recurrence of the above irregularities. It was, however, considered administratively difficult to assess the blameworthiness and pin-point responsibility as no direct evidence to substantiate a charge of neglect of duty against any particular individual could be adduced. The convening of a Board of Inquiry to investigate the circumstances leading to the deficiencies was waived by Government.</p>	
	<i>III Losses monetary value of which could not be assessed.</i>	
	GENERAL STAFF BRANCH	
1	Loss due to the issue of extra clothing, free rations and the granting of other concessions admissible to Army personnel to two civilian clerks while serving in a foreign country during 1953.	
	MASTER GENERAL OF ORDNANCE BRANCH	
2	Loss representing the value of unserviceable kit fitment items in respect of 964 vehicles discovered on receipt in a Vehicle Park during the period 1st January 1948 to 15th September 1949. A Court of Inquiry was not convened, as it was considered that it would not yield any tangible result due to lapse of time. Remedial measures to safeguard losses of similar type have since been taken.	
3	Loss representing the cost of components of four vehicles found deficient at the time of receipt of the vehicles in February 1951 in a Vehicle Sub Depot. A discrepancy report for the deficiencies of the vehicle components was raised on 7th February 1951 by the Vehicle Sub-Depot against the consignor unit, but as it was misplaced, the stores and the cost thereof that were found deficient could not be assessed.	



## APPENDIX C

*Statement of infructuous expenditure exceeding Rs. 20,000 in each case pertaining to the post-partition period, finally dealt with during the year 1958-59.*

Serial No.	Particulars	Amount
Rs.		
FACORIES		
1	Infructuous expenditure incurred in connection with the acquisition of two generating sets, dismantling, packing and despatch of the plants to an Ordnance Factory, execution of civil works necessary for erection of the plants at the Ordnance Factory, part-erection of plants at the Factory, dismantling and packing of the plants again for disposal to an Electricity Board under the supervision of the Central Water and Power Commission. This occurred because of the abandonment of a project for supply of power to the Ordnance Factory as a result of a decision by Government that full requirements of power supply for the Ordnance Factory would be obtained from another source by arrangement with a State Government. No individual could be held responsible as the loss was treated as entirely due to the force of circumstances.	1,73,899

## APPENDIX D

*Statement of ex-gratia payments exceeding Rs. 20,000 in each case made during the year 1958-59.*

Serial No.	Particulars	Amount
Rs.		
AIR HEADQUARTERS		
1	Amount sanctioned to a Municipality in a State for the purpose of shifting the Night Soil Trenching Ground as it was a source of danger to the health of the Air Force personnel who camped in the vicinity. As the Municipality was not in a position to meet the entire expenditure, the Ground was shifted with the help of an <i>ex-gratia</i> payment from the Defence Services and a loan by the State Government.	28,000

Balances outstanding under the Head "Suspense" on 31st March 1959 and their Clearance in the

1952-53		1953-54		1954-55		1955-56		1956-57		1957-58	
Cr. 1	Dr. 2	Cr. 3	Dr. 4	Cr. 5	Dr. 6	Cr. 7	Dr. 8	Cr. 9	Dr. 10	Cr. 11	Dr. 12
20,08,95,000	—	—	—	22,17,000	35,93,173	5,68,163	—	3,07,500	18,021	335	18,245

Analysis by years of the amounts outstanding in columns 19 and 20 and the explanations of Credits (Column 19)

Year	Item No.	Amount	Details
		Rs.	
1952-53 . . .	1	15,08,95,000	Represents the balance of amount kept out of the sale proceeds of surplus and obsolete stores to meet storage and custodial charges.
1954-55 . . .	2	22,17,000	Do.
1955-56 . . .	3	5,64,000	Do.
1956-57 . . .	4	3,07,000	Do.
	5	500	Represents the amount on account of Cemetery Endowment Fund. Orders for its transfer to the High Commissioner for United Kingdom in India have since been received and the transaction will be cleared through the accounts for 1959-60.
1957-58 . . .	6	(- )724	Represents the difference between Daily Payment Sheet and Schedule III.
1958-59 . . .	7	(- )26,528	Do.
	8	140	Represents the amount of a cheque drawn by a Controller of Defence Accounts on a Military Treasure Chest.
	9	2,572	Represents the amounts credited in the cash accounts of the Naval Ships/Formations on account of payments due to certain individuals pending disbursement through the accounts for 1959-60.
	10	1,248	Erroneous.
		15,39,60,208	

## DIX E

accounts for the subsequent year.

(In Rupees)

1958-59		Total to end of 1958-59		Cleared in 1959-60		Balance outstanding	
Cr. 13	Dr. 14	Cr. 15	Dr. 16	Cr. 17	Dr. 18	Cr. 19	Dr. 20
2,15,53,639	5,55,828	22,55,41,637	41,85,267	7,15,81,429	5,59,313	15,39,60,208	36,25,954

the items outstanding are as follows:—

## Debits (Column 20)

Year	Item No.	Amount	Details
		Rs.	
1954-55 . . .	1	35,60,647	Represents balance of the amount outstanding in the Exchange Account with the late Deputy Accountants General (Industry and Supply) and (Food and Rehabilitation) at the end of 1954-55 which was withdrawn in accordance with the instructions contained in para 22 of the Annexure to Comptroller and Auditor General's letter No. 76-SAA/2-54/Pt. V., dated the 28th March 1955.
1957-58 . . .	2	9,476	Represents the amounts deposited in Civil Courts as security for staying the execution of the decrees, pending appeal, etc.
	3	351	Represents payments made to certain individuals in compliance with credits shown in the inward schedules of Settlement Accounts received from Pakistan and for which monetary settlement has not been made by Pakistan so far.
1958-59 . . .	4	14,617	Same as item 2 above.
	5	37,372	Represents payments made to certain Foreign Navy personnel.
	6	1,000	Represents expenditure incurred in connection with the visit of a Foreign Delegation to India, the reimbursement of which is still awaited.
	7	1,959	Amount compiled provisionally under "Suspense" pending adjustment under final heads of Accounts.
	8	473	Represents certain Indian Ordnance Factory Workmen Provident Fund transactions pending reconciliation and adjustment under the fund heads.
	9	59	Erroneous
		36,25,954	



## APPENDIX F

*Account of the expenditure on various schemes relating to the Defence Services under Major Head 86—Defence Capital Outlay*

(In thousands of rupees)

Head of Account	Expenditure in post-partition period		Total
	to the end of 1957-58	in 1958-59	
Estimated balance brought forward from pre-partition Accounts . . . . .	..	..	1,44,15,55*
A.—Army . . . . .	64,34,90 14@	7,90,06	72,24,96
B.—Navy . . . . .	41,84,95	15,50,50	57,35,45
C.—Air Force . . . . .	26,91,71 †13	3,36,25	30,28,09
D.—Stores and fixed installations taken over from the U. K. Government on 1st April 1947 :—			
(a) Payment for stores and fixed installations . . . . .	1,33,33,33	..	1,33,33,33
(b) Deduct—Receipts and recoveries	—65,28,22	—1,78,34	—67,06,56
E.—Industrial Development . . . . .	11,74,54	2,89,78	14,64,32
TOTAL . . . . .	2,12,91,34 14@	27,88,25	3,84,95,14

\*The figure is provisional and subject to final determination.

@Represents expenditure met from the Contingency Fund during 1957-58 and recouped to the Fund during 1958-59. The same amount has also been included in the figure of expenditure for 1958-59.

†This sum has been added to rectify a short-booking to the extent made under that Head during 1957-58 on account of expenditure on a works project erroneously booked under Major Head 60—Defence Services, Effective—Air Force.

## APPENDIX G

*Statement showing variations between the year's original allotment and expenditure in respect of works carried out during the year 1958-59.*

820 Army-6.

Serial No.	Description of work	Original Allotment	Actual Expenditure	Variation	Remarks
1	2	3	4	5	6
		Rs.	Rs.	Rs.	Rs.
<b>INSTANCES OF UNDER-SPENDING THE ALLOTMENTS</b>					
1	Provision of additional accommodation for vehicles at an army workshop.	15,00,000	11,39,278	3,60,722	Due to:— (1) Non-receipt of electric cranes for the work. 3,00,000 (2) Non-receipt of steel. 21,188 (3) Non-receipt of debit for freight charges. 13,424 (4) Non-receipt of bills for cement and tubing. 26,110
					<u>3,60,722</u>
2	Provision of works services at an Air Force station.	6,00,000	4,52,000	1,48,000	Due to:— (1) Low tendered percentage (minus 5% and 10% quoted as against the provision which was at par). 71,102 (2) Reduction in scope of work due to site conditions. 4,794 (3) Over estimation of earth work. 55,777

1	2	3	4	5	6
		Rs.	Rs.	Rs.	Rs.
					(4) Non-utilization of contingencies. 16,327
					<u>1,48,000</u>
3	Provision of domestic accommodation for an Air Force Operational Command.	5,00,000	3,95,220	1,04,780	Due to:— (1) Non-conclusion of contract on account of high tendered rates which necessitated revision for administrative approval. 1,00,000 (2) Non-receipt of bills for cement and debit for freight charges. 4,780 <u>1,04,780</u>
4	Provision of married accommodation for 50 officers at an Air Force station.	5,00,000	3,00,490	1,99,510	Due to late conclusion of contract for superstructure on account of high tendered rates which necessitated revision of administrative approval.
5	Provision of covered accommodation and ancillary services for A & B vehicles at a Vehicle Depot.	6,79,000	3,96,647	2,82,353	Due to:— (1) Late conclusion of contract on account of high tendered rates on two previous occasions. 2,68,040 (2) Non-receipt of stores indented for in January 1959. 14,313 <u>2,82,353</u>
6	Purchase of a private building at an Air Force station.	9,50,000	.	9,50,000	Due to non-finalisation of the sale deed.
7	Expansion of a military hospital at an Army station.	10,00,000	7,13,406	2,86,594	Due to:— (1) Non-availability of bricks. 2,50,000



(2) Non-conclusion of contract owing to decision on specifications received late. 36,594

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2,86,594

8 Provision of accommodation for an Infantry Battalion at an Army station. 18,00,000 14,66,031 3,33,969

Due to:—

(1) Non-availability of bricks. 25,386

(2) Suspension of work due to assembly of a Court of Inquiry to examine the quality of work and the defects pointed out by the sub-area Commander. 2,69,614

(3) Slow progress of work owing to non-availability of bricks. 34,477

(4) Non-adjustment of cost of meters. 4,492

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3,33,969

9 Provision of additional works services at an Air Force station. 10,37,000 7,67,997 2,69,003

Due to:—

(1) Change in scope of work. 8,000

(2) Slow progress of work owing to non-availability of bricks. 67,000

(3) Non-receipt of bills for cement. 25,558

(4) Late conclusion of contract due to late receipt of revised administrative approval. 1,35,000

(5) Non-receipt of cement. 31,065

(6) Non-receipt of bills for meters. 2,380

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2,69,003

I	2	3	4	5	6
		Rs.	Rs.	Rs.	Rs.
10 Construction of a parallel runway at an Air Force station.		15,00,000	9,61,528	5,38,472	Due to:— (1) Non-conclusion of contract owing to decision on specification received late. 1,85,000 (2) Postponement of an item of work which has finally been abandoned as a result of review to consider its necessity. 2,15,000 (3) Credit on account of stores transferred. 72,000 (4) Reduction in final bill on technical check. 8,000 (5) Excess provision of funds to meet debit from Public Works Department. 22,000 (6) Non-receipt of bills for stores and debit for freight charges. 18,537 (7) Non-receipt of cement. 17,935 <hr/> 5,38,472
11 Provision of permanent domestic accommodation for a Wing at an Air Force station.		5,62,000	4,16,249	1,45,751	Due to:— (1) Postponement of contract action owing to delay in getting possession of land from civil authorities. 44,000 (2) Non-payment of cheques for want of additional assignment. 99,559 (3) Non-receipt of debit from civil authorities for cost of land. 2,100

				(4) Less expenditure on establishment charges.	92	
						<u>1,45,751</u>
12	Provision of domestic accommodation for officers and men at an Army station.	10,30,000	9,80,577	49,423	Due to transfer of cement to another project not anticipated.	
13	Provision of furniture for domestic accommodation at an Army station.	5,92,200	5,54,761	37,439	Due to:—	
					(1) Non-utilisation of provision for establishment charges.	11,069
					(2) Non-receipt of bills for stores .	20,000
					(3) Low tendered rates . . . . .	6,370
						<u>37,439</u>
14	Improvement to existing runway at an Air Force station.	7,00,000	4,04,993	2,95,007	Due to excess provision of funds.	
15	Provision of sleeping platforms and charpoys at an Army station.	6,55,000	2,06,392	4,48,608	Due to slow progress of work by contractor.	
16	Provision of permanent Joint Army and Navy transmitting station.	5,00,000	3,99,730	1,00,270	Due to non-finalisation of drawings.	
17	Provision of married accommodation for Junior Commissioned Officers and Other Ranks and garages for an Infantry Battalion at an Army station.	5,20,000	84,960	4,35,040	Due to:—	
					(1) Failure of contractors . . . . .	3,14,040
					(2) Necessity to revise the administrative approval.	1,21,000
						<u>4,35,040</u>



1	2	3	4	5	6
		Rs.	Rs.	Rs.	Rs.
18	Provision of accommodation for an Armoured Brigade at a military station.	5,00,000	3,73,144	1,26,856	Due to :— (1) Non-receipt of bills for stores . . . . . 26,856 (2) Excess provision of funds for generating set. . . . . 1,00,000
					1,26,856
19	Provision of accommodation for Headquarters of a Command.	6,44,000	3,23,789	3,20,211	Due to :— (1) Excess provision of funds . . . . . 1,05,802 (2) Non-finalisation of final bill . . . . . 2,14,409
					3,20,211
20	Provision of permanent domestic and technical accommodation for a Wing Headquarters and one Twin Engine Transport Squadron at an Air Force Station	34,10,000	19,69,611	14,40,389	Due to :— (1) Non-acquisition of land and consequent non-execution of work. . . . . 85,500 (2) Revision of estimate on work relating to control cabin. . . . . 16,000 (3) Slow progress of work by contractor. . . . . 1,57,000 (4) Reduction in scope of work . . . . . 39,000 (5) Termination of contract owing to failure of contractor. . . . . 3,10,000 (6) Credits not expected during the year. . . . . 1,31,000 (7) Non-finalisation of final bill. . . . . 75,000

					(8) Non-receipt of debit for freight charges.	83,389
					(9) Non-receipt of debit of cost of work done by Public Works Department.	68,000
					(10) Non-receipt of bills/debit for cement and stores.	90,000
					(11) Delay in conclusion of contract on account of late finalisation of specification.	3,25,500
					(12) Non-receipt of stores due to misplacement of the wagon by the railways.	60,000
						14,40,389
21	Provision of blast pens at an Air Force station.	9,00,000	6,15,515	2,84,485	Due to—	
					(1) Low tendered rate	2,00,000
					(2) Excess provision of funds	4,000
					(3) Non-payment of final bill	80,485
						2,84,485
22	Provision of permanent accommodation for single officers of an Infantry school.	8,00,000	4,08,724	3,91,276	Due to:—	
					(1) Late commencement of work by contractor.	3,85,500
					(2) Non-receipt of debits and unexpected receipts of credits.	5,776
						3,91,276
23	Improvement to water supply at a Military station.	5,00,000	2,86,072	2,13,928	Due to:—	
					(1) Slow progress of work by contractor.	2,12,600

1	2	3	4	5	6	
		Rs.	Rs.	Rs.		Rs.
					(2) Non-adjustment of Central Purchase vouchers.	1,328
						<u>2,13,928</u>
24	Provision of permanent accommodation for an Artillery Centre—Phase—I.	13,66,000	13,26,829	39,171	Due to:—	
					(1) Slow progress of work by contractor.	38,000
					(2) Non-receipt of Central Purchase Vouchers.	1,171
						<u>39,171</u>
25	Provision of permanent accommodation and ancillary services for Army Units, Phase—I.	10,50,000	9,25,807	1,24,193	Due to excess provision of funds.	
26	Provision of workshop accommodation at a military station.	5,87,000	3,80,929	2,06,071	Due to:—	
					(1) Revision of administrative approval for furniture.	23,500
					(2) Slow progress of work.	1,21,200
					(3) Excess provision of funds.	61,371
						<u>2,06,071</u>



27	Establishment of a transportation wing for a college of military engineering.	6,00,000	2,17,439	3,82,561	Due to:— (1) Non-receipt of rolling stocks and other equipment. (2) Excess provision of funds.	1,81,000 2,01,561
						<u>3,82,561</u>
28	Provision of permanent accommodation for an engineer group at a Military station.	16,67,000	11,92,400	4,74,600	Due to:— (1) Non-finalisation of acquisition of land. (2) Non-completion of work on external electrification by supply company.	4,17,000 57,600
						<u>4,74,600</u>
29	Provision of permanent accommodation for training command at an Air Force station.	11,89,000	9,45,803	2,43,197	Due to:— (1) Slow progress of work owing to non-availability of stores. (2) Non-payment of final bill. (3) Non-receipt of debit for stores. (4) Non-adjustment of debit for freight charges. (5) Non-commencement of work as originally anticipated.	57,400 26,000 23,800 6,824 1,29,173
						<u>2,43,197</u>
30	Provision of works services in connection with the permanent location of a Conversion and Training Unit at an Air Force station.	20,00,000	13,57,683	6,42,317	Due to:— (1) Defective planning (2) Non-payment of cost of land. (3) Non-availability of stores for works. (4) Non-finalisation of final bill owing to dispute. (5) Non-payment of cement bills.	1,70,000 3,99,602 18,960 20,000 26,679

1	2	3	4	5	6	
		Rs.	Rs.	Rs.		Rs.
					(6) Non-receipt of debit for freight charges.	7,076
						<u>6,42,317</u>
31	Provision of permanent domestic and technical accommodation for an Air Observation Post Flight Squadron.	6,00,000	3,21,639	2,78,361	Due to:—	
					(1) Non-conclusion of contract.	2,29,000
					(2) Non-receipt of sanction for furniture.	28,000
					(3) Credit for surplus stores not expected.	17,000
					(4) Amount disallowed in audit.	4,000
					(5) Less cost of airconditioner.	361
						<u>2,78,361</u>
32	Provision of domestic and technical accommodation for an Universal Equipment Depot—Phase I at an Air Force station.	62,00,000	45,94,524	16,05,476	Due to:—	
					(1) Defective planning involving revision of administrative approval.	10,00,000
					(2) Non-receipt of stores.	5,75,232
					(3) Excess provision of funds.	30,244
						<u>16,05,476</u>
33	Extension of and strengthening of runways at an Air Force station.	15,00,000	11,43,141	3,56,859	Due to:—	
					(1) Non-receipt of debit for work from the civil authorities.	2,00,000
					(2) Slow progress of work.	1,56,859
						<u>3,56,859</u>

34	Provision of works requirements for a Conversion and Training Squadron at an Air Force Station.	6,50,000	4,18,342	2,31,658	Due to:— (1) Revision of administrative approval. (2) Non-receipt of debit for freight charges.	2,30,000 1,658 <hr/> 2,31,658
35	Provision of works services for permanent domestic accommodation at an Air Force station.	12,00,000	(—)10,255	12,10,255	Due to:— (1) Non-utilisation of funds due to want of revised administrative approval and non-availability of land. (2) Transfer of stores to other projects.	12,00,000 10,255 <hr/> 12,10,255
36	Naval Dockyard expansion scheme.	1,50,00,000	1,09,52,600	40,47,400	Due to:— (1) Re-organisation of the project. (2) Non-receipt of debit for stores.	39,00,000 1,47,400 <hr/> 40,47,400
37	Provision of a spare-parts distribution centre at a Naval Station.	10,00,000	6,03,254	3,96,746	Due to:— (1) Late receipt of cranes. (2) Non-availability of electric cables. (3) Slow progress of work. (4) Deviation in the scope of work.	1,20,000 10,000 1,56,746 1,10,000 <hr/> 3,96,746
38	Provision of a Naval Stores Depot.	18,00,000	13,44,674	4,55,326	Due to:— (1) Late receipt of cranes. (2) Non-availability of electric cables. (3) Slow progress of work.	1,85,000 10,000 2,10,326



1	2	3	4	5	6
		Rs.	Rs.	Rs.	
					(4) Deviation in the scope of work.
					Rs. 50,000
39 Construction of a Naval Armament Depot.	20,00,000	16,98,193	3,01,807	Due to non-conclusion of contract for technical buildings on account of scarcity of water and delay on the part of civil authorities for acquisition of a portion of land.	4,55,326
40 Provision of additional work services for permanent domestic and technical accommodation at an Air Force Station.	15,00,000	4,26,967	10,73,033	Due to:— (1) Suspension of work. (2) Excessive provision of funds. (3) Delay in demarcation of land by Local Civil authorities. (4) Unanticipated credits. (5) Non-receipt of expected debits. (6) Non-payment of final bills.	8,32,600 1,34,400 30,000 10,00 0 64,03 3 2,000
41 Provision of permanent domestic and technical accommodation for a Fighter Wing and Single Engined Fighter Squadron, Phases I and II.	30,00,000	18,18,139	11,81,861	Due to:— (1) Non-commencement of work by contractor. (2) Delay in commencement of work. (3) Non-completion of certain portion of work. (4) Non-finalisation of final bill (5) Non-receipt of stores. (6) Non-adjustment of cost of stores	10,73,033 5,13,000 1,00,000 1,70,000 3,53,467 36,000 9,394
					11,81,861

42	Construction of a Naval Training School—Phase III-B.	8,59,000	5,88,577	2,70,423	Due to :—	
					(1) Diversion of funds to another work where they were required to meet urgent requirements.	20,000
					(2) Late/non-receipt of administrative approvals.	1,79,758
					(3) Delay in selection of alternative site.	60,000
					(4) Non-receipt of debits and inter departmental schedule.	6,455
					(5) Difference in cost of stores	4,210
						<u>2,70,423</u>
43	Construction of a Naval Air station.	10,63,000	9,15,136	1,47,864	Due to :—	
					(1) Non-availability of site.	84,864
					(2) Late receipt of sanction/approval.	63,000
						<u>1,47,864</u>
44	Construction of a Naval training School Phase II.	6,00,000	63,613	5,36,387	Due to :—	
					(1) Decision to carry out certain works in later phases.	3,86,000
					(2) Non-execution of a portion of work during the year.	5,000
					(3) Delay in receipt of approval for interim scheme on external electrification	95,000
					(4) Non-receipt of stores	44,787
					(5) Credit on account of transport of surplus stores.	5,600
						<u>5,36,387</u>

#### INSTANCES OF OVER-SPENDING THE ALLOTMENTS

45	Provision of permanent accommodation for a Controller of Defence Accounts' office at a Military Station.	4,95,000	5,00,195	5,195	Due to payment of commitments already made and to complete the project.	
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1	2	3	4	5	6	Rs.
46	Provision of bulk petrol tank at a Reserve Petroleum Depot.	2,00,000	5,52,453	3,52,453	Due to excess procurement of stores.	Rs.
47	Lengthening of runway and provision of drainage system at an airfield.	5,00,000	8,20,433	3,20,433	Due to :— (1) Non-provision of funds to meet arbitration award. (2) Accelerated progress of work by contractor.	1,55,400 1,65,033
48	Provision of permanent domestic accommodation for a Wing at an Air Force station.	12,41,000	13,35,071	94,071	Due to :— (1) Non-provision of funds for adjustment of compensation for land. (2) Excess provision of funds for the work.	3,20,433 2,60,071 —1,66,000
49	Lengthening of runway at an Air Force station.	2,00,000	6,77,924	4,77,924	Due to :— (1) Non-provision of funds for adjustment of compensation for land. (2) Partly counterbalanced by non-utilisation of funds provided for certain stores which were not actually required for the project.	94,071 5,91,824 —1,13,900
50	Provision of permanent accommodation for officer and men at an Army station.	1,00,00,000	1,00,13,011	13,011	Due to non-receipt of expected credit on account of refund of sales tax.	4,77,924
51	Provision of permanent accommodation for Army units at a Military station.	4,50,435	5,94,784	1,44,349	Due to accelerated progress of work.	
52	Provision of permanent accommodation for an Artillery Centre and Records—Phase II.	13,00,000	16,51,486	3,51,486	Due to accelerated progress of work.	



53	Provision of permanent accommodation for Army units at a Military station.	8,80,000	8,81,276	1,276	Due to:— (1) Adjustment of certain debits for freight charges not expected originally. (2) Other miscellaneous expenditure.	1,000  276 <hr/> 1,276
54	Provision of permanent domestic and technical accommodation for a fighter wing headquarters and two single engined fighter squadrons at an Air Force station.	39,94,400	44,63,519	4,69,119	Due to accelerated progress of work.	
55	Provision of accommodation for an Armed Static Workshop at a Military station.	7,00,000	10,22,736	3,22,736	Due to :— (1) Accelerated progress of work. (2) Less provision of funds.	2,12,736 1,10,000 <hr/> 3,22,736
56	Provision of permanent accommodation for a school of physical training at a Military station.	8,00,000	8,38,892	38,892	Due to accelerated progress of work.	
57	Provision of covered accommodation for stores and vehicles at a Military station.	5,53,344	14,14,501	8,61,157	Due to less provision of funds.	
58	Provision of permanent accommodation for 24 married officers at a Military station.	4,50,000	5,51,399	1,01,399	Due to accelerated progress of work.	

1	2	3	4	5	6
		Rs.	Rs.	Rs.	Rs.
59 Provision of works services for an Armament Training Wing at an Air Force station, Phase III.	5,00,000	9,20,047	4,20,047	Due to :— (1) Accelerated progress of work . (2) Adjustment of cost of steel. .	3,51,160 68,887
					<u>4,20,047</u>
60 Construction of 96 'H' type quarters at a factory estate.	5,00,000	5,73,969	75,969	Due to accelerated progress of work.	
61 Provision of long proof range outside a factory and modifications to medium and short proof ranges inside the factory—Phase V.	5,53,000	7,06,928	1,53,928	Due to accelerated progress of work.	
62 Construction of 304 'H' and 192 'J' type quarters at an Ammunition Factory.	3,00,000	13,03,085	10,03,085	Due to less provision of funds.	
63 Construction of 400 'H' type quarters at a Gun Carriage Factory.	6,45,000	14,76,403	8,31,403	Due to less provision of funds.	
64 Construction of technical accommodation for a vehicle project.	5,00,000	6,49,953	1,49,953	Due to less provision of funds.	

65	Construction of quarters for petty officers at a Naval station—Phase III.	5,50,000	6,98,700	1,48,700	Due to more payments on final bills than anticipated.	
66	Construction of quarters for petty officers at a Naval station—Phase IV.	11,00,000	12,38,069	1,38,069	Due to accelerated progress of work.	
67	Construction of 200 'H' Type Quarters at an Ordnance Factory.	3,00,000	7,38,481	4,38,481	Due to accelerated progress of work.	
68	Provision of accommodation for water Transport Company and Platoon at an Army station.	7,00,000	11,16,796	4,16,796	Due to accelerated progress of work.	
69	Provision of domestic accommodation and extension of runway at an Air Force station.	19,00,000	24,83,409	5,83,409	Due to :—	
					(1) Less provision of funds.	1,00,000
					(2) Debit for freight not anticipated.	23,000
					(3) Accelerated progress of work.	4,60,409
						<u>5,83,409</u>



APPENDIX H

Statement showing variations between the original estimates and actual final costs in respect of works completed during the year 1958-59

Serial No.	Description of work	Amount of original estimate	Final cost	Variation	Remarks
1	2	3	4	5	6
		Rs.	Rs.	Rs.	Rs.
EXAMPLES OF SAVINGS					
1	Improvement to electric supply at a Military station.	9,11,150	8,22,570	88,580	Due to :— (1) Abandonment of a portion of work and reduction in its scope. 56,989 (2) Non-utilization of provision for contingencies and establishment charges. 31,591
2	Construction of a new gymnasium for an Army School.	8,78,000	7,88,975	89,025	Due to :— (1) Low tendered percentages, i.e., 64½% and 150% against 175% provided in the estimate. 62,872 (2) Less expenditure due to site conditions. 1,177 (3) Non-utilization of provision for contingencies. 40,511 (4) Abandonment of certain works. 16,491 (5) Unexpected credits. 5,469
					1,26,520
					Less—payment of custom duty on equipment not provided in the estimate. —37,495
					89,025

## APPENDIX I

*Statement showing cases of non-maintenance or irregular maintenance of accounts condoned by Government of India during 1958-59.*

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Serial No.	Nature of irregularity
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QUARTERMASTER GENERALS' BRANCH

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|----|--|
| 1  | Non-maintenance of building construction accounts prior to 1951-52 by a Military Farm.   |
| 2  | Non-maintenance of store accounts for the period April to September 1955 by a Supply Platoon.  |
| 3  | Non-production of car diary for the period 23rd June 1954 to 8th April 1955 by an Army Service Corps (General Transport) Company. The driver was fined Rs. 27.                                     |
| 4  | Non-production of Packing Material Ledger pertaining to the period April 1951 to March 1952 by a Petroleum Depot.  |
| 5  | Non-maintenance of accounts in respect of employment of labour by a Supply Platoon during 1949-50.   |
| 6  | Non-preparation and non-production of Muster Rolls during the period September to November 1950 by an Army Service Corps Regiment in respect of the payment of Rs. 9,298 to Shikaras and Mazdoors. |
| 7  | Non-accounting of cash received from a supply contractor by an Infantry Battalion in May 1948.   |
| 8  | Non-accounting of Ordnance stores by a staging camp during the period March to December 1950.  |
| 9  | Non-production of attendance register in support of the muster rolls relating to the employment of civilian labour and ponies during the period 1st to 15th November 1949 by an Infantry Regiment. |
| 10 | Non-maintenance of rent accounts from 1st October 1951 to 31st March 1954 and improper maintenance thereof during 1st April 1954 to 31st August 1956 by a Military Farm.                           |
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Serial No.                      Nature of irregularity

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MASTER GENERAL OF ORDNANCE BRANCH

- 11 Non-production of account cards in two cases by an Ordnance Depot in December 1955 and acceptance in audit of the last stock-taking figure as the opening balance in the new account cards. In one case a lower division clerk and a civilian store-keeper were held responsible and were censured.
  - 12 Non-linking with invoices/packing accounts of five Certified Receipt Vouchers in which stores received from the United Kingdom were brought on charge in an Ordnance Depot during the period 1950 to 1952.
  - 13 Non-linking of 85 Certified Receipt Vouchers with the relevant consignor's Issue Vouchers pertaining to the period from 1st April 1950 to December 1952 in an Ordnance Depot.
  - 14 Non-maintenance of store accounts for the period April 1955 to August 1956 by an Ammunition Depot.
  - 15 Non-maintenance of store accounts for the period April 1955 to March 1956 by a Vehicle Depot.
  - 16 Improper maintenance of store accounts for the period prior to 1st December 1955 by an Electrical and Mechanical Engineer Workshop.
  - 17 Non-linking of 19 Certified Receipt Vouchers on which stores were received by an Ordnance Depot from a foreign country during 1950 and 1951 with the consignor's invoices.
  - 18 Non-linking of 9 Certified Receipt Vouchers with the relevant consignor's issue vouchers pertaining to the year 1954 in an Ordnance Depot.
  - 19 Loss on 18th December 1957 of an Account Card pertaining to the period 7th June 1954 to 18th December 1957 in respect of a certain article in an Ordnance Depot and acceptance of the stock-taking figure of 18th July 1956 as the opening balance in the new account card. A Court of Inquiry which investigated the loss opined that lack of proper care on the handling of documents by one Assistant Head-clerk resulted in the loss. The individual was warned in writing.
  - 20 Non-observance of the prescribed procedure with regard to the receipts by an Ordnance Depot during 31st August 1955 to 18th June 1957.
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Serial No.                      Nature of irregularity

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## ENGINEER-IN-CHIEF'S BRANCH

- 21      Non-production of Register of Books and Forms pertaining to an Engineer Park during 1953.
- 22      Non-production of Car Diary relating to a motor cycle held on charge of an Engineer Division stated to have been lost. The Car Diary pertained to the period 8th June to 21st November 1955. The responsibility for the loss was fixed on a mechanic who was severely warned.
- 23      Non-production of original vouchers for payments amounting to Rs. 5,22,840 in respect of supplies and services rendered by a State Public Works Department during 1947-48.
- 24      Non-production of Car Diary in respect of a Jeep by a Military Engineer Service formation during October/November 1955, acceptance of the mileage covered by the vehicle as recorded in the Vehicle Daily Running Account for the period 1st May to 3rd October 1955 as having been performed on bonafide Government duties and acceptance of the quantity of petrol left over with the Vehicle as correct. Two Superintendents Grade I and one driver were warned for not ensuring the safe custody of the Car Diary.
- 25      Non-accounting of certain stores costing Rs. 10,033 during the period 1st January to 30th June 1949 and non-production of the receipted copy of an issue voucher dated 21st January 1949 in an Engineer unit.
- 26      Non-maintenance of Repair Book for free issues of expendable items by an Engineer Group during the period 1st April 1955 to 31st January 1957 and non-maintenance of repair book for kerosene oil used for cleaning equipment during 1956-57. The individuals responsible for the irregularity were warned and clear instructions for the correct maintenance of repair book were issued.
- 27      Improper maintenance of Electrical/Mechanical Stores-in-Hand Ledger in an Engineer Division during 1949-50 in that Baby Indents issued were not supported by properly entered indents.
- 28      Improper maintenance of accounts of public clothing and personal equipment by an Engineer Workshop and Park Company during April to October 1955.
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Serial No.	Nature of irregularity
29	Loss of a Measurement Book in a Division in 1956. Disciplinary action was taken against a Superintendent Grade I held responsible for the loss and his increment was stopped for one year with non-cumulative effect.
GENERAL STAFF BRANCH	
30	Non-maintenance of Map Stock Register/Ledgers during the period November 1952 to March 1956 in an Army Unit.
31	Non-production of Car Diary in respect of a Motor Cycle for the period 1st May 1956 to 31st July 1956 by a Para. Field Regiment.
32	Non-production of receipted copies of fifteen Issue Vouchers pertaining to the period September 1950 to November 1951; non-availability of credit for six padlocks received and irregular charge off of vehicle tools from the ledger in an Infantry Unit.
33	Non-production of counterfoils of two railway concession forms by a Light Anti-Aircraft Regiment in April 1950.
34	Improper maintenance of accounts of medals and acceptance of the balances revealed in the stock-taking conducted on 30th September 1957 as the ground balance.
35	Non-maintenance of proper vehicle records of Petrol, Oil and Lubricants Accounts by an Infantry School in accordance with the prescribed rules during the period February 1951 to July 1955.
36	Non-linking of credit of stores borne on four Issue Vouchers pertaining to the period 28th March 1950 to 10th July 1951.
37	Loss of a folio from the Public Clothing Ledger and acceptance of opening balances in the reconstructed ledger in a formation in May 1958. A Court of Inquiry was convened to investigate the loss. Two Naiks were reduced to ranks.
38	Non-maintenance of Packing Material Ledger in a Unit from June 1949 to 10th March 1956.
39	Loss of Car Diary of a Motor Cycle belonging to a Unit in December 1955 and condonation of its audit. As a result of disciplinary action, a sowar was awarded 20 days' confinement to lines.



- | Serial No. | Nature of irregularity   |
|------------|--|
| 40         | Non-production of Small Arms and Ammunition Ledger for the year 1950 by a Unit. A Court of Inquiry was convened to investigate the damage to the ledger by white ants but the responsibility could not be fixed. |
| 41         | Non-entry in the Vehicle Daily Running Account of the balance of petrol, oil and lubricants in the tank of the vehicle at the end of each month in a unit during May 1955 to January 1956.                       |

ADJUTANT GENERAL'S BRANCH

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|----|--|
| 42 | Non-production of Kit Inventories and Nominal Rolls in support of vouchers for articles withdrawn from released personnel during the period November 1950 to March 1951 in a Training Centre. This was due mainly to the ignorance of the staff. No Court of Inquiry was convened as the units were disbanded in 1950-51 and the staff released. |
| 43 | Non-rendering of accounts in respect of advances of amounts totalling Rs. 24,122 drawn prior to 13th April 1950 by erstwhile State Forces units.   |
| 44 | Non-maintenance of packing material ledger by a Regiment during December 1953 to August 1955.  |
| 45 | Non-maintenance of accounts of expendible Ordnance Stores by a Battalion for the period prior to February 1957.  |

MEDICAL DIRECTORATE

- |    |   |
|----|---|
| 46 | Non-maintenance of clothing accounts from April to September 1955 by a Military Hospital.   |
| 47 | Non-maintenance/improper maintenance of store accounts for the period July to September 1947 and non-maintenance of Transport Register for the period December 1948 to May 1949 by a Military Hospital.             |
| 48 | Non-maintenance/improper maintenance of accounts relating to repair/cleaning materials for the period March 1955 to December 1956 by three Medical Units.   |
| 49 | Non-production of office copies of five Issue Vouchers by a Para. Field Ambulance in respect of certain stores despatched to other units prior to its move overseas during the period October 1949 to January 1950. |



- | Serial No. | Nature of irregularity  |
|------------|---|
| 50         | Loss of Car Diary of a vehicle held on charge of a Hospital in March 1958 and acceptance of 1,423 miles covered by the vehicle from December 1957 to March 1958 in audit without verification. A Court of Inquiry was held and the driver concerned was awarded seven days' imprisonment in military custody. |

FACTORIES

- |    |   |
|----|---|
| 51 | Non-maintenance of regular store accounts in respect of certain stores received by an Ordnance Factory during the World War II. |
|----|---|

DEFENCE PRODUCTION ORGANISATION

- |    |   |
|----|---|
| 52 | Non-maintenance and improper maintenance of stores Accounts prior to 1956-57 in a Technical Development Establishment. The clerical staff who dealt with the work in the early stages were warned to be more careful. |
|----|---|

DIRECTORATE OF MILITARY REGULATIONS AND  
FORMS

- |    |  |
|----|--|
| 53 | Non-maintenance of proper accounts for ribbons in a Medal Section during the period prior to 4th October 1957. |
|----|--|

NAVAL HEADQUARTERS

- |    |  |
|----|--|
| 54 | Incorrect maintenance of Genforms in a Naval Establishment on various dates during 1957 and 1958.  |
| 55 | Non-accounting of extra rations valued at Rs. 2,379 issued to certain ratings convalescing from Influenza in Ships and Establishments during 1957. |

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COMMERCIAL APPENDIX

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14. The decrease in profit to the extent of 31.74 per cent is attributed chiefly to additional expenditure incurred on the feed and keep of animals, more expenditure on transportation and reduction in miscellaneous receipts for the year under review.

15. The payment issues of milk to other customers during the year constituted 4.7 per cent of total quantity of this item issued by the Farms.

16. The value of buildings, machinery and live-stock written down during the year is as follows :—

(In lakhs of rupees)	
Buildings . . . . .	2.60
Plant and machinery . . . . .	3.81
Live-stock . . . . .	5.25
TOTAL . . . . .	11.66

17. The average issue rates per lb. for the items issued during the year are as follows :—

Milk		Butter		Cream	
Rs.	nP.	Rs.	nP.	Rs.	nP.
0	36	2	89	2	94

18. It is not possible to make a useful comparison of the rates with those charged by private firms as the issues from the Dairy Farms consist of pasteurized/blended/standard/cow/buffalo milk deliverable to the customers in proper containers.

19. The current pricing policy and accounting system are, however, under review in connection with the recommendations of an Expert Committee which was appointed in 1958.

#### CANTEEN STORES DEPARTMENT (INDIA)

20. The turnover of the Department during the year was Rs.4,25,29,567 which showed an increase of Rs. 14,14,895 (representing 3.44 per cent) over the previous year's turnover of Rs. 4,11,14,672.

21. The value of stock in trade and in transit at various depots and warehouses on 31st March 1959 stood at Rs. 81,42,010 as compared to the corresponding figure of Rs. 68,92,698 in the preceding year.

22. During the year under review, a Combined Retail and Bulk Issue Depot was opened and two retail Canteens were taken over by the Department, thereby increasing the total number of retail Canteens which function under the direct control of the Canteen Stores Department (India) to twenty-one. The total turnover of these retail establishments during the year was Rs. 53,90,927 and the net surplus of receipts over expenditure amounted to Rs. 1,32,235.

23. In furtherance of the policy formulated by the Board of Control to take over progressively the operation of the Garrison Cinemas, the Department took over three more cinemas bringing the total number of cinemas under its control to thirteen. The working of these cinemas has resulted in a trading surplus of Rs. 48,388 as compared to a deficit of Rs. 13,151 in the previous year.

24. The net surplus of receipts over expenditure for the year, after providing for all losses and contingencies, amounted to Rs. 22,47,822 which represent 4.69 per cent on the combined turnover of wholesale and retail business as against a surplus of Rs. 18,02,830 for the previous year which worked out to 3.9 per cent

on such turnover. With the addition of Rs. 12,648 brought forward from the preceding year and writing back the unutilised amount of Rs. 7,512 out of the quantitative discount allotted during the previous year to unit-run-canteens for welfare and general amenity purposes, the total surplus of receipts over expenditure available comes to Rs. 22,67,982.

22. The Board of Control have decided that the net surplus available as above be appropriated as under :—

- |     |  |   |  |
|-----|--|---|--|
| (a) | Rs. 50,000   | . | To the CSD (I)'s Employees' Benevolent Fund [including Rs. 10,000 for CSD (I) T.B. Fund].                  |
| (b) | Rs. 25,000   | . | To the CSD (I)'s Sports Fund and the Canteen Section of the Q. M. G's Branch.                              |
| (c) | Rs. 50,000   | . | To the Board of Control General Purposes Fund.   |
| (d) | Rs. 21,39,000  | . | To the three Services for welfare and general amenity purposes and various other Defence institutions, and |
| (e) | the balance of Rs. 3,982 to be carried forward to the next year's account. |   |  |

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TRADING ACCOUNTS, ETC. OF THE DEFENCE SERVICES MANU-  
FACTURING CONCERNS

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*Consolidated Production Account of Army Service Corps Bakeries for the year ended 31st March, 1959.*

Dr.

Cr.

1957-58		Particulars	1958-59		1957-58		1958-59		
Amount	Amount		Amount	Amount	Outturn	Cost	Outturn	Cost	
1	2	3	4	5	6	7	8	9	10
Rs.	Rs.		Rs.	Rs.	Lbs.	Rs.		Lbs.	Rs.
<i>Stores Consumed</i>									
	2,17,821	To value of stores consumed.		2,45,705	11,30,776	2,91,744	By net cost of production.	12,44,703	3,22,544
<i>Salaries, labour and other charges</i>									
3,668		To proportion of pay of Station Supply Officer.	3,668						
10,408		To pay and other charges of supervisory staff.	10,442						
36,056		To pay and other charges of establishment (permanent and temporary).	38,174						
3,158		To leave allowances	3,804						
4,457		To superannuation allowances.	4,208						

(vi) *Water and Electricity.*

The increase of 11.98% is due to increased consumption of electricity on account of increased production.

(vii) *Contingent and Miscellaneous stores.*

The increase of 16.13% is mainly due to increased output.

4. Overhead on account of Defence Accounts Department charges and proportionate cost of administration at Army Headquarters have, as usual, not been included as the amounts involved are trifling and cannot easily be assessed. However, in fixing the payment issue rates of bread at each station a levy of 2.1 nP per lb. of bread is being made to cover such charges.

*Consolidated Production Account of Naval Bakeries for the year ended 31st March, 1959.*

Dr. Cr.

1957-58		Particulars	1958-59		1957-58		1958-59		
Amount	Amount		Amount	Amount	Outturn	Cost	Outturn	Cost	
1	2	3	4	5	6	7	8	9	10
Rs.	Rs.		Rs.	Rs.	Lbs.	Rs.		Lbs.	Rs.
		<i>Stores consumed</i>							
1,56,694		To value of stores consumed.	1,66,902		8,09,989	1,94,055	By net cost of production.	8,34,302	2,03,636
	5 1,56,699	To loss of stores. ..		1,66,902					
		<i>Salaries, labour and other charges.</i>							
2,585		To proportion of pay of Base Victualling Officer.	2,588						
6,491		To pay and other charges of supervisory staff.	4,587						
18,470		To pay and other charges of Establishment (permanent and temporary).	19,314						
2,536		To leave allowances .	2,457						
1,150		To superannuation allowances.	1,360						



224	To transportation charges.	189
3,677	To rent of buildings	3,671
1,634	To water and electricity.	1,681
168	To conservancy.	184
423	To contingent and miscellaneous expenses.	621
..	To cost of medical concessions.	84

37,358  
1,94,057

36,736  
2,03,638

*Less Miscellaneous Receipts*

- 2 (i) Receipts of condemned and rejected food stuff.
- .. (ii) Miscellaneous receipts.

Average cost per 100 lbs. of bread			
(Free issue rate)			
1957-58		1958-59	
Rs.	nP.	Rs.	nP.
23	96	24	41

1,94,055	TOTAL	2,03,636	1,94,055 TOTAL	2,03,636
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NEW DELHI ;  
Dated the 25th September, 1959.

NEW DELHI ;  
Dated the 1st October, 1959.

I have examined the foregoing account of Naval Bakeries. I have obtained all the information and explanations that I have required. I certify, as a result of test audit, that in my opinion this account is properly drawn up so as to exhibit a true and fair view of the state of affairs of the Bakeries, according to the best of my information and explanations given to me.

NEW DELHI ;  
Dated the 6th November, 1959.

*Countersigned*

PHUL CHAND,  
Controller General of Defence Accounts.  
S. J. LALKAKA, Commander,  
Director of Victualling.

P. K. BASU,  
Director of Audit, Defence Services.

## NOTES

The total quantity of bread produced by Naval Bakeries during the year 1958-59 was 8,34,302 lbs., showing an increase of 3% over the quantity produced in the previous year *viz.*, 8,09,989 lbs. The bakeries worked during the year continued to be 5 in number as in the previous year. The unit cost of production of bread showed a slight increase during the year as compared with the preceding year; mainly due to increase in expenditure under the head "stores consumed" although a reduction of expenditure resulted in "salaries and other charges", as under:—

Cost per 100 lbs. of bread produced	1957-58	1958-59
	Rs.	Rs.
(a) Stores consumed . . . . .	19.35	20.00
(b) Salaries, labour and other charges . . . . .	4.61	4.41
TOTAL . . . . .	23.96	24.41

2. Although there has been an overall increase of production, there was a fall in output in two bakeries from 91,365 lbs. and 31,665 lbs. in 1957-58 to 68,045 lbs. and 28,631.75 lbs. respectively in 1958-59 showing a decrease of 25.52% and 9.58% respectively over the preceding year. In one of the bakeries fall in production consequent to its being closed down for certain period has been accompanied by a rise in cost of production, whereas in the other bakery cost of production has fallen in spite of the reduced output due to reduction of one baker for major part of the year. In other three bakeries, however, increased output has resulted in higher cost of production.

3. Main variations in expenditure during the year are explained below:—

(i) *Value of stores consumed.*—

Increase in expenditure by 6.51% under this head over the preceding year, is mainly due to general rise in the rates of ingredients.

(ii) *Pay and other charges of supervisory staff.*—

There has been a decrease under this head of expenditure to the extent of 29.33% as compared to the preceding year. This has been chiefly due to employment of low paid supervisory staff in two bakeries.

(iii) *Pay and other charges of Establishment.*—

The employment of casual labour at two Bakeries primarily accounts for the increase in expenditure under this head. However, variation in the incidence of this charge has not been proportionate to the quantities produced in most of the bakeries.

(iv) *Superannuation charges.*—

Superannuation expenditure has increased by 18.25%. This increase is due to inclusion of the charges in respect of quasi-permanent civilian employees.

(r) *Contingent and Miscellaneous expenditure.*—

The expenditure under this head shows an appreciable increase to the extent of 46·93% as compared to the preceding year in bakeries, where output has gone up.

(vi) *Medical concessions.*—

The charge relates to one bakery only.

4. The overheads on account of Defence Accounts Department charges for internal check and proportionate cost of administration at Naval Headquarters have not been included as the amounts involved are trifling and cannot easily be assessed. However, in fixing the payment issue rates of bread at each station a levy of 2·1 nP. per lb. is being made to cover such charges.



1957-58		Liabilities	1958-59	
1	2	3	4	5
Rs.	Rs.		Rs.	Rs.
	13,11,588	Sundry Creditors . . . . .		12,84,604
		<i>Capital :—</i>		
2,30,89,527		Government Account 'A' (Interest bearing) . . . . .	2,37,64,294	
1,59,84,546		Government Account 'B' (I) (Free of interest) . . . . .	1,68,58,520	
15,66,758		Government Account 'B' (II) (Departmental) . . . . .	14,46,422	
	4,06,40,831			4,20,69,236
		<i>Reserve Fund Account :—</i>		
1,95,17,541		Opening Balance . . . . .	2,24,91,497	
29,73,956		Add Profit made during the year . . . . .	20,30,035	
	2,24,91,497	Balance . . . . .		2,45,21,532
	6,44,43,916	TOTAL . . . . .		6,78,75,372

Certified that the balance sheet is in accordance with the books and accounts maintained by the Directorate of Remounts, Veterinary and Farms.

NEW DELHI;  
Dated the 30th December, 1959.

H.L. BHANDARI, *Brigadier,*  
*Director of Remounts, Veterinary and Farms.*

NEW DELHI;  
Dated the, 30th December, 1959.

PHUL CHAND,  
*Controller General of Defence Accounts.*

Government Account 'A' shows money lent by the Government to Farms for Capital expenditure.

Government Account 'B' (I) shows additions from stock to Capital.

Government Account 'B' (II) represents Capital charges met from other Farms and Departments.

Government Account 'C' denotes the total indebtedness of the Military Farms Department to Government and vice versa. In this year's Account the balance in Government Account 'C' (including Renewal Reserve Fund), represents the total indebtedness of the Government to Farms which is an asset in the Farms' Balance Sheet.

I have examined the foregoing Accounts and Balance Sheet of Military Farms. I have obtained all the information Services, 1958, I certify, as a result of test audit that in my opinion these Accounts and Balance Sheet are properly drawn and explanations given to me and as shown by the books of the Military Farms.

NEW DELHI;  
Dated the 2nd February, 1960.

as on 31st March, 1959

1957-58	Assets	1958-59					Total
		Land	Buildings	Machinery	Live-stock		
6	7	8	9	10	11	12	
Rs		Rs.	Rs.	Rs.	Rs.	Rs.	
	Capital (Fixed Assets)						
1,82,45,907	Balance on 1st April, 1958 . . . . .	11,01,094	79,98,764	49,85,173	47,37,290	1,88,22,321	
24,12,884	Additions . . . . .	11,718	8,63,240	3,64,669	12,49,977(a)	24,89,604	
2,06,58,791	TOTAL . . . . .	11,12,812	88,62,004	53,49,842	59,87,267	2,13,11,925	
18,36,470	Deduct depreciation, casualties, condemnations and transfer to other Departments etc. . . . .	17,336	2,79,077	5,71,552	9,82,221(b)	18,50,186	
1,88,22,321	Net value of capital on 31st March, 1959 . . . . .	10,95,476	85,82,927	47,78,290	50,05,046	1,94,61,739	
2,18,18,510	Renewal Reserve Fund Account Value of stocks . . . . .					2,26,07,497	
57,45,913	Value of temporary buildings not written off . . . . .					40,73,241	
..	Value of plant and machinery, spare parts, etc. . . . .					8,75,156	
9,45,163	Cash in hand . . . . .					43,675	
37,324	Sundry Debtors . . . . .					9,47,116	
6,93,523	Government Account 'C' . . . . .	4,24,74,445					
	Deduct balance of Renewal Reserve Fund Account . . . . .					2,26,07,497	
1,63,81,162	Balance . . . . .	1,98,66,948				,66,948	
6,44,43,916	TOTAL . . . . .					6,78,75,372	

Renewal Reserve Fund is meant for replacement on account of condemnations of buildings, plant and machinery and casualties of live-stock.

Reserve Fund shows accumulated profit or loss of the Military Farms to the end of the financial year.

	Rs.
(a) Amount of fresh purchase of live-stock during the year 1958-59 . . . . .	3,76,502
Transfer from stock (appreciation in value of young live-stock and adjustments) . . . . .	8,72,975
Transfer from other departments . . . . .	500
TOTAL . . . . .	12,49,977
(b) Depreciation of live-stock . . . . .	5,25,348
Casualties of live-stock . . . . .	2,06,598
Condemnation of live-stock . . . . .	2,48,875
Transfer to other departments and adjustments . . . . .	918
Losses . . . . .	482
TOTAL . . . . .	9,82,221

and explanations that I have required, and subject to the observations contained in paragraph 27 of the Audit Report, Defence up to as to exhibit a true and fair view of the state of affairs of the Military Farms, according to the best of my infor-

P.K. BASU,  
Director of Audit, Defence Services.

*Consolidated Trading Account of Military Farms for the year ended 31st March, 1959.*

Dr.						Cr.
1957-58	Particulars	1958-59	1957-58	Particulars	1958-59	
1	2	3	4	5	6	
Rs.		Rs.	Rs.		Rs.	
	<i>To stock in the beginning of the year :—</i>					
6,90,899	Dairy Produce . . . . .	7,83,326	2,34,83,580	By sale of dairy produce* . . . . .	2,37,44,003	
48,279	Ice, salt, acid, etc. . . . .	36,903	18,30,836	By cost of dairy produce transferred between Military Farms. . . . .	20,58,650	
30,16,407	Fodder . . . . .	38,68,846	22,90,881	By sale of agricultural produce . . . . .	26,44,115	
9,66,156	Other miscellaneous stores . . . . .	10,56,838	..	By sale of produce ex-Development Farms. . . . .	..	
	<i>To purchases :—</i>					
1,35,697	Ice, salt, acid, etc. . . . .	1,35,683	7,83,326	Dairy produce . . . . .	2,53,495	
..	Customs duty . . . . .	1,195	36,903	Ice, salt, acid, etc. . . . .	35,653	
61,99,007	Dairy produce . . . . .	54,44,924	38,68,846	Fodder . . . . .	27,23,205	
18,30,836	To cost of Dairy produce transferred between Military Farms . . . . .	20,58,650	10,56,838	Other miscellaneous stores . . . . .	10,60,888	
15,69,355	To cultivation charges . . . . .	19,78,122				
53,212	To rent of land . . . . .	58,153				
62,22,838	To feed of animals, including rent of grazing land and grazing charges . . . . .	48,76,317				
12,83,012	To rail and other transportation charges . . . . .	14,86,014				
1,13,35,512	To gross profit carried forward . . . . .	1,07,35,038				
				<i>Average issue rates of dairy produce per lb.</i>		
				1957-58	1958-59	
				Rs. nP.	Rs. nP.	
				0 36	0 36	
				2 89	2 89	
				2 93	2 94	
				Milk		
				Butter		
				Cream		



All India average rate of fodder per 100 lbs.

3 36	Average production rate	3 60
3 74	Average purchase rate	4 23

3,33,51,210	TOTAL	3,25,20,009	3,33,51,210	TOTAL	3,25,20,009
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41.06 Percentage of gross profit on turn over 37.74.

\*The break-up of the total issues of milk under different categories and the quantities issued free to troops and hospitals are given in paragraphs 9 and 10 on page 108. For pricing the free issues the Farms/Depots are divided into six groups. Each group's price is fixed after taking into consideration the following factors :—

(i) local market rates of milk of comparable standard.

(ii) cost of production which includes charges for hygienic production, pasteurising, bottling and delivery to units in Farm transport.

The Free Issue Rates and the Average Market Rates for six groups during the year 1958-59 compare as follows :—

Group	Free Issue Rate	(In Naye Paise per lb.)	
		Average Production cost of pure milk.	Average Market Rate.
I	31	No production. Milk is purchased locally.	30.5
II	34	54.21	28.50
III	38	52.28	33.08
IV	41	No production.	There is no civil market in the area of this group.
V	44	No production.	41
VI	50	64	33.09

The efficiency of the farms is judged by the profit and loss accounts of individual farms on the basis of price fixed for milk and dairy produce. Specification of dairy produce issued by Farms is as follows :—

	Specific Gravity	Butter Fat %
Milk (blended).....	1.030	3.7
Milk (pure, cows).....	1.029	3.7 to 5.5
Milk (Standard).....	1.031	3.7
Butter.....	Not to contain less than 80% Butter Fat and more than 16% moisture.	
Cream.....	52-54% Butter Fat in winter 54-56% Butter Fat in summer.	

*Consolidated Profit and Loss Account of Military Farms for the year ended 31st March, 1959.*

<i>Dr.</i>				<i>Cr.</i>			
1957-58		Particulars	1958-59		1957-58	Particulars	1958-59
1	2	3	4	5	6	7	8
Rs.	Rs.		Rs.	Rs.	Rs.		Rs.
	4,79,607	To administrative staff, etc. . . . .		4,36,717	1,13,35,512	By Gross profit brought forward .	1,07,35,038
	58,52,031	To pay and allowances of staff and officers . . .		61,66,414	21,17,810	By miscellaneous receipts . . . .	16,92,375
	1,20,117	To Defence Accounts Department charges for internal check . . .		1,15,513	14,49,420	By interest on Government Account 'C' . . . .	15,68,091
	78,661	To leave superannuation allowances . . . . .		77,961	91,521	By receipts from casualties and condemnations .	1,15,339
	1,42,286	To travelling allowances, etc. . . . .		1,44,601	8,35,186	By transfer of stores from Revenue to Capital (increase in the value of young live-stock on maturity etc.) . . . .	8,73,974
	5,76,308	To accommodation charges . . . . .		5,83,578			
	5,02,369	To water and electricity . . . . .		5,10,183			
	32,662	To conservancy charges . . . . .		36,640			
	15,665	To telephone charges . . . . .		18,536			
	15,000	To part cost of Central Veterinary Laboratory . . . . .		15,000			
	118	To cost of free medical treatment . . . . .		139			

		To plant and machinery, repairs, etc.			
10,06,126		(i) Value of stock spare parts at the beginning of the period . . .	9,45,163		
15,90,604		(ii) Expenditure during the year . . .	14,09,155		
25,96,730		(iii) Total of (i) and (ii)	23,54,318		
9,45,163		(iv) Less value of stock spare parts at the end of the period . . .	8,75,156		
16,51,567	16,51,567	(v) Net expenditure (iii)-(iv) . . .	14,79,162	14,79,162	
	10,01,255	To miscellaneous stores (stationery etc.) . . .		9,00,669	
		To Depreciation :—			
	2,55,554	(i) Buildings . . .		2,60,149	
	4,64,114	(ii) Live-stock . . .		5,25,348	
	3,94,343	(iii) Plant and machinery		3,81,180	
	1,81,498	To casualties of cattle, etc.		2,06,598	
	3,38,666	To condemnation of cattle etc. . . . .		3,02,382	
	7,49,254	To interest on capital . . .		7,93,821	
	4,418	To bad debts . . .		191	
	29,73,956	To net profit during the year . . . . .		20,30,035	
	1,58,29,449	TOTAL . . . . .	1,49,84,817	1,58,29,449	TOTAL . . . . . 1,49,84,817

10.77 Percentage of net profit on turn-over 7.14

Certified that the account is in accordance with the Books maintained by the Directorate of Remounts, Veterinary and Farms.

NEW DELHI ;  
Dated the 30th December, 1959.

NEW DELHI ;  
Dated the 30 December, 1959.

H. L. BHANDARI, Brigadier,  
Director of Remounts, Veterinary and Farms.  
PHUL CHAND,  
Controller General of Defence Accounts.



## NOTES

1. The following losses were written off during the year:—

	Rs.
(i) Loss of stores in transit . . . . .	6,841
(ii) Loss of stores in charge . . . . .	14,718
2. Value of stores in transit . . . . .	27,938

3. The sale of dairy produce (including transfers between Military Farms) and agricultural produce showed an overall increase of 3.05% during the current year as compared with the preceding period. The individual variations on account of 'sale of dairy produce', 'dairy produce transferred between Military Farms' and 'sale of agricultural produce' are of the order of 1.11%, 12.44% and 15.42% respectively. The percentage variations under the various receipt and expenditure heads, however, do not closely conform to the percentage increase in sales. The main reasons for such variations under classified heads in the Trading and Profit and Loss Accounts are as follows:—

(i) *Customs Duty*.—A sum of Rs. 1,195 has been shown in the accounts of the year, while no such expenditure was booked for the year 1957-58.

(ii) *Dairy Produce*:—

(a) The overall expenditure on account of purchase of dairy produce has registered a net decrease of 12.16%, as compared to the previous year, in spite of a slight increase in the sale of dairy produce. However, in one Command, reduction in sales of dairy produce has been accompanied by a corresponding decrease in purchase of dairy produce.

(b) Dairy produce transferred between Military Farms increased by 12.44%.

(iii) *Cultivation charges*.—The rise in expenditure by 26.05% is attributable to extension of land under cultivation and increased harvesting operations. This has also resulted in increased fodder output to a certain extent.

(iv) *Rent of land*.—The increase in expenditure of 9.29% approximately is partly due to more land having been brought under cultivation.

(v) *Feed of animals*.—The expenditure incurred in the year has fallen by 21.64% as compared to the preceding year as a result of reduced purchases and heavier opening stocks. The closing stock was also less as compared to the previous year.

- (vi) *Rail and transportation charges.*—An increase of expenditure by 15·82% has been caused by the greater use of hired transport due to the non-availability of Service transport, as also the transfer of stores. Certain adjustments of rail-charges for the preceding period were also made in the current year.
- (vii) *Administrative staff.*—The expenditure under this head has registered a fall of 8·94%, mostly on account of posting of civilians drawing less pay than military officers and to a certain extent due to the non-posting of supervisory staff as also fewer moves of officers.
- (viii) *Pay and allowances of staff.*—The employment of substitutes in leave vacancies and in connection with weekly off days and gazetted holidays accounts for a slight increase in expenditure (5·37%) as compared to the preceding year.
- (ix) *Defence Accounts Department charges.*—These charges record a decrease of 3·83% for the year, on account of the reduced overall expenditure in the Farms.
- (x) *Conservancy.*—Payment of increased conservancy charges in certain stations and the employment of substitute conservancy staff for weekly off days and gazetted holidays resulted in increase of these charges by 12·18%.
- (xi) *Telephone charges.*—The expenditure increased by 18·33%, mostly on account of advance payment of telephone rent and payment of old telephone bills, as also the greater number of calls booked during the year.
- (xii) *Cost of free medical treatment.*—The increase of 17·79% under this head is not significant, considering the amount involved.
- (xiii) *Plant and machinery.*—The fall in expenditure to the extent of 10·44% is because of the reduced purchase and issue of spare parts and other stores, including petrol, oil and lubricants.
- (xiv) *Miscellaneous stores and charges.*—Consequent on the reduced purchase and transfers of miscellaneous stores the charges suffered a reduction of 10·05%. However, in one Command, owing to the refund of house rent allowance to Class IV staff and greater purchase of medicines and clothings and other stores, a slight increase was recorded.



*(xv) Depreciation.—*

- (a) *Buildings.*—Increase of 1·80% is due to the increased value of assets.
- (b) *Live-stock.*—Increase of 13·19% is due to calculation of depreciation at the 'special rate' prescribed for 'purchased live-stock'.
- (c) *Plant and machinery.*—Reduced charges to the extent of 3·34% are on account of reduced value of assets.
- (xvi) *Casualties of live-stock.*—These have increased by 13·83% over the preceding year.
- (xvii) *Condemnation.*—Consequent on fewer condemnations of cattle in certain farms, the figures under this head have shown a fall of 10·72% over the preceding year.
- (xviii) *Interest on capital.*—Owing to increase in the rate of interest, the expenditure has increased by 5·95%.
- (xix) *Bad Debts.*—Reduction is to the extent of 95·68%.
- (xx) *Miscellaneous Receipts.*—Fall of 20·09% on this account is due to reduced receipts on account of boarding charges of animals and the sale of condemned and surplus stores.
- (xxi) *Interest on Government Account 'C'.*—The increase to the extent of 8·19% is due to a rise in the rate of interest on this account, as also greater balances consequent on increased sales.
- (xxii) *Receipts from casualties.*—Better realisation on account of sale of animals, etc. increased the recoveries by 26·02%.
- (xxiii) *Transfer from Revenue to Capital.*—The credit for more live-stock matured during the year accounts for a favourable variation of 4·64%.

4. The results of the financial working of Military Farms during 1958-59 show a net profit of Rs. 20,30,035 as against Rs. 29,73,956 during the year 1957-58, thereby registering a fall in profit to the extent of 31·74% over the previous year and thus showing a progressively downward trend in the earning capacity of Military Farms. The progressive fall in profit has occurred in spite of increased sales. The broad reasons for fall in profit are the additional expenditure incurred on the feed and keep of animals, more expenditure on transportation and a reduction in miscellaneous receipts for the year under review. Government Account 'C', however, at the close of the year indicated a more favourable balance as compared to the last year. The value of the closing stock at the end of the year indicates an appreciable fall over the figure of the previous year. The quantity



DEPARTMENT (INDIA)  
at 31st March, 1959.

1957-58	Properties and Assets	1958-59
Rs.		Rs.
	<b>Capital Expenditure :</b>	
..	Land, Properties and Dead Stock . . . . .	36,73,509
	Less depreciation provided upto	
13,61,327	31-3-1959 . . . . .	26,03,193
	<b>Stock in Trade</b> (as per Inventory Certified by Management) :—	10,70,316
	Stock in Warehouses (at cost less 25% depreciation) . . . . .	73,40,587
59,01,052	Stock in transit from Suppliers (at purchase price) . . . . .	3,33,423
2,85,318	Stock in Transit from warehouse to warehouse (at cost less 25% depreciation) . . . . .	4,54,721
6,95,052	Stock of packing materials (at cost less 25% depreciation) . . . . .	13,279
11,276		
<u>68,92,698</u>		<u>81,42,010</u>
	Stock of Stationery in hand and in transit ( at cost less 10% depreciation) . . . . .	1,44,038
1,05,106	Stock of Building Materials and Stores . . . . .	3,410
1,655	<b>Book Debts</b> (Considered Good)	
20,95,771	Due by Contractors and Units . . . . .	15,75,183
	Accrued Rebate and Over-riding discount . . . . .	39,887
22,142	Due by Sundries . . . . .	2,66,781
1,98,670	Advances for capital expenditure, excise fees and prepaid expenses . . . . .	3,39,840
2,44,224		
<u>25,60,807</u>		<u>22,21,691</u>
1,57,455	<b>Loans to Units/Formations</b> . . . . .	1,41,920
	<b>Canteen Stores Department (India)</b>	
24,94,695	<b>Retail Establishments</b> . . . . .	47,19,699
	<b>Defence Services Cinemas Organisation</b> . . . . .	7,11,044
5,09,228	<b>Investments :</b>	
	Government Securities of the face value of Rs. 65,15,200 (Less reserves for depreciation) (Market value as on 31-3-1959 being Rs. 62,45,639).	61,50,597
61,50,597	Staff Security Deposit (as per contra)	10,000
3,000		
<u>61,53,597</u>		<u>61,60,597</u>
2,02,36,568	Carried over . . . . .	2,33,14,725

## CANTEEN STORES

*Balance Sheet as*

1957-58	Funds and Liabilities	1958-59	
Rs.		Rs.	Rs.
28,315	Brought forward	12,648	2,35,04,781
18,02,830	Add Profit as per annexed Profit and Loss Account . . . . .	22,47,822	
27,503	Add unpaid amounts of Quantitative Discount written back . . . . .	7,512	
<u>18,58,648</u>			<u>22,67,982</u>
<p>There is a contingent liability of Rs. 5,65,125 being the increased demand in U.P. Excise Duty for the period 1-1-1948 to 31-3-1950 which the department totally repudiates.</p>			
2,32,02,879	TOTAL		2,57,72,763

We have audited (a) the foregoing Balance Sheet of the Canteen Stores Department (India) as at 31st March 1959, the attached (b) Trading and Profit and Loss Accounts for the year ending on that date, (c) Consolidated Balance Sheet of 16 Canteen Stores Department (India) Retail Canteens and 5 Combined Retail and Bulk Issue Depots as at 31st March 1959, (d) Consolidated Trading and Profit and Loss Account of 16 Canteen Stores Department (India) Retail Canteen and 5 Combined Retail and Bulk Issue Depots for the year ended 31st March 1959, (e) Consolidated Balance Sheet of 13 Canteen Stores Department (India) Run Defence Services Cinemas—as at 31st March 1959 and (f) Consolidated Profit and Loss Account of 13 Canteen Stores Department (India) Run Defence Services Cinemas for the year ended 31st March 1959 from which naye paise have been eliminated and we beg to report as under :—

We have obtained all the information and explanations we have required. The Balance Sheet exhibits a true and correct view of the state of the department's affairs according to best of our information and explanations given to us and as shown by the books of the department.

BOMBAY—1

SORAB S. ENGINEER & CO.,  
Chartered Accountants.

October 5th, 1959.

## DEPARTMENT (INDIA)

at 31st March, 1959—contd.

1957-58	Properties and Assets	1958-59	
Rs.		Rs.	Rs.
2,02,36,568	Brought forward		2,33,14,725
95,332	<b>Interest accrued on Investment and Call Deposits etc., upto 31-3-59</b>		75,186
28,70,979	<b>Cash and other Balances</b>		23,82,852
2,32,02,879	<b>TOTAL</b>		2,57,72,763

Sardar SURJIT SINGH MAJITHIA,  
*Deputy Defence Minister.*

O. PULLA REDDI, Esq., I.C.S.,  
*Secretary,  
Ministry of Defence.*

S. JAYASANKAR, Esq.,  
*Financial Adviser,  
Ministry of Finance (Defence).*

Lt. Gen. B. M. KAUL,  
*Quartermaster General.*

Commander G. S. KAPUR,  
*Chief of Personnel,  
Naval Headquarters.*

Air Cdr. E. W. PINTO,  
*AOA,  
Air Headquarters.*

**Board of  
Control,  
Canteen  
Services.**



CANTEEN STORE  
Trading Account for the

Dr.

1957-58		1958-59
Rs.		Rs.
	<b>To Opening Stock on 1-4-1958</b>	
64,74,366	Stock in Warehouses . . . . .	59,01,052
12,44,861	Stock in Transit from Suppliers . . . . .	2,85,318
3,91,776	Stock in Transit from Warehouse to Warehouse . . . . .	6,95,052
8,635	Stock of Packing Materials . . . . .	11,276
81,19,638		68,92,698
2,92,02,446	<b>To Purchases</b> (Inclusive of stock in transit from suppliers Rs. 3,33,423 and amount appropriated to Marine Insurance Fund Rs. 13,549 and less claim Rs. 74,815) . . . . .	3,37,49,498
	<b>To Direct Charges</b>	
36,88,842	Customs Duty . . . . .	28,27,263
1,06,678	Port Trust Charges . . . . .	87,652
28,37,755	Freight, Clearing Charges, Transport Charges, Excise Fees, Terminal Tax, Sales Tax, Assessment Fees, etc. . . . .	31,09,812
66,33,275		60,24,727
90,000	To Transfer to Depreciation on Stock Equalisation Account . . . . .	..
	<b>To Insurance Charges</b>	
85,300	Provided for Inland & Pilferage Insurance Fund . . . . .	91,411
38,76,711	To Gross Profit Transferred to Profit and Loss Account . . . . .	42,58,243
4,80,07,370	<b>TOTAL</b> . . . . .	5,10,16,577

DEPARTMENT (INDIA)  
year ended 31st March, 1959.

Cr.

1957-58		1958-59	
Rs.		Rs.	Rs.
	<b>By Sales (Net)</b>		
4,11,14,672	After adjusting Rs. 3,75,000 transferred to depreciation on Stock Equalisation Account . . . . .		4,25,29,567
	<b>By Stock in Trade and Stock of Packing Materials as on 31-3-1959.</b>		
59,01,052	Stock In Warehouses (at cost less 25% Depreciation) . . . . .	73,40,587	
2,85,318	Stock in transit from suppliers (at purchase price) . . . . .	3,33,423	
6,95,052	Stock in transit from Warehouse to Warehouse (at cost less 25% depreciation). . . . .	4,54,721	
11,276	Stock of packing Materials (at cost less 25% depreciation) . . . . .	13,279	
<u>68,92,698</u>			<u>81,42,010</u>
	<b>By Transfer from Depreciation on Stock Equalisation Account . . . . .</b>		<b>3,45,000</b>
<u>4,80,07,370</u>	<b>TOTAL</b>		<u>5,10,16,577</u>

CANTEEN STORES  
Profit and Loss Account

Dr.

1957-58		1958-59
Rs.		Rs.
16,99,561	To Salaries and Wages . . . . .	17,57,796
3,303	To Conveyance Charges . . . . .	3,160
1,71,298	To Rent, Repairs and Lighting . . . . .	2,05,389
34,260	To Postage and Telegrams . . . . .	36,501
51,231	To Printing, Stationery and Advertisement Charges . . . . .	53,248
38,714	To Travelling Expenses including Travel Concession . . . . .	60,119
10,074	To Bank Charges . . . . .	10,218
8,572	To Telephone and Trunk Call Charges . . . . .	10,648
30,000	To Audit Fees (Estimated) . . . . .	32,000
21,248	To Sundry Expenses . . . . .	23,809
21,289	To Medical Charges . . . . .	21,537
1,07,862	To CSD(I)'s Contribution to Employees' Provident Fund and Welfare Fund . . . . .	1,09,450
31,000	To half the cost of Canteen Section . . . . .	27,000
4,298	To Head Office Motor Car Expenses . . . . .	4,729
90,450	To Establishment and Overhead Expenses reimbursed to Combined Retail and Bulk Issue Depots . . . . .	1,52,000
4,44,614	To Depreciation on Properties and Dead Stock . . . . .	3,36,680
16,80,806	To Net Profit carried down . . . . .	20,67,199
44,48,580		49,11,483
13,151	To Net Loss of Defence Services Cinemas . . . . .	..
18,02,830	To Profit Transferred to Balance Sheet . . . . .	22,47,822
18,15,981	TOTAL . . . . .	22,47,822



DEPARTMENT (INDIA)  
for the year ended 31st March, 1959.

Cr.

1957-58		1958-59	
Rs.		Rs.	Rs.
38,76,711	By Gross Profit brought forward . . . . .		42,58,243
1,11,932	By Rebate from Direct Suppliers . . . . .		1,53,778
2,63,317	By Interest . . . . .		2,70,466
	<b>By Rent</b>		
	Ghatkopar Property . . . . .	85,791	
59,416	Less expenses . . . . .	14,061	
		<u>71,730</u>	
	Adelphi Building . . . . .	1,77,391	
1,25,059	Less expenses (excluding depreciation)	59,704	
		<u>1,17,687</u>	
	Mazagaon Property . . . . .	62,400	
12,145	Less expenses . . . . .	23,800	
		<u>38,600</u>	
<u>1,96,620</u>			2,28,017
..	Miscellaneous Receipts . . . . .		979
<u>44,48,580</u>			<u>49,11,483</u>
16,80,806	By Net Profit brought down . . . . .		20,67,199
..	By Net Profit of Defence Services Cinemas . . . . .		48,388
1,35,175	By Net Profit of Canteen Services Retail Establishments . . . . .		1,32,235
<u>18,15,981</u>	<b>TOTAL</b> . . . . .		<u>22,47,822</u>

