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Implementation Cell

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ADMINISTRATIVE REFORMS COMMISSION

Report

(17)

ON
TREASURIES



FEBRUARY, 1970

GOVERNMENT OF INDIA



ADMINISTRATIVE REFORMS COMMISSION

REPORT

ON

TREASURIES

D.O. No. 3162/CH/ARC/70

CHAIRMAN

ADMINISTRATIVE REFORMS COMMISSION

GOVERNMENT OF INDIA

Sardar Patel Bhavan,

New Delhi

February 27, 1970

My dear Prime Minister,

I am herewith presenting to you the 17th Report of the Administrative Reforms Commission. The Report is on the Treasuries.

2. The satisfaction which an Administration may bring to a citizen is not so immediate by what is proposed or done at the higher levels as by the action and behaviour of the officials at lower levels with whom the citizen directly comes into contact. The Treasuries which are the pivot of our financial system affect almost every citizen of the country. The present systems and procedures of the Treasuries, in matters of payments and receipts are irksome and dilatory and they cause considerable inconvenience, even harassment. The Commission, therefore, felt it necessary to study and report on the subject. Accordingly, we got more than one study made of the treasury system and its procedures.

3. Under the existing procedures, a citizen has to experience considerable difficulty and delay not only in receiving payments from the Government, but also, oddly enough, in making payments on Government account in the Treasuries/Bank.

4. We have suggested that every department concerned with the receipt of taxes or other payments of a known or foreseeable nature, which are payable at fixed intervals, should issue challan forms to the intending depositors with the heads of accounts and other particulars duly filled in, to obviate the need of the depositor paying repeated visits to the treasury or the departmental office concerned. The Bank would receive the amount due on such challans direct as is done in the case of dues of the Income-tax department. Where, however, the amounts paid are not of a periodical or foreseeable nature, the departmental officers should, we have emphasised, maintain sufficient stock of blank challan forms with them in order to avoid the necessity of a visit to the treasury by the citizen for the purpose of merely collecting the challan forms. In such cases a member of the treasury staff should be deputed to sit in the local branch of the Bank to carry out the necessary verification of the challan, etc. The depositors of Government dues should also be provided with the facility

of getting challan forms duly filled in with complete classification of each item of receipt from challan-writers duly authorised by the State Governments. In order to maximise the facility of payment to the public account, the departments concerned should make necessary arrangements to receive payment in any form it is tendered, that is whether through cheques, bank drafts, postal order, money order or even in cash upto specified limits, say upto Rs. 300.

5. We have suggested that a wider use of Postal Orders by the citizens should be encouraged. Normally it should be sufficient for the purpose of payment of such dues or fees if a person attaches a Postal Order for the requisite amount to his application for the sanction or renewal of the licences. To avoid misuse, such Postal Orders should have a distinctive design and colour, etc.

6. In regard to receiving payments from Government departments and the procedural formalities which a citizen has to undergo, we recommend that the responsibility for finalising the various formalities in connection with the payment of the dues to the citizen should rest squarely on the department/office initiating or sanctioning a payment. Such departmental officers should arrange to remit the payment by cheque/draft duly crossed or through money order to the person concerned. The facility of receiving across the counter small sums in cash, say, upto Rs. 100/- should also be provided to the citizen. Where this is, however, not convenient to the citizen, the department should normally remit to him sums upto Rs. 100/- through money order and charges on account of money order commission should be borne by Government. Thus, the citizen will be in a position to receive in cash and at his door his small dues from Government in full, *i.e.*, without deduction on any account

7. We have suggested a number of other alternative arrangements for extending the system of payment by cheques. For instance, selected treasuries should progressively be authorised to make payments by cheques particularly in cases where the payments are heavy or the number of transactions in relation to the public is very large. The system of making payments through cheques should be extended with proper care and discrimination to those departments where the number of transactions is of a high order. Further, the use of the system of personal ledger accounts which would permit a quicker withdrawal of funds on cheques drawn at the treasury/the bank for disbursement should be progressively extended to such areas of Government transactions where there is a special need for it.

The rules for the payment of grants-in-aid, loans, scholarships, contributions and of the funds required for Government investment in public sector companies, autonomous bodies, etc., are at present very time-consuming, causing considerable inconvenience to the recipients. We

have, therefore, recommended that the rules should be simplified and the procedures prescribed recently by the Central Government for this purpose should be adopted *mutatis mutandis* in the States.

8. At present the pensioners are generally allowed the facility of receiving the payment of their pensions in cash at the Treasury for sums ranging upto Rs. 250/- without having to go to the Bank. We are suggesting that this facility should be extended to pensions upto a monthly limit of Rs. 300/- p.m. Another facility is proposed to be provided by the suggestion that pensions upto Rs. 100/- should, at the request of the pensioner, be remitted by money order at Government expense since the deductions made at present on account of the money order charges make for the unpopularity of the system. Under this arrangement, such pensions would be available to pensioners in full at their door steps. For the convenience of the pensioners residing in the rural areas, we have suggested that the officials posted in such areas, for example, the block level officers, etc., should also be authorised to attest written declarations of pensioners electing to receive their pensions by money order. In the case of pensioners drawing pensions through scheduled banks, we are suggesting that the latter should also be empowered to issue a life certificate to such pensioners. This will obviate the necessity of such pensioners having to approach a limited category of officers for obtaining life certificates.

Sometimes undeserved hardship is caused to the pensioners if the first four days of a month are public holidays when the Treasuries are closed and when pensions cannot be disbursed. To relieve his hardship, we have suggested that the Collector should be empowered to authorise the payment of pensions on the last working day of a month, if the first two days of the succeeding month are public holidays. Further, this power should be exercisable in the case of all pensions irrespective of the amount of monthly pension.

9. The lower echelons of public servants in particular experience considerable difficulties in getting timely payment of their dues from Government. We are suggesting that the responsibility for the timely remittance of the leave salary to the Government servants should rest squarely with the administrative authorities, who should make arrangements for the timely remittance of the net amount of the leave salary to the Government servants by means of a demand draft at par at the address specified by them. In the case of Class IV Government servants the net leave salary should be remitted by the prescribed officer by money order at Government expense.

10. An important source of vexation and humiliation to the public servants is a rule which provides that a gazetted Government servant when claiming leave salary in India should either appear in person at the place of payment or furnish a life certificate. To remove the causes of grievance on this account, we have suggested that the Government servant

concerned should not normally be required to appear in person at the place of payment or furnish a life certificate when claiming leave salary. In order to obviate the present difficulties, in particular of junior officers in receiving their pay and allowances on appointment at, or transfer to, a new station or district, we have recommended that the heads of offices should be empowered to grant advances of pay equal to a month's pay which should be payable for a total period of two months.

11. Before concluding, the Commission places on record its appreciation of the painstaking work done by (1) our Task Force on Treasuries headed by Shri B. V. Narayana Reddy, (2) Sarvashri M. J. K. Thavaraj and K. L. Handa of the Indian Institute of Public Administration, New Delhi, and (3) Shri R. K. Dhawan, Officer on Special Duty, Administrative Reforms Commission, who prepared reports and studies on the subject. They all deserve our thanks.

Yours sincerely,

Sd./- K. HANUMANTHAIYA

SMT. INDIRA GANDHI,
Prime Minister of India,
New Delhi

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CHAPTER I

INTRODUCTION

In our Report on Finance, Accounts and Audit, we touched upon the subject of 'Treasury Procedure' in the Chapter relating to Government Accounts (Chapter IV) and expressed our desire that the existing treasury systems and procedures should, before long, be thoroughly overhauled to remove the present delays, inconvenience and irritations to the citizens. In view of the great importance of the subject to the public in general, we felt that a more detailed examination of the treasury procedure was necessary and accordingly under our order dated December 29, 1967, we constituted a *Task Force consisting of persons with experience of treasury work to make a further study of the subject with a view, *inter alia*, to suggesting simplification of the procedures and forms of payments and ways and means of avoiding inconvenience to the public. We have since had the benefit of the views and recommendations of the Task Force. Simultaneously we got a study of the treasury system and its procedures of receipts and payments undertaken by the Indian Institute of Public Administration, New Delhi. The interim report of this Study submitted to us in January, 1968 has been followed by the more detailed final report submitted to us in November, 1969. The Institute have taken great pains in, and devoted much thought and attention to, the study of the problems entrusted to them, particularly of the various steps involved in the receipts and payments at the treasuries. For this purpose, they made 36 case studies and held interviews and discussions with the officers and staff of the treasuries studied and with the members of the public. We have been greatly enlightened by this analytical study of the problems connected with the payments and receipts at the treasuries.

2. In the meantime we have also had before us the views and recommendations of our **Working Group on Financial Rules which examined, *inter alia*, the Central Treasury Rules and made a number of concrete suggestions for amendments to the aforesaid Central Treasury Rules in order to improve the treasury system and its procedures. We have given careful and earnest consideration to these suggestions made by the Working Group. The Report of this Working Group was, it will be recalled, forwarded to the Government of India along with our Report on Delegation of Financial and Administrative Powers in June, 1969.

3. We indicated earlier in our Report on Finance Accounts and Audit† that the Commission would make its recommendations on the

*Headed by Shri B. V. Narayana Reddy, retired General Manager, State Bank of Mysore.

**Headed by Shri N. S. Pandey, Joint Secretary, Administrative Reforms Commission.

†Para 82, page 41, of the Report.
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subject in one of its subsequent reports or, if necessary, in a separate report confined to this subject. This Report is being presented in fulfilment of this undertaking. Administratively the treasuries constitute an integral part of the district administration, while functionally they are subject to the supervision and direction of the Accountant General. In essence they form an important limb of the uniform financial system and accounts management in the country which were greatly facilitated by the establishment of a highly centralised form of Government in the country in the last century. They are the agencies through which our decentralised system of payments and receipts which is a distinguishing feature of our financial system, is operated through the length and breadth of the country. The treasuries, wherever located—whether in an autonomous State or in a centrally administered area—perform functions on behalf of both the Central Government and the State Governments. In short, into these treasuries are paid, by and large, the receipts of the Government (whether Central or State), and from them are disbursed all payments on behalf of Government as such. It is in the fitness of things, therefore, that an institution of vital importance should form the subject matter of a separate report.

4. We would like to place on record our appreciation of the valuable work done by the Indian Institute of Public Administration and the chairman and members of our Task Force on Treasuries. They have made very useful suggestions and comments in their reports. We have already acknowledged the work done by our Working Group on Financial Rules in our Report on Delegation of Financial and Administrative Powers.

CHAPTER II

PROCEDURES OF TREASURIES

Before we proceed with the subject matter of this chapter, we would like to make an observation of a general nature with regard to the treasuries. The view is expressed sometimes that the treasury as an institution has outlived its usefulness and that the system should be abolished and replaced by some other system. For instance, the Study of the Indian Institute of Public Administration suggests complete departmentalisation of the receipts and payments and, consequently, of accounts and the abolition of the treasuries. This scheme nevertheless envisages the continuance of non-banking treasuries and sub-treasuries at places where there are no branches of the Bank* in existence and where they are doing the banking work. Thus the continuance of the treasury system at some places *pari passu* with its abolition from the greater part of the country is contemplated. Although considerable progress towards the conversion of non-banking treasuries and sub-treasuries into banking ones has been made, there is yet a sizeable number of the sub-treasuries, in particular, which are still "non-banking" and handle cash transactions on behalf of Government. In the remote and inaccessible areas, particularly on the border and in other difficult tracts, it will not be feasible to do away with the existing treasuries and sub-treasuries at least during the near future. Quite apart from these limitations, the solution suggested would inevitably involve the separation of accounts from audit and also various other consequential changes in our financial system. This vexatious question was gone into carefully by our Study Team on Accounts and Audit and it will be recalled that in our report on Finance, Accounts and Audit we observed : "Having regard to the institutional framework, particularly the decentralised system of payments and receipts through numerous treasuries dispersed throughout the country, the present arrangements as a general pattern are, in our view, satisfactory."** We, therefore, recommended therein that the responsibility for the compilation of central accounts may continue to vest with the Comptroller and Auditor General except in the case of the departments for which separate Accounts Offices have already been established. Moreover, our Task Force on Treasuries, who had also occasion to examine the treasury system, has observed : "We consider that the existing system which had stood the test of

*The term 'Bank' wherever it occurs in this Report means the Reserve Bank of India or any branch or agency of the Reserve Bank of India and includes any branch of the State Bank of India or its Subsidiaries acting as agent of the Reserve Bank of India in accordance with the provisions of the Reserve Bank of India Act, 1934.

**ARC Report on Finance, Accounts and Audit—Page 37.

time has to continue notwithstanding some of the drawbacks inherent in the system." Having given thought and consideration to this question afresh in the light of the further study and examination made, we see no reason to take a different view of the matter and consider that the decentralised system of payments and receipts through numerous treasuries dispersed throughout the country should continue for the present.

2. Almost every citizen of the country has at some time or the other to come in contact with the treasuries in connection with the transaction of business and their efficient and sound working is, therefore, of great importance. An improvement in their organisation is equally important in order to make them a more efficient and better instrument for discharging the duties and functions which have increased considerably owing to the tremendous expansion of Government activities. In the succeeding paragraphs an endeavour is made to make some concrete suggestions for dealing with the existing deficiencies and for improving the treasury system and its procedures.

3. As observed in our Report on Finance, Accounts and Audit, the present system and procedures in matters of payments and receipts are very irksome and dilatory and they cause considerable inconvenience, even harassment to the public. We propose to deal in the succeeding paragraphs with the various facets of the treasury procedures under the following broad heads :

- (i) Payments into the treasury.
- (ii) Payments to the public.
- (iii) Refunds.
- (iv) Payment of pensions.
- (v) Payment to Government servants.
- (vi) Miscellaneous.

It may, however, be mentioned here by way of abundant caution that our observations and recommendations are with specific reference to the Central Treasury Rules, 1941 and in their application to the State treasuries and their procedures, these would need to be considered with such modifications, variations and adjustments as the circumstances and conditions obtaining in a particular State may warrant. During the recent past a number of States have taken steps, on their own, to improve and streamline the organisation of the treasuries and to simplify and rationalise their procedures. The steps taken and the attention and thought bestowed on the improvement of these procedures testify to the vital role of the treasuries in our financial system and the importance which is being rightly attached to this subject.

(i) *Payments into the treasury*

4. At present for making payments into the Government account in the treasury, the citizen has, in most of the cases, to go to the treasury in

the first instance to get the challan. He has to get it countersigned by the departmental officer concerned if the departmental officer is located in the same place as the treasury. In the case of a banking treasury (which forms an overwhelming proportion of the treasuries as at present), the citizen has to go to the bank also to deposit the money etc. The present system thus involves his visiting at least three offices and may involve more than one visit to a particular office, e.g., the Treasury where he may have to go first for obtaining a copy of the challan and again for getting the challan passed. The citizens may have to queue up for considerable time at these offices and visit more than one counter at each place. The challan itself has to pass through a large number of steps, (calculated in certain States as twenty in number) before its disposal, thus generating a good deal of avoidable work for all concerned and frustrating delays for the citizens. The procedure being time-consuming and dilatory is also vexatious and irksome. We, therefore, consider that the existing system of payments into the treasuries should be modified and simplified broadly on the following lines.

5. The payments to be made to Government fall, broadly speaking, into two main categories. The first category relates to the payments of amounts which have to be paid periodically or at fixed intervals to the Government and in whose case the department making the payment is fully aware of the nature and the precise amount of the payment, for instance, dues of income-tax, sales tax, excise duty, etc. The other category of payment relates to the payment which does not arise as a result of periodical or foreseeable demand but which is of an *ad hoc* nature or which arises at odd intervals, for instance, court deposits, the deposit of earnest money, the payment of fees to the Public Service Commission, gun licence fees, etc. It is suggested that the visit to the office of the departmental officer by a citizen for the purpose of obtaining his countersignature on the challan should be done away with in the case of receipts of the first category mentioned above. In such cases the departmental officer should himself issue challan forms to the intending depositor in triplicate with the particulars of the major, minor and detailed heads etc., duly filled in so that the person concerned may have only to sign the challan form and pay the amount. In cases where the precise amount of money to be paid is not known or is not easily ascertainable, the column of the amount may be left blank to be filled in by the payer. The bank should receive the amount direct, as is done in the case of the dues of the income-tax department. In such cases the challan forms will have to be in triplicate and may have to be in quadruplicate in cases where the circumstances so warrant. The bank will issue the original copy of the challan (and the second copy also where the deposits are made in quadruplicate) duly receipted to the depositor and this will be treated as the receipt for the money deposited; the other two copies of the challans will be sent by the bank to the treasury where one copy will be retained and

the other, that is, triplicate copy along with the statement of deposits forwarded to the concerned departmental officer for his record. The need of obtaining the signature of departmental officer on the challan arises because, it is not a practicable proposition for an average citizen to fill in these details accurately owing to the large variety of heads of accounts etc. Besides, this system ensures, it is claimed, that the initial classification into account heads of the payment and the other entries recorded in the challan are accurate. If the departmental authorities themselves will initially fill in the entries regarding account heads and check their accuracy before issuing the challans to the depositor, the necessity of the depositor having to pay a visit to the office of the departmental officer will be obviated.

6. The procedure suggested will not only eliminate the need of having to obtain the prior signature of the departmental officer but will also do away with the "passing" of the challans by the treasury and make the deposit of the money into the government account a much simpler and less time-consuming process. The departments concerned with the receipts of taxes or other foreseeable government demands etc., can keep the challans with account heads etc., duly indicated on them and enclose these challans to the notices which usually are, or may be, issued to the assesseees or tax-payers.

7. In the case of the second category, where the amounts to be paid are not of a periodical or foreseeable nature or where the payments are *ad hoc*, the departmental officer should always maintain a sufficient stock of blank challan forms with him so that the party may not have to go to the treasury for the purpose of only collecting the challans. In such cases, in order to facilitate the deposit of money in the bank and to avoid the inconvenience of a journey to the treasury for the purpose of 'passing' of challans, a provision should be made for deputing a member of the treasury staff to sit in the local branch of the bank to carry out the necessary, verification, *i.e.*, to check the heads of account in the challan, the figures of the amounts to be deposited etc. This administrative measure is essential since in the absence of a proper scrutiny the challans run the risk of being returned to the treasuries by the bank in an incomplete form wherein the heads of account, full particulars of the remittance (including sometimes even the name of the depositor), etc., may be found wanting. The absence of these details leads to the misclassification of accounts in the treasury and in the office of the Accountant General. As a consequence large amounts have to be kept under the 'suspense' head, difficulties arise in securing refund, and delays occur in the compilation of accounts.

8. In some States, for example Andhra Pradesh, we understand, the services of professional challan-writers, who operate on, or near the

premises of the treasury and the bank and who engage themselves in filling or completing the challan forms for the use of the depositors, are also available on payment of small amounts. Wherever circumstances warrant, the services of these challan writers like those of petition writers, stamps vendors etc., may be utilised with benefit by the depositors, if the system is duly recognised and properly regulated by the States. As a further measure of convenience to the citizens, arrangements may also be made for the availability of these challan forms readily at the post offices at a nominal price.

9. It should not, however, be obligatory for a citizen to pay government dues, or deposit money in the account of the Government, through the bank or the treasury alone since this process may be found to be very inconvenient, particularly, by the persons who reside in remote areas or at places in the interior which are at considerable distance from the Government treasury or the bank. In such cases the departments making demands should arrange to receive payment in any form in which it is tendered, that is, whether through cheques, drafts, postal orders, money orders or even in cash.

10. The citizens should also be encouraged to make payments of small Government dues like licence fees, registration fees, road taxes, etc., by a wider use of Postal Orders. Normally it should be sufficient for the purposes of payment of such dues or fees if a person attaches a Postal Order for the requisite amount to his application for the sanction/renewal of licence, etc. This will save the citizen a considerable amount of time, labour and expenditure in paying visits to the treasury, the Bank etc. Such Postal Orders should however be distinct in colour and design from those in vogue at present, inasmuch as the new type of Postal Orders would be usable only for payment of Government dues. This distinction is suggested on the analogy of the one existing at present between the postal stamps used by the citizen and the Service Stamps used by Government offices. By this distinctive design and colour, etc., the misuse of the Postal Orders would be avoided as also the danger of the Departments finding themselves saddled with heavy cash in payment of their dues. The concerned department could thereafter take steps to deposit the Postal Orders in the bank or the treasury in accordance with the prescribed procedure.

11. In all financial procedures, the provision of adequate safeguards is imperative in the public interest. It should not, therefore, be overlooked that the receipt of substantial sums of money in cash by the departmental officers may be attended with serious risks particularly from the security point of view. It should, therefore, be provided that the moneys tendered in cash as government dues or for deposit in the custody of government should, if not substantial, normally be accepted by the departmental officer concerned with the realisation of such dues and he should make

arrangements for their safe custody and for their remittance in the treasury or the bank without delay. Such sums should be received in cash across the counter by Government departments concerned. For facilitating uniformity in this matter, we would suggest a figure of say, Rs. 300/- as the monetary limit for sums which are not substantial.

12 In the case of substantial amounts tendered in cash, it is obviously in the public interest that such amounts should be paid directly into the treasury or the bank. The citizen should have also the option, if he so desires, to remit even substantial sums to the departmental officers concerned with the realisation of taxes or dues, through money order or duly crossed cheques or bank drafts which would not involve the handling of any cash. Such amounts will be dealt with by the departmental officer concerned in accordance with the prescribed procedure.

Recommendation 1 :

We recommend :

- (1) Every department concerned with the receipt of taxes or other demands of a known or foreseeable nature which have to be paid periodically or at fixed intervals should issue challan forms to the intending depositor in triplicate with the heads of accounts and other particulars duly filled in so that the party may have only to sign the challan form. When necessary, such challans may also be issued in quadruplicate. The Bank should receive the amount due on such challans direct as is done in the case of dues of income-tax department.
- (2) Where the amounts to be paid are not of a periodical or foreseeable nature, the departmental officer should maintain sufficient stock of blank challan forms with him in order to obviate the necessity of a journey by the depositor to the treasury only for collecting the challan form. In such cases a member of the treasury staff should be deputed to sit in the local branch of the bank to carry out the necessary verification of the challan form, etc., before the payment is made.
- (3) Intending depositors of Government dues could also be provided with the facility of getting challan forms duly filled in with complete classification of each item of receipt, from authorised challan writers on payment of prescribed fee.
- (4) The departments concerned should make necessary arrangements to receive payment in any form it is tendered, that is, whether through cheques, bank drafts, postal order, money order or even in cash (upto specified limits). They should normally receive sums which are not substantial in cash across the counter (for this a monetary limit of Rs. 300/- is suggested). In the case of substantial sums also, the citizen should have the option

to remit such sums by money order, or postal order or duly crossed cheques or bank drafts.

- (5) The citizens should be encouraged to make payment of small Government dues like licence fees, road taxes, etc., by a wider use of postal orders. Such postal orders should, however, be distinct in colour and design from those in vogue at present since they will be usable only for payment of Government dues.

(ii) *Payments to the public*

13. This part of the treasury procedure causes a great deal of inconvenience and in many cases, vexatious delays and annoyance to the public. The citizens have to pay repeated visits to the treasury and wait for long in queue. For receiving payments, a citizen has first to go to the departmental officer to get the bill or refund voucher and then visit the treasury where he is generally asked to come after some days. After obtaining the pay order from the treasury, he has, in most places, to go to the bank for getting the cash. The difficulties experienced by the citizen are accentuated by some of the procedural formalities. First, a bill presented by him may sometimes be objected to by the treasury on some technical or other insubstantial grounds, for instance, the absence of a signature or supporting documents or misclassification etc. Second, the citizens are asked to furnish identification to the satisfaction of the functionary concerned both at the treasury and at the Bank. The first difficulty could, of course, be removed if the Government departments took adequate care and pains in preparing a bill meticulously. This may, however, not always be ensured since a number of processes or technicalities have to be gone through in the preparation of a bill and the absence of any one of them may provide a legitimate ground to the treasury for withholding payments. As regards the second difficulty concerning the identification at the treasury, the rules lay great stress—and no doubt rightly so—on the proper identification of the payee. The payees hailing from the remote or rural areas in particular, have to suffer considerable inconvenience because of their inability to furnish identification to the satisfaction of the official concerned. A system has been evolved at the Centre and in certain States, we understand, for facilitating the identification of the payee. In such cases the drawing and disbursing officer of the department attests the signature of the payee on the contingent bill before handing it over to him for presentation at the treasury counter. At the treasury or the bank, the signature of the payee is compared with the signature as countersigned by the departmental officer. This system, though calculated to facilitate the task of the payee and to remove his difficulties, is also not considered to be fool-proof and may lend itself to abuse.

14. In order to save the citizens the inconvenience, frustrating delays and vexation at present caused in the process of receiving payments from

Government and to provide the requisite facility and convenience in this respect, it is essential, in our view, that one agency and one alone be made responsible for completing the records and finalising the various formalities associated with the payment of money to the citizens. Such a responsibility should, in our opinion, rightfully vest in the department which has incurred the liability or the obligation and which is initiating or sanctioning the payment of money or refund etc. In such cases, the department concerned should get the bills passed by the Treasury Officer and obtain the amount from the bank on a contingent bill. The departmental officer should normally arrange to remit to the person concerned the amount involved by cheque/bank draft duly crossed or through money order. He should also make arrangements to make him the payment across the counter of small amounts, say, up to Rs. 100/- if the payee so desires. This will incidentally, help resolve the problem of identification since the department concerned is either aware of the identity of the payee or is in a better position to satisfy itself without difficulty on this point.

15. Particularly in the case of payments of small amounts, say, up to Rs. 100/-, the departments should normally follow the procedure of remitting to the citizen such sums through money orders, and the charges on account of the money order commission should also be borne by Government. This need not, however, be considered to be an additional charge on the Government since in any case the cheques/drafts in payment are usually sent per registered post for which the charges are met by the department concerned. This facility can, therefore, be easily made available to the citizen without involving additional financial burden to the public exchequer. The citizen will, on the other hand, be quite happy to receive the payment of his dues at his door without having to undergo the trouble and inconvenience usually attendant on such transactions at present.

16. There is yet another direction in the matter of payments from the Government to the citizen where some improvement could be effected in the present procedures. At present the bills passed for payment by the Treasury are, with a few exceptions, returned to the claimants for presentation at the counter of the Bank for encashment. The present practice of the treasuries parting with the bill passed for payment or of their handing it over to the payees is not free from difficulties as this exposes the bills to the risks of malpractices like unauthorised interpolations or tampering with the existing entries etc. A bill is placed in a vulnerable position when it has been passed for payment and before the payment has materialised. Under the present system, the bill is required to be physically transmitted to and forth—albeit in a sealed box—between the treasury and the Bank. Moreover, the present system involves heavy rush at the Bank offices during the last working days of the financial year (since all bills passed for payment during a year have to be encashed before the

close of that year) and also the payment of over-time dues to the Bank staff; incidentally, it also results in delayed submission of daily accounts by the Bank to the treasury.

17. A good way out of some of these difficulties should, it is felt, be that the treasuries may be empowered to issue cheques in respect of the bills passed by them in the manner as is done in some treasuries, *e.g.*, the treasuries at New Delhi. The cheques may be issued either in favour of the drawing officer or in favour of the party concerned as the case may be. The system of payments by cheques being a comparatively simple and easily comprehensible one, would render easy and less time consuming the procedure of payment to the public. Under this system the payments to the third parties and other non-official will be made by means of cheques. Thus the changes of interpolations in the passed bills and other malpractices under which forged bills may be drawn at the treasury and cash payments obtained thereon at the bank will be minimised, if not eliminated altogether. The departmental officers will also not be allowed to obtain on contingent bills the amounts required for payment to the third parties but will endorse to the treasury the contingent bills with instructions to make payments by cheques. Moreover, the system will facilitate and expedite the compilation of accounts by the treasuries. The bill gets transformed into a voucher immediately after the cheque is drawn; the treasury will not have to wait for the return of the passed bill from the bank in order to correlate the voucher with the payment, and the process of compilation of accounts can be commenced at the treasury straightaway by booking debits to the appropriate head of account after issuing the cheque. This will lead to a more expeditious compilation of accounts and their transmission more speedily to the Accountant General. This may in cases necessitate the entertainment of some additional staff for the treasuries which should not, however, be of any considerable magnitude. It should also be possible in some cases to provide the requisite staff by suitable adjustments within the existing strength of the treasury. We consider that the State Governments should consider authorising selected treasuries (*i.e.*, where the payments are heavy or the number of transactions involving the general public is very large) to make payments by cheques.

18. The process of receiving payments from Government could also be facilitated if the system of making payments through cheques is extended and if this system is adopted by Government departments in making payments. This will necessarily involve the grant of cheque-drawing powers to the drawing and disbursing officers in the States either individually or in groups. A certain measure of care and caution will, however, have to be exercised in the matter, since the indiscriminate sanction of cheque-drawing powers to all such officers may be attended with several difficulties which should be avoided. The suggested extension of the cheque drawing powers will result in the compilation of monthly accounts by a large number of drawing officers which will affect the speed and accuracy of the

compilation of accounts. The number of drawing officers will become very large, ranging from 4000 to 10,000 in each State as against the very limited number of treasuries at present making payments (generally ranging from 22 to 50 in a State). There will be a phenomenal increase in the number of points where the cash will be handled and the initial accounts compiled. The system may also render more difficult the problem of linking the cheques drawn and encashed by a large number of officers with the treasury and bank records. While entering a caveat against the indiscriminate expansion of the cheque-drawing powers, we would suggest that these powers be extended after careful scrutiny and with discrimination to those departments where the volume of transactions in relation to the public is specially large.

19. Ordinarily there should be no need for any deviation from the normal procedure of withdrawal of moneys required for disbursement by the departmental officer by presenting bills at the treasury. On certain occasions, however, the drawal of funds from a treasury does cause delays and consequential difficulties in the proper administration of important schemes, particularly those in operation at places remote from treasuries. Exceptions have, therefore, to be made and alternative and more convenient and expeditious arrangements devised in order to obviate the need of recourse to the normal procedure of withdrawal of funds by the presentation of bills at the treasury. The grant of cheque-drawing powers, with or without monetary limits, the provision of permanent imprests and the sanctioning of personal ledger accounts are some of the devices which are usually adopted to afford the departmental agencies a special facility for the money expeditiously.

20. In paragraph 18 above we have referred to some of the likely demerits of the first alternative, *viz.*, the grant of the cheque drawing powers to the departmental officers. The raising of the existing limits of imprests with a large number of departmental officers may also not be free from difficulties, specially for schemes involving large amounts. In the circumstances, the system of 'Personal Ledger Account' at the treasury bank offers distinct advantages in some cases. The 'personal ledger accounts' are nothing but personal deposits of which the account kept at the treasury is of the nature of a banking deposit account, the receipts and payment being recorded in personal ledgers. Such accounts may be classified broadly under the following three categories—(i) where the moneys, though not the property of Government, are received and administered by a government servant in his official capacity by a virtue of some statutory provisions or executive orders issued by government and are, for procedural convenience, kept in a personal deposit account, *e.g.*, personal ledger accounts of the Commissioners under the Workmen's Compensation Act, at some treasuries, (ii) where government acts as a mere banker, *e.g.*, personal ledger accounts of the various local funds and the panchayati raj institutions at the State treasuries,

and (iii) where personal deposit accounts are created by transferring funds from the Consolidated Fund for facilitating expeditious payment, e.g., personal ledger accounts of the Superintendent, Medical Services and ex-officio Director of Family Planning at the Delhi Treasury. While the balances in the P.L. Accounts falling under the above first two categories (i.e., non-Government moneys) do not lapse to Government, those created by the drawal of funds from the Consolidated Fund are closed at the end of the financial year by minus debit of the balance to the relevant service heads in the Consolidated Fund. If necessary, these may be opened next year by following the prescribed procedure.

21. The system of personal ledger accounts is also found to be of great use in certain departments/organisations having trading activities with substantial receipts, e.g. personal ledger accounts of Delhi Milk Supply Scheme, food trading schemes and sales-emporia in various States. It has the further advantage in that the receipts from the Consolidated Fund are credited to the personal ledger account and are supplemented by the receipts arising from the trading activities and the entire receipts are utilised as a revolving fund. It also automatically permits the holders of such accounts to draw funds by means of cheques from the treasury/bank with a built-in device of keeping spendings within specified ceilings. In view of the several advantages of these personal ledger accounts, we agree with our Study Team on Accounts and Audit that "a wider use of this system will extend the benefits of cheque drawing system to those areas where there is special need for it while the basic system of operating through the treasury will continue." One may not, however, be oblivious of the fact that at times serious irregularities may be facilitated either due to inadequate administrative supervision in their operation or on account of the failure of the holders of such accounts to submit monthly statement of account with the supporting documents to the Accountant General. For instance, in some cases, we are told, the credits and debits in lump sums only (in respect of the personal ledger accounts) are being received by the Accountant General from the treasury with the result that the transactions duly classified do not get incorporated in Government accounts. Thus, these transactions come under effective audit scrutiny only at the time of local audit which is generally conducted long after their actual occurrence. It is therefore, essential that (i) adequate care, caution and proper discrimination be exercised in the opening of personal ledger accounts, and (ii) prompt and regular submission of monthly compiled account with the supporting vouchers to the Accountant General be insisted upon as one of the essential conditions of sanction to the opening of these accounts. These measures, we hope, would go a long way in removing the existing deficiencies of the procedures relating to personal ledger accounts and would, while extending the benefit of the cheque-drawing system, ensure that the prompt and timely compilation of Government accounts is not impaired in any way.

22 There is another class of payments made at the government treasuries which would need to be considerably simplified and modified. The present procedures for receiving/drawing the grants-in-aid, loans advances, etc., are tardy, time-consuming and bristling with technical/procedural difficulties. After the issue of the sanction by the Ministry/Department, such amounts cannot be paid by the treasury without a specific authority from the Accountant General. Besides the Accountant General's authority, there is a further formality which has to be observed, namely, that a bill for drawing the grant-in-aid/loan has to bear the counter-signature of the sanctioning authority or some other designated authority. It is a fact that better speed and more expedition could be achieved in such matters if the Accountant General's authority could be dispensed with altogether. This has already been done, we understand, in a few States, and also at the Centre in the case of grants-in-aid, etc. For instance, a more simplified procedure was evolved and sanctioned some time past by the Finance Ministry in O.M. No. F.10(48)-B/68 dated 21st September, 1968 for the payment of grants-in-aid sanctioned by the Ministries of Education and of Health, Family Planning and Urban Development and by the Department of Social Welfare. Under this revised procedure, an officer of the Ministry/Department nominated for the purpose will be competent to draw the amounts of grants-in-aid, etc., by presenting the bills at the treasury and obtain cheques/bank drafts for disbursement to the grantees. This modified procedure will not only eliminate the procedural requirements of obtaining the Accountant General's authority but will also do away with the presentation of a bill by the grantee, bearing the counter-signature of the sanctioning or designated authority on the bills as a pre-requisite to such payments; the responsibility for arranging the payments on account of grants-in-aid will now rest squarely on the sanctioning Ministry/Department itself.

23. More recently* this simplified procedure has been extended to the payments of all Central grants-in-aid, contributions, scholarships and stipends (whether sanctioned by the Central Ministries or by subordinate authorities)). Similarly the amounts of compensation to Government servants for accidental losses and the funds required for Government's investments in a company, corporation, or similar autonomous organisations can now be drawn from the treasury, under the modified procedure, without the Accountant General's authority. With these procedural reforms, the time lag between the issue of the sanction and the actual payment, and the number of stages required for the processing of grants-in-aid, contributions, scholarships etc., should be substantially reduced. We would suggest that the State Governments may adopt, *mutatis mutandis*, the above simplified procedure for the payment of grants-in-aid etc. and the drawal of funds for Government's investments in companies, corporations or similar autonomous organisation, in so far as the State transactions are concerned.

*Ministry of Finance, Deptt. E.A., O.M. No. F. 10(48)-B/68 dated 25-11-1969.

24. The bulk of grants-in-aid/loans or scholarships are sanctioned, it is understood, by a limited number of departments of the State Governments, for instance, the Education Department, the Industries Department, etc. It will be conducive to all-round convenience if the sanctioning authority of the grants-in-aid/loans etc., were authorised to issue cheques direct in favour of the recipients. Therefore, as an alternative arrangement, in the major departments where the number and amounts of such payments are very large and the work involved is of a sizeable order, the head of the departments or some other appropriate officer may be vested with the cheque-drawing powers. The procedure suggested here will be a variant of that suggested in paragraph 23 above.

25. As a further measure of simplifying the payment procedure which should also, incidentally, provide some relief to the treasuries, the following procedure is suggested in respect of the payments of the Public Works Department. At present, this department, which is one of the major spending departments, is allowed to draw funds in respect of pay and allowances of both the gazetted and non-gazetted establishment by means of drawing the bills on the treasuries while it is allowed to draw funds by means of cheques for meeting expenditure in respect of contingencies and in connection with works. In the divisions of the Forest Department, however, the officers are authorised to draw all types of funds including those for the establishment charges from the treasuries by means of cheques. It will, therefore, be appropriate if the officers in charge of P.W.D. divisions are also authorised, like their counterparts in the Forest Divisions, to obtain funds required for all departmental disbursements by drawing cheques on the treasuries with which they may be placed in account.

Recommendation 2 :

We recommend :

- (1) The responsibility for finalising the various formalities associated with the payment of money to the citizen should rest squarely on the department/office initiating or sanctioning the amount. The departmental officer should arrange to remit the amount by cheque/draft duly crossed or through money order to the person concerned. The facility of receiving small sums in cash across the counter, say, upto Rs. 100/-, should also be provided to the citizen.
- (2) Where it is not convenient for the citizen to receive payment across the counter, the departments should normally remit to him small sums upto Rs. 100/- through money order and the charges on account of the money order commission should also be borne by Government.
- (3) The State Government should consider progressively authorising selected treasuries in the States to make payments by cheques

particularly in cases where the payments are heavy or the number of transactions in relation to the public is very large.

- (4) The system of making payments through cheques should be extended discriminately to those departments where the volume of transactions in relation to the public is specially large.
- (5) The use of the system of personal ledger accounts which permits speedier and easier withdrawal of funds on cheques at the treasury/bank for disbursement be progressively extended to such areas of government transactions where there is a special need for it e.g., departments dealing in activities with substantial receipts and payments.
- (6) Since the system of personal ledger accounts involves the handling of cash by a departmental officer and in some cases the transfer of large sums from the Consolidated Fund to the Public Account Section of the Government Accounts it should be extended discriminately after careful scrutiny of the needs and circumstances. The system should, as a requisite, provide for efficient supervision and prompt and regular submission of monthly accounts to the Accountant General along with the vouchers and other documents.
- (7) The rules for the payment of grants-in-aid, contributions, scholarships, compensation to Government servants and the funds required for Government's investments in companies, corporations etc., should be simplified and the procedures prescribed by the Central Government adopted *mutatis mutandis* by the State Governments.
- (8) In the Public Works Department, the system of payments by cheque should be extended to the salaries of the gazetted and non-gazetted establishments on the lines of the system obtaining in the divisions of Forest Department.

(iii) Refunds

26. At present considerable inconvenience is caused to the public in obtaining the refund of deposits treated as lapsed since such deposits cannot be released without sanction of the Accountant General. There is no valid ground, in our view, for every case of the refund of lapsed deposit being referred to the A.G. specially in those cases where the detailed accounts of such deposits are being maintained by the treasury officer. In such cases at least the treasury officer himself should be competent to sanction the refund. Only in those cases where the detailed accounts are not maintained by the treasury and a second check by an independent authority is necessary in the public interest, the sanction of the Accountant General

should be necessary. The Central Government have recently issued orders* amending the procedure for refund in such cases. Under the revised procedure, the deposits, the detailed accounts of which are kept at the treasuries may be refunded without the sanction of the Accountant General. The treasury officer is, however, required before authorising refund in such cases to exercise certain checks for example, he should verify that the item was really received and is traceable in his records, that it was carried to the credit of the Government as lapsed and was not paid previously, and that the claimant's identity and title to the money were certified by the officer signing the application for refund. This simplified procedure, while conducing to the convenience of the citizen, should also adequately safeguard public interest. We should commend the adoption by the State Governments of a simplified procedure on the lines mentioned above.

Recommendation 3 :

We recommend :

The Treasury Officer should be empowered, in respect of State transactions, to sanction the refund of lapsed deposits, the detailed accounts of which are maintained at the treasury. No sanction of the Accountant General should be required in such cases.

(iv) Payment of Pensions

27. The payment of pensions is at present one of the main functions of the treasury and though separate pension payment offices have been opened at certain places and by certain departments, for example, the Defence Department, the treasuries have still by and large to bear the responsibility and burden of disbursing the pensions. The pensioners are a vulnerable class at the best of times and they have become particularly so during the present times of high costs, spiralling prices and the inflationary trends in the economy. It is particularly essential to ensure that the maximum possible facility is provided to them in the drawal of their pensions and that the inconvenience and delays are reduced to the minimum.

28. In this connection, we have also considered the feasibility of a suggestion made in certain quarters for entrusting to the post offices the function of making pension payments in places where there are no treasuries. A similar proposal has been, we understand, considered in the past by the Government in consultation with the appropriate authorities. This proposition, however, bristles with a number of difficulties. Firstly, the payment of pension by the post offices would create problems relating to accounting inasmuch as for the payments of pensions made to the Defence, Railway and Civil personnel, the necessary settlement of accounts would have to be effected

*Ministry of Finance, Deptt. of E.A., O.M. No. F.10(116)-B/68 dated 15th November, 1968.

by the Accountant General, Posts and Telegraphs. Considering the number of such transactions involved every month, the work is likely to be of high magnitude. Secondly, it will pose the problem of security arrangements for the cash to be handled by the post offices in remote areas or at out-of-way places. Even if willing to shoulder this additional responsibility, the Posts and Telegraphs Department, being a commercial department, would insist on payment for the services rendered. This additional financial liability may conceivably run into sizeable figures. The Posts and Telegraphs Department are likely to encounter great difficulties in establishing the identity of the pensioners or in checking and verifying the factual position regarding them. After giving careful consideration to the various aspects, we consider that the handling over of the responsibility for the disbursement of pensions generally to the post offices is not a feasible proposition in the present circumstances.

29. While the district treasuries may continue to be the main agency for the disbursement of pensions, the procedures should be streamlined to provide more facility to the pensioners. The existing rules provide the facility of payment of pensions through banks where the pensioners desire to draw their pensions through their agents or bankers. In other cases, the pensioners have to present their bills at the treasury and obtain payment in cash either at the treasury (if it is non-banking) or at the bank irrespective of the amount of pension. The facility of receiving pensions in cash upto varying limits is available to pensioners at all banking treasuries including those which are authorised to issue cheques in the payment of Government dues. We consider that the limit upto which the cash payment may be made to the pensioners be raised to Rs. 300/- p.m. in all the treasuries. Then again the rules in general provide for the payment of pensions by money order upto a monetary limit ranging from Rs. 50/- to Rs. 250/-. One drawback of the existing system of payment through money order—which seems to account for some of its unpopularity—is that the pension is remitted at the expense of the pensioner. The deduction made on account of money order charges, though apparently small, is considered to be an unwarranted one by the pensioners in general. It seems proper, in our view that the pensions upto Rs. 100/- p.m. should, at the request of the pensioners, be remitted money order at Government expense and no deduction on account of money order charges need be made from the amount of pension. Incidentally, this will also help relieve the congestion and overcrowding at the treasuries where the long queues of pensioners waiting patiently for hours on end on specified dates in a month are not an uncommon spectacle.

30. A certain number of minor irritants or difficulties may also be removed in order to provide relief and facility to the pensioners. At present a number of officers, i.e., a gazetted officer, a Magistrate, etc., are competent to attest a written declaration signed by a pensioner who, owing to old

age or infirmity, etc., is not able to be present in person at the treasury and who elects to have his pension paid by money order. The authorities competent to verify such written declarations are, at present, very limited in number and are located mostly in the urban areas. To enable the pensioners residing in the rural areas to obtain without difficulty such verification or attestation, it is desirable that certain officials posted, or having their headquarters, in rural areas, for example, the tahsildars, the naib tahsildars and the block level officers, etc., should also be authorised to attest such declarations. In the case of pensioners drawing their pensions through the scheduled banks, the latter should also be made competent to issue a life certificate for such pensioners who may thus be saved the inconvenience of having to approach other authorities for this purpose. The Central Government have issued orders* amending the relevant provisions in the Central Treasury Rules to this effect. A provision for extending similar facilities to the pensioners should be made by the State Governments as well wherever these do not exist at present.

31. There is another disability also from which the pensioners suffer—and unjustifiably so in our view. The existing treasury rules contain generally a stipulation to the effect that if the first few days of a month (ranging from 4 to 6 days) are public holidays on which pensions are not disturbed, the Head of the Local Administration and/or State Government may, if they think fit, direct the payment on the last working day before the holidays of the pension bills of the pensioners drawing pensions of Rs. 100/ p.m. or less. Not only does this provision cause hardship to a large number of pensioners particularly in these days of spiralling prices and of steady depreciation in the real worth of the pensions, but the power is exercisable by such high level and remote authorities as the head of the local Administration or the State Government. Even the power of the State Government/Local Administration to grant dispensation from the rules is restricted to the pensions of Rs. 100 p.m. or less. We consider that the provisions in this respect should be liberalised and the power should be delegated to the local Collector who may, whenever necessary, authorise the payment of pensions on the last working day of a month in the event of the first two days of the succeeding month being public holidays. Moreover, this power should be exercisable in the cases of payment of all pensions, irrespective of the amount thereof.

32. Another lacuna noticed in the existing rules regarding the payment of pensions is that at present a pension remaining undrawn for more than a year ceases to be payable by the disbursing officer. Though the payment of this pension can be resumed on the appearance of the pensioner, the arrears (if they exceed Rs. 2,500) cannot be paid without the authority

*Ministry of Finance, Deptt. of E.A., No. F. 10(104)-B/66 dated 7-1-1967, etc.

of the Government or other authority which sanctioned the pension in question. We consider this rule to be vexatious and the procedure to be time-consuming and protracted. In our opinion, the Collector should also be delegated the power to allow the payment of arrears in such cases provided the amount involved does not exceed Rs. 5,000 (Rupees five thousand). The liberalisation of the rules in these respects will provide relief in such hard cases to the pensioners.

Recommendation 4 :

We recommend :

- (1) The limit upto which the payment of pensions may be made in cash at the treasuries to the pensioners should be raised to Rs. 300/- p.m.
- (2) The pensions upto Rs. 100/- p.m. should at the request of the pensioners, be remitted by money order at Government expense.
- (3) The officials posted in or having their headquarters in rural areas, for instance, the tahsildars and block level officers, etc., should also be authorised to attest the written declarations signed by a pensioner who, owing to old age or infirmity, elects to have his pension paid by money order.
- (4) In the case of pensioners drawing their pensions through the scheduled banks, the latter should also be empowered to issue life certificate to such pensioners.
- (5) The Collector of the district should be empowered to authorise the payment of pensions on the last working day of a month, if the first two days of the succeeding month are public holidays. The power should extend to the payment of all pensions irrespective of the rate of pension per mensem.
- (6) In cases outstanding arrears of pension which have remained undrawn for more than a year, the Collector also should be empowered to allow the payment of such arrears, if the amount does not exceed Rs. 5,000/-.

(v) Payments to Government Servants

33. With regard to the payment of salaries and the maintenance of provident fund accounts, we have already made recommendations earlier in our Report on Finance, Accounts and Audit (Recommendation No. 21). Since the payment of salary, and leave salary, etc., is inextricably linked up with the treasury procedures, we consider that some rationalisation and liberalisation of these procedures is also called for in order to provide relief to a large body of Government servants, gazetted and non-gazetted. At present the Government servants, while proceeding on earned leave,

experience considerable difficulty in the drawal of their leave salary as the existing procedure for drawing such salary is very cumbersome and time-consuming. The apprehension regarding the non-receipt or undue delay in the receipt of his salary during the leave period mars the enjoyment of leave; it may also deter many a Government servant from availing altogether of the leave, well earned otherwise, for purposes of recoupment of his health or relaxation, etc. We consider that the responsibility for the timely remittance of the leave salary to Government servants should be laid squarely on the administrative authorities and it should be prescribed in clear and unambiguous terms by suitable changes in the present rules and procedures. If a Government servant proceeding on earned leave for a period exceeding a month makes a request in this regard to the treasury officer/the drawing and disbursing officer, as the case may be, the latter should arrange for the remittance of the net amount of leave salary by means of a demand draft at par at the address specified by such Government servant. In the case of Class IV servants, however, their net dues should, at their express request, be remitted by the drawing and disbursing officer by money order at Government expense.

34. There is still another irritant in the present procedure of drawing leave salary. Under the existing rules, a gazetted government servant when claiming leave salary in India, has either to appear in person at the place of payment or to furnish a life certificate. The rule prescribing the production of a life certificate is felt by Government servants to be needlessly vexatious, and even humiliating. In order to soften the severity of this rule and to remove the causes of grievance on this account, we suggest that the Government servant concerned should not be required to furnish a life certificate in the normal circumstances or in the case of an earned leave not exceeding 120 days. Only in exceptional circumstances, *e.g.*, when he proceeds on leave preparatory to retirement or on long leave involving half-pay or less than half-pay, he may be required to furnish life certificate, etc. This will ensure that in the overwhelming majority of cases, a gazetted government servant will be spared the humiliation or vexation of presenting a life certificate.

35. We understand that the gazetted officers experience, on their initial appointment or on transfer to a new station or district, considerable difficulties in receiving their pay and allowances. In order to maintain the efficiency and morale of such public servants, it is essential that ways and means should be devised so that such officers are able to draw their salary promptly and in time and are not put to financial strain on this account. The present difficulties could be mitigated, in our view if in such cases the heads of offices were empowered to sanction, pending the receipt of necessary sanction/authority from the agencies concerned, an advance of pay equal to a month's pay to the gazetted officers under their administrative control payable for a total period of two months.

Recommendation 5 :

We recommend :

- (1) The responsibility for the timely remittance of the leave salary to the Government servants should rest squarely on the administrative authorities. It should be for these authorities to make arrangements for the timely remittance of the net amount of the leave salary to a Government servant by means of a demand draft at par at the address specified by him.
- (2) In the case of Class IV Government servants, the net leave salary should be remitted by the prescribed officer by money order at Government expense.
- (3) A Government servant proceeding on earned leave should not normally be required to appear in person at the place of payment or to furnish a life certificate when claiming the leave salary.
- (4) In order to obviate the difficulties at present experienced by the gazetted officers in drawing their salary and allowances either on their initial appointment or on transfer to a new station or district, on account of the procedural formalities involved in getting sanction from the appropriate authorities, the heads of offices should be empowered in such cases to grant advances to pay equal to a month's pay, which should be payable for a total period of two months.

(vi) Miscellaneous

36. There are some other suggestions of a general nature which are made from time to time in connection with the improvement of the working of the treasuries and the treasury system in general. These may be touched upon in passing here.

37. The suggestion has been made from time to time (a suggestion which has been endorsed by our Task Force on Treasuries) that in order to ensure that the public are not put to inconvenience on account of long distances between the treasuries and the bank, the latter should be located within the same premises, or in the proximity of the treasury. It cannot be gainsaid that the offices of the bank and the treasury which are so closely involved in all financial transactions of the Government should be in as close proximity to each other as feasible. The district treasuries are, generally speaking, located in the premises of the Collector's office or the District Courts which are somewhat remote from the busy market places, while the offices of the banks are generally located, from

business considerations, in busy commercial areas. It is obviously not possible for the treasuries or the sub-treasuries to shift their offices to a place or areas adjoining the bank offices. In the case of the banks transacting Government business, the latter would normally constitute a large proportion of the business handled by them. While it may not be possible for the bank authorities to shift their present premises to a place adjoining the treasuries, it will obviously be in the public interest that they should consider, as a matter of policy, the location of the offices to be opened in future in close proximity to the treasury or with due regard to the distance from the treasury or the sub-treasury. In places where the bank offices are at present located at a distance from the treasury, the bank may consider the question of opening a branch office within the premises of, or at a place adjoining, the treasury. The suggestion is commended for consideration by the concerned authorities.

38. Owing to administrative exigencies in the past and their traditional role as the repository of all Government cash, stamps, opium, etc. in the district, the treasuries are at present handling a number of items of work which are not strictly germane to their functions, for example, the postal stamps as well as judicial and non-judicial stamps are stored and distributed by the treasury. The stocks of excisable articles like opium, bhang, ganja, etc., and of departmental examination forms and the Public Service Commission recruitment forms, etc., are also kept in safe custody and handled by the treasuries. On account of the great expansion in postal services particularly during the recent past, the burden of work in relation to the storage and distribution of stamps has, it is stated, considerably increased. The task of procuring stamps from the Controller of Government Press, Nasik and its supply to post offices, stamp vendors and the public in general imposes considerable strain on the treasuries which have enough preoccupations of their own. It would be in the public interest if the duty and responsibility of obtaining the requirements of stamps and stationery from the Controller of Press, Nasik and for its distribution, could be entrusted to the Department of Posts and Telegraphs and if the intervention of the treasury in such matters could be dispensed with. The position is, however, different in the case of the custody and distribution, etc. of judicial and non-judicial stamps and excisable articles. These items constitute an important source of public revenue to the Government and it is obviously in the public interest that their proper custody, distribution and management should receive due care and attention. These tasks would, therefore, continue to be one of the significant responsibilities of the district administration. The treasuries have, for long, been the custodians of these articles and their system of double lock has traditionally provided a fool-proof arrangement for their safe deposit, custody, etc. The sale and distribution of stamps, both judicial and non-judicial, has by and large been the responsibility of the treasuries, though the Post Offices have also, we understand, been handling at places the distribution of certain types of non-

judicial stamps, for example, revenue stamps, central excise and entertainment tax stamps, etc. So, unless some alternative arrangements, equally sound and efficacious, could be evolved to replace the present system, it would be prudent to let the status quo continue in respect of the articles like judicial and non-judicial stamps and excisable articles. In respect of postal stamps, however, the duty and function of management should be taken away from the treasuries and transferred to the Department of Posts and Telegraphs.

39. Another suggestion made is with regard to the payment of interest charges on all the securities of Central/State Governments. The duty of paying these charges is at present vested in the Treasury Officer who discharges this function on behalf of the Reserve Bank of India. The point is made from time to time that the treasury should not be called upon to discharge these functions which should more appropriately be transferred to the State Bank of India or its subsidiaries in places wherever the cash transactions on behalf of Government are handled by the Bank. Under the proposed arrangement a holder of Government security will not have to approach the treasury officer for obtaining a pay order on the Bank but the payment of interest will be made directly by the Bank. The proposal seems to be valid as a general proposition and would no doubt simplify to an extent the procedure of this type of payment. The implementation of this suggestion may, however, have financial and other implications which would need to be carefully gone into by the Governments concerned. Since this question relates to the payment of interest charges on the securities of both the Central Government and the State Governments, we would leave the decision in the matter to be taken by the Government concerned.

Recommendation 6:

We recommend :

- (1) The object of public policy should be to promote the location in close proximity of the offices of the Bank and the treasury in the districts. In places where the Bank Offices are at present located at a distance from the treasury, the Bank should consider the question of opening a branch office in the premises of, or at a place adjoining the treasury.**
- (2) The treasury should be relieved of the functions of indenting, storing and distributing the postal stamps and this function should be taken over by the Posts and Telegraphs Department.**

40. At present with the exception of the treasuries in Tamil Nadu and Andhra Pradesh, the treasuries in other States render largely unclassified accounts to the Accountant General. It is in the office of the Accountant General that the payments are properly classified under the prescribed major,

minor, sub and detailed heads of accounts and, thereafter, incorporated in the Central/State accounts. The genesis of the present arrangement may be traced to the famous Report of the British Commissioners of Enquiry into Indian Accounts and the mode of conducting the business of Financial Departments, etc. (1864), which *inter alia* recommended that the treasuries should be responsible for submitting unclassified accounts as to charges and classified, by somewhat simpler methods, as to receipts of revenue. The task of classifying the charges paid by the treasuries was entrusted to the Accountant General. While the Provinces (as the States were then known) generally adopted the system of unclassified accounts, some provinces like Bombay and Madras preferred to continue the classified treasury accounts. This simplification seems to have been brought about mainly on considerations of the lack of requisite expertise in the treasuries to perform this technical job and with a view to ensuring expeditious compilation of Government accounts. With the implementation of various reforms suggested by us regarding the treasury procedures and its organisation in this report, and with the rationalisation of budget heads on the lines suggested in our report on Finance, Accounts and Audit*, we hope that the treasuries would, in due course, become better equipped and organised to shoulder the responsibility of compiling and rendering properly classified accounts to the Accountant General. Incidentally, the detailed compilation of the accounts at the treasury would afford some relief to the Accountant General as well. It would also enable the departmental officers to reconcile their accounts more easily than at present with the treasuries, and would instil in them a higher sense of responsibility and urgency about timely reconciliation of accounts. We visualise that in our financial system the treasury will ultimately assume the main responsibility of compiling the classified accounts.

CHAPTER III

ORGANISATION OF TREASURIES

It is axiomatic that an institution which is the pivot of the payment and accounting system and which will, under our proposals, have to carry the heavy load of conducting the financial transactions of Government to the satisfaction of the citizens should work to the optimum efficiency and should be a fit instrument for discharging these onerous tasks. In view of this, it is a matter of concern that, as observed by our Study Team on Accounts & Audit, the functioning of treasuries in most of the States has not been satisfactory. This may be attributable, as pointed out by them, partly to the vast expansion in the size of the public expenditure which has imposed ever-mounting strains and pressures upon the treasuries and other organs of the accounting system and also to the inadequacies of the staff. There are differences in the structure of the treasuries in the different States and the standards of efficiency also vary from State to State. In view of this, it is difficult to suggest detailed norms and standards which should be applied uniformly to the treasuries in all the States. Some broad guidelines and principles of general applicability only are, therefore, being suggested in the following paragraphs. We commend these to the authorities concerned for consideration and for adoption with such modification or variations, if any, as the circumstances may warrant.

(i) *Finance/Accounts Service*

2. The existing unsatisfactory working of the treasury may be partly ascribed to the lack of proper staffing of the organisation. The treasuries as also other large spending departments suffer, it is stated, from the weakness of the lack of staff well-trained in accounting matters. In the circumstances, the constitution of a regular Finance/Accounts service manned by qualified and trained officers is of great importance. It is, therefore, suggested that the State Governments, etc., should take steps to constitute as early as possible a regular Finance/Accounts Service on whose cadre the posts of the treasury officers, the assistant treasury officers, etc., should be borne.

(ii) *Adequacy of staff*

3. Any such reorganisation should have as its integral elements proper staffing of the treasuries and adequate training of the personnel. It is desirable that proper standards of staffing and appropriate norms of work and performance should be evolved by the application of modern techniques of work study, job analysis, work measurement, etc. The norms, so laid down, should enable the needs of the treasuries for the staff being assessed properly and in an objective manner and the subsequent follow-up action being taken. The provision of adequate, well qualified and properly trained staff is *sine qua non* of the proper functioning of the treasury as of any other organisation.

(iii) *Recruitment and training*

4. The principles and systems of recruitment should be so designed as to aim at (a) providing that an adequate percentage of posts is filled by means of direct recruitment through open competitive examination and (b) that suitable opportunities are provided for promotion to the officers and staff at various stages of their career. The recruitment may be made initially by direct competition at the level of Lower Division Clerks and the higher posts, in the non-gazetted ranks, e.g., those of U.D.C.'s, Accountants, should be filled by promotion on a percentage basis on the principle of seniority-cum-merit. As suggested by us in our Report on Personnel Administration, the percentage of promotion quota may, in the discretion of the State Governments, be upto a maximum of 40% where it is less than that at present. The promotion to the grade of U.D.C.'s should be contingent on the passing of the departmental examination and the putting in of a minimum period of service in the post of L.D.C. Though the posts at the levels of Accountant and Assistant Treasury Officer should generally be, as stated above, filled by promotion from the lower levels, a certain percentage may be reserved for the direct recruits also. To improve the quality of the recruits, the post of the Treasury Officer should be mainly filled through a competitive examination. In order to secure the recruits of the requisite calibre and to induct them into the organisation at an early age, the competitive examination should be regarded as the main source of recruitment, though obviously an adequate percentage of such posts should be reserved for being filled by promotion from the lower echelons of the treasury organisation.

5. Greater care, thought and more systematic planning than in the past ought, however, to go into the training of the staff at all levels. The courses of training should comprise, besides a knowledge of the treasury rules and other financial and accounting rules, a short period of practical training, say, of about three months, in the office of the Accountant General also. Suitable incentives by way of advance increments may be provided for those qualifying in the departmental examinations. As a further incentive, the persons in the lower formations should be made eligible, subject to certain age limitations, to appear at the qualifying competitive examination for recruitment to the higher posts. This will not only improve the quality of the intake at the lower levels but would also provide additional inducement to the recruits to improve their prospects by availing of the opportunity thus offered of gaining entry direct into the higher services at an early stage of their career.

(iv) *Promotion Prospects*

6. The staff working in the treasuries has been hitherto an integral part of the general revenue staff in the districts; the ministerial staff has also been borne on the cadre of the revenue department in the collectorates.

Some States have already separated the treasury staff from the collectorate staff and placed them directly under the control and supervision of the Treasury Officer. It is a matter of importance, in our view, that a separate cadre for the non-gazetted establishment also should be created at the district level in all the States so that suitable opportunities of promotion are available to the establishment at various levels within the treasury and accounting organisation. The present system, under which the treasury staff have to look for openings of promotion in the revenue establishment of the Collector, is hardly calculated to improve their efficiency or to inspire a high sense of loyalty or devotion to the department or to draw the best out of them. It is essential that the treasury staff should increasingly look in future for suitable avenues of promotion in the treasury and accounting set-up itself. As mentioned above, a prescribed percentage of the posts of Accountants, Assistant Treasury Officers and Treasury Officers should be filled by promotion to provide adequate scope for advancement to the lower rungs.

(v) *Administration of Treasuries*

7. The system of administrative control and supervision over the treasuries at the district level is not uniform over the States. While in most of the States, the Collector continues to be responsible for, and in overall charge of, the district treasury and sub-treasuries, in some States the latter have been transferred to the administrative control of the Directorates of Treasuries, which work under the Finance Department. The treasuries have, traditionally, been an important limb of the district administration and their staff as integral part of the Collector's establishment. They are, under the Treasury Rules of the State Governments, placed under the general charge of the Collector. Besides exercising supervision over their working, he is required to make a periodic inspection of the treasuries in order to verify the cash (if any), stamps, securities, drafts, cheque forms, etc. He is also required, when assuming or making over charge, to verify the cash balances and the stock of stamps and opium, etc., and to forward to the Accountant General a certificate of taking over charge in which the state of cash, stamps and opium balances is to be shown. He is further required to verify in person on the first of every month the district treasury balances and sign the accounts to be forwarded to the Accountant General. This supervision and periodic inspection of the Collector has generally a salutary effect on the working of the treasuries which are, in consequence of the historic associations with the district administration, usually located in the premises of the Collector's Office. Moreover, the Collector is looked upon as the representative of the Government in the district and the public in general who if they have any complaints of delays or of harassment in their dealings with the treasuries have a tendency to look to the Collector for the redress of their grievances and the removal of their difficulties. It is,

therefore, of importance that the overall supervision and control of the Collectors over the treasuries should be allowed to continue. This is, however, a matter of administrative detail and it is for the State Governments concerned to decide whether they would let the treasuries continue under the charge of the Collector or would transfer them to the administrative control of a Directorate of Treasuries operating from the headquarters of the State. Here we would only like to make a few points which are germane to the issue.

8. We have already made a suggestion about the constitution of a separate Finance/Accounts Service at the State level to man the posts of Treasury Officers, Assistant Treasury Officers, etc.; we have also indicated the need for the separation of the treasury establishment from the revenue establishment of the Collector and the creation, as a distinct unit, of a cadre of the treasury non-gazetted staff at the district level with a view to improving the efficiency of the treasuries. With these changes in the system of treasury working, the existing objections to the general supervision and control of the Collector should lose much of their validity and it should be possible for the treasury system to function better and more efficiently under the general supervision and control of the Collector.

9. Even if the State Governments were to make a choice in favour of transferring the administrative control of the treasury to a separate Directorate, the Collector should, in our considered opinion, continue to have the powers to make surprise inspections and conduct checks and verifications, etc., at the treasuries and sub-treasuries in the district. The similar power of making surprise checks and inspections of the treasuries and sub-treasuries already vested in other revenue officers, for example, the Commissioner and the Sub-Divisional Officers, should also continue.

10. There is, it is generally stated, a duality of control over the treasuries inasmuch as while administratively they are under the control of the State Governments, functionally and in technical matters they are subject to the supervision from the Accountant-General. We consider that the present system, under which the treasuries are able to get technical guidance and supervision from the Accountant-General while remaining under the administrative control of the State Governments, is a sound one under the present accounting structure and does not call for any modifications at the present stage.

(vi) *Supervision and inspection of the Treasuries*

11. The provision of adequate supervision and superintendence over the technical details of the functioning of the treasuries and their standards and level of performance is equally necessary. A Directorate of Treasuries has been created in many States for exercising supervision and admini-

nistrative control over and/or conduct of inspection of the treasuries. In some States, a special wing located in the Directorate conducts periodical inspections of the treasuries on a regular basis. We consider that the other State Governments should also consider the setting up of a State Directorate for this purpose. In case such a Directorate is established, adequate thought and care should be given to the question of filling the posts by competent persons with adequate experience and specialised training. This Directorate of Treasuries should also be assigned the responsibility of setting up a wing or a cell within the treasury for the specific purpose of conducting, on a continuous basis, and in an effective manner internal checks and rectifying the mistakes at a sufficiently early stage. Under this arrangement the defects coming to light in the working of the treasuries will be brought to the notice of the Treasury Officer during the course of the day-to-day working, thus rendering easy the immediate rectification of the deficiencies or lacunae noticed. It should be one of the duties of the Directorate to have under continuous review the system of internal checks and controls, within the treasuries with a view to improving their efficacy. The Directorate should also undertake through its officers, periodical detailed inspection of the treasuries and sub-treasuries with a view to scrutinising the technical details and their working and seeing that the norms of work and performance are being achieved.

Recommendation 7 :

We recommend that :

- (1) In all States there should be in existence a regular Finance/Accounts Service to man the posts of Treasury Officers, Assistant Treasury Officers, etc.
- (2) Proper standards of staffing and appropriate norms of work should be evolved for the treasuries and the systems of recruitment should provide for (a) an adequate percentage of posts filled by means of open competitive examination and (b) Certain proportion of posts being filled mainly by promotion, though here also a certain percentage should be reserved for direct recruits.
- (3) The training of staff at all levels should be systematically planned and greater care and thought bestowed on the subject. The courses of training should comprise a short period of practical training in the office of the Accountant-General also.
- (4) The treasury staff should increasingly look in the future for suitable avenues of promotion in the treasury and accounting organisation itself. For this purpose, a separate cadre for the non-gazetted establishment in the treasuries should exist at the district level in all the States.

- (5) The State Governments should consider the setting up of a State Directorate of Treasuries manned by officers with adequate experience and training for purpose of supervising the work of treasuries. To this Directorate should also be entrusted the responsibility of establishing cells within the treasuries for conducting a review of internal checks and controls so that deficiencies or lacunae noticed are rectified at a sufficiently early stage and the efficient working of the treasuries is ensured. The Directorate should also undertake periodical inspections of the treasuries and sub-treasuries with a view to scrutinizing the technical details of their working and seeing that the norms of work and performance are in fact being achieved.

CHAPTER IV

SUMMARY OF RECOMMENDATIONS

CHAPTER II—PROCEDURES OF TREASURIES

- 1 (1) Every department concerned with the receipt of taxes or other demands of a known or foreseeable nature which have to be paid periodically or at fixed intervals should issue challan forms to the intending depositor in triplicate with the heads of accounts and other particulars duly filled in so that the party may have only to sign the challan form. When necessary, such challans may also be issued in quadruplicate. The Bank should receive the amount due on such challans direct as is done in the case of dues of income-tax department.
- (2) Where the amounts to be paid are not of a periodical or foreseeable nature, the departmental officer should maintain sufficient stock of blank challan forms with him in order to obviate the necessity of a journey by the depositor to the treasury only for collecting the challan form. In such cases a member of the treasury staff should be deputed to sit in the local branch of the bank to carry out the necessary verification of the challan form, etc., before the payment is made.
- (3) Intending depositors of Government dues could also be provided with the facility of getting challan forms duly filled in with complete classification of each item of receipt, from authorised challan-writers on payment on prescribed fee.
- (4) The departments concerned should make necessary arrangements to receive payment in any form it is tendered, that is, whether through cheques, bank drafts, postal orders, money order or even in cash (up to specified limits). They should normally receive sums which are not substantial in cash across the counter (for this monetary limit of Rs. 300/- is suggested). In the case of substantial sums also, the citizen should have the option to remit such sums by money order, or postal order or duly crossed cheques or bank drafts.
- (5) The citizens should be encouraged to make payment of small Government dues like licence fees, road taxes, etc., by a wider use of postal orders. Such postal orders should, however, be distinct in colour and design from those in vogue at present since they will be usable only for payment of Government dues.

- 2 (1) The responsibility for finalising the various formalities associated with the payment of money to the citizen should rest squarely on the department/office initiating or sanctioning the amount. The departmental officer should arrange to remit the amount by cheque/draft duly crossed or through money order to the person concerned. The facility of receiving small sums in cash across the counter, say, upto Rs. 100/-, should also be provided to the citizen.
- (2) Where it is not convenient for the citizen to receive payment across the counter, the departments should normally remit to him small sums upto Rs. 100/- through money order and the charges on account of the money order commission should also be borne by Government.
- (3) The State Governments should consider progressively authorising selected treasuries in the States to make payments by cheques particularly in cases where the payments are heavy or the number of transactions in relation to the public is very large.
- (4) The system of making payments through cheques should be extended discriminately to those departments where the volume of transactions in relation to the public is specifically large.
- (5) The use of the system of personal ledger accounts which permits speedier and easier withdrawal of funds on cheques at the treasury/bank for disbursement be progressively extended to such areas of government transactions where there is a special need for it, e.g., departments dealing in activities with substantial receipts and payments.
- (6) Since the system of personal ledger accounts involves the handling of cash by a departmental officer and in some cases the transfer of large sums from the Consolidated Funds to the Public Account Section of the Government Accounts it should be extended discriminately after careful scrutiny of the needs and circumstances. The system should, as a requisite, provide for efficient supervision and prompt and regular submission of monthly accounts to the Accountant-General along with the vouchers and other documents.
- (7) The rules for the payment of grants-in-aid, contributions, scholarships, compensation to Government servants and the funds required for Government's investments in companies, corporations, etc., should be simplified and the procedures prescribed by the Central Government adopted *mutatis mutandis* by the State Government.

- (8) In the Public Works Department, the system of payments by cheque should be extended to the salaries of the gazetted and non-gazetted establishment on the lines of the system obtaining in the divisions of Forest Department.
3. The Treasury Officer should be empowered, in respect of State transactions, to sanction the refund of lapsed deposits, the detailed accounts of which are maintained at the treasury. No sanction of the Accountant-General should be required in such cases.
4. (1) The limit upto which the payment of pensions may be made in cash at the treasuries to the pensioners should be raised to Rs. 300/- p.m.
- (2) The pensions upto Rs. 100/- p.m. should, at the request of the pensioners, be remitted by money order at Government expense.
- (3) The officials posted in or having their headquarters in rural areas, for instance, the tahsildars and the block level officers, etc., should also be authorised to attest the written declarations signed by a pensioner who, owing to old age or infirmity, elects to have his pension paid by money order.
- (4) In the case of pensioners drawing their pensions through the scheduled banks, the latter should also be empowered to issue life certificate to such pensioners.
- (5) The Collector of the district should be empowered to authorise the payment of pensions on the last working day of a month, if the first two days of the succeeding month are public holidays. The power should extend to the payment of all pensions irrespective of the rate of pension per mensem.
- (6) In cases of outstanding arrears of pension which have remained undrawn for more than a year, the Collector also should be empowered to allow the payment of such arrears, if the amount does not exceed Rs. 5,000/-.
5. (1) The responsibility for the timely remittance of the leave salary to the Government servants should rest squarely on the administrative authorities. It should be for these authorities to make arrangements for the timely remittance of the net amount of the leave salary to a Government servant by means of a demand draft at par at the address specified by him.
- (2) In the case of Class IV Government servants, the net leave salary should be remitted by the prescribed officer by money order at Government expense.

- (3) A Government servant proceeding on earned leave should not normally be required to appear in person at the place of payment or to furnish a life certificate when claiming the leave salary.
 - (4) In order to obviate the difficulties at present experienced by the gazetted officers in drawing their salary and allowances either on their initial appointment or on transfer to a new station or district, on account of the procedural formalities involved in getting sanction from the appropriate authorities, the heads of offices should be empowered in such cases to grant advances of pay equal to a month's pay, which should be payable for a total period of two months.
6. (1) The object of public policy should be to promote the location in close proximity of the offices of the Bank and the treasury in the districts. In places where the Bank offices are at present located at a distance from the treasury, the Bank should consider the question of opening a branch office in the premises of, or at a place adjoining the treasury.
- (2) The treasuries should be relieved of the functions of indenting, storing and distributing the postal stamps and this function should be taken over by the Posts and Telegraphs Department.

CHAPTER III—ORGANISATION OF TREASURIES

7. (1) In all the States there should be in existence a regular Finance/Accounts Service to man the posts of Treasury Officers, Assistant Treasury Officers, etc.
- (2) Proper standards of staffing and appropriate norms of work should be evolved for the treasuries and the systems of recruitment should provide for (a) an adequate percentage of posts being filled by means of open competitive examination and (b) certain proportion of posts being filled mainly by promotion, though here also a certain percentage should be reserved for direct recruits.
- (3) The training of staff at all levels should be systematically planned and greater care and thought bestowed on the subject. The courses of training should comprise a short period of practical training in the office of the Accountant-General also.
- (4) The treasury staff should increasingly look in the future for suitable avenues of promotion in the treasury and accounting organisation itself. For this purpose, a separate cadre for the non-gazetted establishment in the treasuries should exist at the district level in all the States.

- (5) The State Government should consider the setting up of a State Directorate of Treasuries manned by officers with adequate experience and training for the purpose of supervising the work of treasuries. To this Directorate should also be entrusted the responsibility of establishing cells within the treasuries for conducting a review of internal checks and controls so that deficiencies or lacunae noticed are rectified at a sufficiently early stage and the efficient working of the treasuries is ensured. The Directorate should also undertake periodical inspection of the treasuries and sub-treasuries with a view to scrutinizing the technical details of their working and seeing that the norms of work and performance are in fact being achieved.

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