

DEFENCE ACCOUNTS DEPARTMENT

SAS EXAMINATION – PART-I

APRIL, 2013

**SUBJECT: PAPER-I – ORGANISATION AND FUNDAMENTALS OF AUDIT AND ACCOUNTS
(THEORY-WITHOUT BOOKS)**

Time: 3 Hours

Max.Marks:100

Notes:

1. Out of 16 questions, only 12 questions should be attempted by the candidates.
2. Each question carries EIGHT marks. FOUR marks are reserved for general excellence
3. Answers to all part questions should be written in one place only
4. Only question number shall be indicated in the Answer Books. Reproduction of complete question in the Answer Books should be avoided.

1. (a) What is 'Charged Expenditure'? What is the constitutional provision in this regard?

(4 Marks)

Ans. Payments made in satisfaction of a judgement, decree or award of any court or arbitral tribunal will be treated as expenditure 'Charged' on the consolidated fund of India. The character of the 'Charged' expenditure lies in the fact that the estimates relating to such expenditure are not submitted to the vote of the Parliament, although it has right for discussion of such estimates. This is in accordance with Article 112(3)(f) of the constitution of India.

- (b) Rs. 500/- were incurred by a DAD office for stamp paper and legal expenses in defending a case in the Central Administrative Tribunal (CAT). This amount was classified as 'Charged Expenditure'. Comment.

(4 Marks)

Ans. Any expenditure incurred by the Government prior to the announcement of the decree/award, either on legal expenses or on stamp paper will not be treated as 'Charged' for the reason that at the time of expenditure there is no judgement/decreed/award and the expenditure cannot be held to have been incurred in satisfaction of a judgement.

(Authority: Para-32,249 & 254 of Defence Accounts Code)

2. (a) Define 'Deposits'? Can undisbursed Pay & Allowances be held under the head 'Deposits'? Comment

(4 Marks)

Ans. Sums which are clearly not due to the Government but are held in trust, or as a security for a specific purpose e.g. for the fulfillment of a contract, will be credited to the head 'Deposits' until repaid to or on accounts of the parties to whom they belong, when that head will be correspondingly relieved.

(b) How an erroneous compilation under the head 'Deposits' be readjusted?

(4 Marks)

Ans. Erroneous Compilations made under any of the 'Deposits' heads should be readjusted by deduct entry and not by a fresh debit or credit.

(Authority: Para-197 & 200 of Defence Accounts Code)

3. Write short notes on any two of the following:

(4x2=8 Marks)

(a) Re-appropriation

Ans. The procedure for Re-appropriation provides some flexibility by which savings in the budget provision under one head can be utilized to meet excess expenditure under another head, provided the heads are in the same Demand for Grants voted by the parliament

(b) Military Receivable Orders(MROs)

Ans. Military Receivable Orders(MROs) are issued by the Controllers or the Officers of the Defence Services to enable Officers and others to make payments into a treasury or bank. The particulars of the Controller of Defence Accounts to whom the credit should be afforded, must be noted on each order.

(c) Lapsed Deposits

Ans. At the close of the financial year, all deposits remaining unclaimed for three years (except in the case of payment authorities issued in favour of Gorkha Personnel exclusive of the year in which the deposits were made and all balances of not more than one rupee in amount will be transferred to the credit of the Government under the head "Other Miscellaneous Receipts"

(Authority: Para-192,264 & 214 of Defence Accounts Code)

4. (a) What is audit of sanctions to expenditure? Who is responsible for audit of Government of India sanctions?

(4 Marks)

Ans. One of the important functions of audit in relation to the audit of expenditure is to see that each item of expenditure is covered by the sanction of the authority competent to sanction it. Here, audit has not only to see that the expenditure is covered by a sanction, either general or special, but it has also to satisfy itself (i) that the authority sanctioning it is competent to do so by virtue of the powers vested in it by the provisions of appropriate orders or Regulations and (ii) that the sanction is definite and thus needs no reference either to the sanctioning authority itself or to any higher authority.

The audit of Government of India sanctions is conducted by the Director General of Audit, Defence Services. A regular audit of such sanctions will not, therefore, be carried out by the Controllers.

(b) A Controller of Defence Accounts is not required to audit the sanctions issued by Defence Headquarters indicating concurrence of Ministry of Defence(Finance). Comment.

(4 Marks)

Ans. The fact that the sanctions accorded by the administrative authorities at Armed Forces HQrs. under the financial powers vested in them under the rules in Financial Regulations and other rules and regulations or orders may have been concurred in by the financial authorities at those Headquarters does not relieve the Controllers of their responsibility for the audit of these sanctions, as financial concurrence does not connote an audit of sanctions. Accordingly, all sanctions accorded by the Defence HQrs.

should be audited by Controllers and reference to the orders governing the sanction, even though the sanctions indicate that the same were concurred in by the Ministry of Defence (Finance)

(Authority: Para-33,24,25 of Defence Audit Code)

5. (a) Distinguish between 'Commercial Accounting' & 'Government Accounting'

(4 Marks)

Ans. The Government Accounts are designed to enable the Government to determine how little money it need to take out of the pockets of the tax-payer in order to maintain its necessary activities at the proper standard of efficiency. Non-Government Commercial Accounts on the other hand is meant to show how much money the concern can put into the pockets of the proprietors consistently with the maintenance of a profit earning standard in the concern.

- (b) Briefly outline the methods of Government Accounting

(4 Marks)

Ans. The mass of the Government Accounts being on cash basis is kept on single entry. There is however a portion of the accounts which is kept under double entry system, the main purpose of which to bring out by a more scientific method the balance of accounts for which the Government is a banker/borrower/lender. Such balances are worked out in the subsidiary accounts of single entry compilation as well, but their accuracy can be guaranteed only by a periodical verification with the balance brought out in the double entry accounts.

(Authority: Para-6.8,6.10 of Introduction to Government Accounts and Audit)

6. (a) Do you think that audit is an aid to the Government's functioning? Give reasons.

(4 Marks)

Ans. Audit forms an indispensable part of the financial administration and is one of the important organs necessary to ensure the sound functioning of a Parliamentary Democracy. It is the main instrument to secure accountability of the Executive to the Legislature. Audit assists Parliament/Legislature in exercising its financial control over the Executive, to ensure that funds voted by the Parliament/Legislature have been utilized for the purpose intended and the funds authorized to be raised through taxation and other measures have been assessed, collected and credited to the Government properly. The primary function of audit is to verify the accuracy and completeness of accounts to secure that all revenue and receipts collected are brought to account under the proper head, that all expenditure and disbursements are authorized, vouched and correctly classified and the final account represents a complete and a true statement of the financial transactions it purports to exhibit. It is the function of audit to verify that financial rules and orders satisfy the provisions of Law and or otherwise free audit objections and the rules & orders are properly applied.

- (b) What do you understand by the term 'Spirit of Audit'? Elaborate.

(4 Marks)

Ans. In audit, insistence on trifling errors and technical irregularities which are of no consequence to the Government should wherever possible be avoided and more time and attention devoted to the investigation of really important and substantial irregularities with the object not only on securing rectification of particular irregularity but also ensuring regularity and propriety in similar cases for the future.

(Authority: 15.5-7,15.12-13 Introduction to Government Accounts and Audit)

7. (a) What are the circumstances in which a Government servant should be placed under suspension?

(4 Marks)

Ans. The following circumstances are indicated in which a Disciplinary Authority may consider it appropriate to place a Government servant under suspension. These are only intended for guidance and should not be taken as mandatory:-

- (i) Cases where continuance in office of the Government servant will prejudice the investigation, trial or any inquiry (e.g. apprehended tampering with witnesses or documents);
- (ii) Where the continuance in office of the Government servant is likely to seriously subvert discipline in the office in which the public servant is working;
- (iii) Where the continuance in office of the Government servant will be against the wider public interest such as there is public scandal and it is necessary to place the Government servant under suspension to demonstrate the policy of the Government to deal strictly with officers involved in such scandals, particularly corruption;
- (iv) Where allegation have been made against the Government servant and preliminary inquiry has revealed that a prima facie case is made out which would justify his prosecution or is being proceeded against in departmental proceedings, and where the proceedings are likely to end in his conviction and /or dismissal, removal or compulsory retirement form service.

(b) What are the guidelines for deciding his headquarters during suspension?

(4 Marks)

Ans. An officer under suspension is regarded as subject to all other conditions of service applicable generally to Government servants and cannot leave the station without prior permission. As such, the headquarters of a Government servant should normally be assumed to be his last place of duty. However, where an individual under suspension requests for a change of headquarters, there is no objection to a competent authority changing the headquarters if it is satisfied that such a course will not put Government to any extra expenditure like grant of TA etc. or other complications.

(Authority: Rule 10 of CCS CCA Rules)

8. (a) Name two Minor Penalties in which full- fledged inquiry is obligatory?

(4 Marks)

Ans. (i) where it is proposed to withhold increments of pay and such withholding of increments is likely to affect adversely the amount of pension payable to the Govt. Servant; or (ii) where the proposal is to withhold increments of pay for a period exceeding three years; or (iii) where the proposal is to withhold increments of pay with cumulative effect for any period.

(b) Two Government employees working in the same office made complaints against each other. The disciplinary authority initiated departmental proceedings against both the employees. Is it legally permissible to enquire into the conduct of the accused and the accuser in one joint proceeding? Comment

(4 Marks)

Ans. Cross complaints arising out of the same or connected incident or transaction are not uncommon and occur frequently in criminal cases. The Code of Criminal Procedure is silent with regard to the procedure to be adopted in such cases. The general principle as laid

down by the Courts is that accused in cross cases should be tried separately and that both the trials should be held simultaneously or in quick succession so as to avoid conflicting findings and different appraisal of the same evidence. On the analogy of the criminal law practice and procedure, a joint proceeding against the accused and accuser is an irregularity which should be avoided.

(Authority: Rule-16 & 18 CCS CCA Rules)

9. Write short notes on **Any Four** of the following :

(a) Object the Right to Information Act

(2 Marks)

Ans. The basic object of the Right to Information Act is to empower the citizens, promote transparency and accountability in the working of the Government, contain corruption and make our democracy work for the people in real sense. It goes without saying that an informed citizen is better equipped to keep necessary vigil on the instruments of governance and make the government more accountable to the governed. The Act is a big step towards making the citizens informed about the activities of the Government.

(b) Definition of Information

(2 Marks)

Ans. Information is any material in any form. It includes records, documents, memos, emails, opinions, advices, press releases, circulars, orders logbooks, contracts, reports, papers samples, models, data material held in any electronic form. It also includes information relating to any private body which can be accessed by the public authority under any law for the time being in force.

(c) Supply of Information to Associations etc.

(2 Marks)

Ans. The Act gives the right to information only to the citizens of India. It does not make provision of giving information to Corporations, Associations, Companies etc. which are legal entities/persons, but not citizens. However, if an application is made by an employee or office –bearer of any Corporation, Association, Company, NGO etc. indicating his name and such employee office bearer is a citizen of India, information may be supplied to him/her. In such cases, it would be presumed that a citizen has sought information at the address of the corporation etc.

(d) Public Authority

(2 Marks)

Ans. A “ public authority” is any authority or body or institution of self government established or constituted by or under the Constitution; or by any other law made by the Parliament or a State Legislature; or by notification issued or order made by the Central Government or a State Government . The bodies owned, controlled or substantially financed by the Central Government or State Government and non-Government organizations substantially financed by Central Government or a State Government also fall within the definition of public authority. The financing of the body or the NGO by the Government may be direct or indirect.

(e) Format of RTI Application

(2 Marks)

Ans. There is no prescribed format of application for seeking information. The application can be made plain paper. The application should, however, have the name and complete

postal address of the applicant. Even in cases where the information is sought electronically, the application should contain name and postal address of the applicant.

(Authority: Right to Information Act,2005)

10. Write short notes on the following:

(a) Chief Accounting Authority

(4 Marks)

Ans. Consequent on the departmentalization of accounts in the Ministry of Defence, Defence Secretary is the Chief Accounting Authority. This responsibility is discharged by him

through and with assistance of FA (DS) who function for and on behalf of the Chief Accounting Authority.

(b) Principal Accounts Officer

(4 Marks)

Ans. CGDA is the Principal Accounts Officer for the Civil Estimates of the Ministry of Defence. He is the HoD and functions on behalf of the FA(DS) in all matters affecting Internal Audit and Accounting in respect of expenditure pertaining to the "Defence Services (including Border roads, Coast Guard & CSD). CGDA prepares an "Annual Consolidated Balanced Accounts of Defence Services Receipts and Charges and sends them to DGADS, who, after check, endorses his Audit Certificate thereon and passes it on to the C& AG. CGDA prepares certain subsidiary statements in connection with the Appropriation Accounts as prescribed in Defence Audit Code and submits them to the FA(DS). He also renders an Annual Audit Certificate on the accounts of the Defence Services to the FA(DS).

(Authority: Para-2 OM-I(b) Para-21 OM-I)

11. What are the objectives and function of the Complaints Cell in a PCDA/CDA's office? How a complaint received through the office of the CGDA is monitored?

(8 Marks)

Ans. Objectives of the Complaints Cell are-

- To eliminate inordinate delay in Controller's office in dealing with personal claims pertaining to Defence Services Personnel, DAD employees, as well as third party claims.
- To ensure fair and impartial treatment to employees to make the administration more responsive to their needs.

The functions of the Complaints Cell are-

- To receive and register all complaint relating to personal claim in respect of Defence Services Personnel, DAD employees, as well as third party claims.
- To ensure expeditious disposal of all complaints by constant monitoring and liaising with sections/sub-offices concerned.
- To maintain, update and review the Complaint Registers and ensure their regular submission to GO/JCDA and CDA/PCDA regularly.
- To render monthly report regarding registered complaints received through CGDA in the prescribed format by 7th of the following month to the CGDA.

In respect of complaints received through CGDA, monthly report in a report in a prescribed proforma will be sent by 7th of the following month to the CGDA and also reflected in MPR.

(Authority: Para 818-822 OM-II)

12. Outline the general principles for entering into the contracts involving expenditure from public funds.

(8 Marks)

Ans. The following general principles have been laid for the guidance of authorities, which have to enter into contracts or agreements involving expenditure from Public Fund:

- (a) The terms of a contract must be precise and definite and there must be no room for ambiguity or misconstruction therein.
- (b) As far as possible, legal and financial advice should be taken in the drafting of contracts and before they are finally entered into.
- (c) Standard forms of contracts should be adopted, wherever possible, the terms to be subject to adequate prior scrutiny.
- (d) The terms of a contract once entered into should not be materially varied without the previous consent of the authority competent to enter into the contract as so varied.
- (e) No contract involving an uncertain or indefinite liability or any condition of an unusual character should be entered into without the previous consent of the competent financial authority.
- (f) Whenever practicable and advantageous, contracts should be placed only after tenders have been openly invited and in cases where the lowest tender is not accepted, reasons should be recorded.
- (g) In selecting the tender to be accepted the financial status of the individuals and firms tendering must be taken into consideration in addition to all other relevant factors.
- (h) Even in cases where a formal written contract is not made, no order for supplies etc. should be placed without at least a written agreement as to the price.
- (i) Provision must be made in contracts for safeguarding Government property entrusted to contractor.

(Authority: Para-231 of FR –I, Vol-I)

13. (a) What is meant by Single Tender?

(4 Marks)

Ans. Single Tender Enquiry (STE): Procurement from a single source may be resorted to with prior approval of the CFA and in consultation with the IFA, where required as per delegation of financial powers for reasons to be recorded in writing in the following circumstances, after determining reasonableness of the rates.

(b) Please list out the circumstances when single tender enquiry is resorted to?

(4 Marks)

Ans. Single Tender Enquiry may be adopted in the following circumstances:

- Where different makes of any equipment are in use but it is preferred to procure only one specific make because of emergency/urgency of requirement,
- For undertaken trials
- When there is only one known/established source, but the PAC status has not been approved by the CFA or
- When there are operational or technical reasons for doing so, which should, however, be recorded.

(Authority: Vol-I- Appendix 4)

14. (a) What is the responsibility of a Commanding officer regarding accounts?

(4 Marks)

Ans. The Commanding Officer shall be responsible that the accounts of his unit/ship/ establishment are kept in conformity with the regulations and that the rules for the distribution of pay are strictly observed.

(b) In the event of transfer of Command, what points regarding accounts will be kept in view by the officer taking over the Command?

(4 Marks)

Ans. In the event of transfer of Command, the Officer taking over charge shall satisfy himself that-

- The cash payments during the month shown in the cash book agree with the entries in the acquaintance rolls and the pay books or are supported by receipts and the vouchers wherever necessary.
- The amounts of money and stores handed over agree with the balances shown in the cash or stores accounts
- The amount of permanent advances given to meet contingent expenses has been account for and one copy of transfer certificate together with required copies of specimen of his signature are sent to CDA concerned soon after taking over.

(Authority: Para-1 & 2 of FR-II)

15. (a) Briefly explain the responsibility of officers incurring petty contingent expenses.

(4 Marks)

Ans. Every public officer should exercise the same vigilance in respect of petty contingent expenses as a person of ordinary prudence would exercise in spending his own money. The drawing officer is further responsible for seeing that the rules regarding the preparation of vouchers are observed, that the money is either required for immediate disbursement or has already been paid from the permanent advance, that the expenditure is within the available appropriation and that all steps have been taken with a view to obtain an additional allotment if the original allotment has either been exceeded or is likely to be exceeded.

(b) What is the duty of the officer countersigning the contingent bills?

(4 Marks)

Ans. It is the duty a countersigning officer to see that the charges made in a contingent bill are of obvious necessity, and are at fair and reasonable rates, that previous sanction for any item requiring it, it attached, that the requisite vouchers are all received and in order, and that the calculations are correct and specially that the allotments have not been exceeded or are likely to be exceeded, and that the Controller of Defence Accounts is informed either by a note on the bill or otherwise of a reason for any excess over the monthly proportion of the appropriation. If expenditure be progressing too rapidly, the Controller of Defence Accounts should communicate with the disbursing officers and insist on its being checked.

(Authority: Para-276 & 277 of FR-I: Vol.I)

16. (a) The CGDA shall not be overruled by the Ministry of Defence on a question of rule or procedure in relation to Defence Services. Comment.

(4 Marks)

Ans. The CGDA shall not be overruled by the Ministry of Defence on a question of rule or procedure in relation to Defence Services expenditure without the occurrence of the Comptroller and Auditor General and the Ministry of Finance

(b) The Controllers of Defence Accounts are also entrusted with the duty of keeping a watch on the progress of expenditure against sanctioned allotments. Comment.

Ans. The Controllers of Defence Accounts are also entrusted with the duty of keeping a watch on the progress of expenditure against sanctioned allotments and to bring to the notice of the allottees and the immediate higher authorities, cases in which the progress of expenditure is, in the opinion of the Accounts authorities, abnormally heavy or unusually low,. However, the administrative authority controlling an allotment and not the Controller of Defence Accounts is primarily responsible for the control of expenditure against the allotment, but wherever cases of abnormally heavy or unusually low expenditure are brought to the notice of the Controlling authorities, they will take immediate action as indicated below-

- Where expenditure in the past has been heavy they should regulate their future expenditure so as to be within the allotment or obtain from the higher authorities

additional allotment explaining fully their reasons for asking for an additional allotment.

- Where savings can be foreseen, they should immediately surrender such portion of the allotment as is not likely to be necessary for the rest of the year.

(Authority: Para-176 & 160 of FR-I: Vol.I)

DEFENCE ACCOUNTS DEPARTMENT

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5. Reason must be given in support of the answers. Authority must be quoted in support of the answers.

1. (a) When a supplementary pay bill is required to be prepared, what checks are to be carried out by the task holder? Mention any four check points.

(2 Marks)

Ans. A supplementary pay bills is prepared to draw arrears of pay and allowances. While auditing the supplementary pay bill, the task holder is required to carry out following checks:

- Appropriate deductions on account of income tax have been made.
- Rent of accommodation; where recoverable have been made with reference to the rules prescribed on subject.
- The amount claimed for each month has been shown separately with quotation of the bill from which the charge was omitted or withheld or on which it was refunded by deduction, or with reference to the treasury receipt on which it was credited to Govt.
- The reference to special order of competent authority granting a new allowance, antedated promotion, etc has been indicated.

(Authority: Para 361 of OM-II, Vol-I)

- (b) A task holder of store section has put up a case for destruction of records concerning cash security deposit and files, which are more than 30 years old. Comment.

(2 Marks)

Ans. As per provisions, a period of 35 years has been prescribed for destruction of records

concerning cash security deposit and files. Therefore only those records can be destroyed which are 35 years or more old and task holder needs to be advised to review his proposal.

(Authority: Sl. No. 18 of Annexure A to Para 61 of OM-II, Vol-I)

- (c) A clerk posted in CDA office has represented against deduction of income tax from the children education allowance re-imbursed to him. Comment.

(2 Marks)

Ans. As per income tax rules Rs. 100/- per month per child is eligible for exemption out of Children Education Allowance received by the assess employee. On the payment received by the employee on account of CEA over and above this amount TDS is liable to be deducted.

- (d) As an AAO what system of filing you will suggest for your section/group?

(2 Marks)

Ans. As per extant instructions, following system of filing is to be adopted by the section/group:-

- A file will consist of a jacket or case cover on the outside of which will be shown the subject of the file, the distinguishing letter of the section followed by a stroke and the no. of file.
- Papers will be filed serially according to the dates of the receipt and issue, the oldest at the bottom and the latest at the top.
- Demi-officially correspondences will be placed on the files concerned, unless this is considered desirable. Office notes follow the ordinary rule and will be filed with the papers in connection with which the office noting arose.
- Pages in a file should be numbered and cross linked with previous and subsequent pages relating to the matters dealt with in a page.

(Authority: Para 458(ii) of OM-I)

2. (a) A Commanding Officer(CO) of Task Force has requested PAO(GREF) to advise him how to open a new Imprest account. Comment.

(2 Marks)

Ans. For opening of a new Imprest Account for Task Force, first of all sanction of Chief Engineer/DGBR is required to be obtained. After obtaining the sanction, forward a statement of case (SOC) to PAO (GREF), alongwith ink signed copy of the sanction.

The imprest no. will be allotted by PAO(GREF) and intimated to the unit. Simultaneously a cash requisition book will be issued for drawal of cash from cash assignment. The ceiling monetary limit will be notified in the imprest sanctioning letter itself by Chief Engineer/DGBR as the same may be. CML upto Rs. 2,000/- or upto 10 days will be sanctioned by Chief Engineer and CML upto Rs. 2,000/- or upto 10 days will be sanctioned by Chief Engineer and CML exceeding Rs. 2,000/- and beyond 10 days will be sanctioned by the DGBR.

(Authority: Addenda VIII to OM-XIII)

- (b) How adjustment of advances of Travelling Allowance is monitored in the main office of PCDA(BR)

Ans. The adjustment of advances of travelling allowance is monitored in the PCDA office in the following manner.

- All advances of travelling allowances are entered in the demand register at the time of payment maintained in the concerned section of PCDA (BR) office.
- All advances of travelling allowances, which are communicated by another Audit officer through LPC or IAFA-524, are also entered in the demand register.
- To ensure this being done, all LPCs received in the office from other audit officers, in which advances of travelling allowances are recorded, are invariably sent to the concerned section by other sections who receive.

- The LPC are returned to the section concerned after note.
- Advances of travelling allowances are adjusted by the submission of bills on completion of the journey or tour; such bills are invariably be called if not received within a reasonable time.

(Authority: Para 27 of OM-XIII)

(c) What are the points to be seen while auditing the ration allowance claims of GREF Personnel?

(2 Marks)

Ans. While auditing the ration allowance claims of GREF personals following points are required to be seen:-

- The ration allowance is admitted with reference to authorized strength of HQrs. DGBR and a certificate to this effect is enclosed with the claim.
- The last charge is linked to see that the allowance has been authorized to the individual who have drawn last month.
- Do Pt.-II orders are linked whenever any omission or new names appear in the nominal roll.
- Ration Allowance is not be allowed to the individuals who are on temporary duty.
- For any arrears on account of enhanced rate the last nominal rolls is checked before admitting the arrears.
- The ration allowance claims of all the officers/staff should be audited and authorized in one batch to enable the HQrs. DGBR to make payment on a suitable date to all the eligible members.
- In addition to the regular strength, the ration allowance claims of the staff attached to HQrs. DGBR can be allowed provided they are otherwise eligible. It should be restricted upto 6 months continuously.

(Authority: Para-42 of OM-XIII)

(d) How AAO (Stores) can prevent double payments against a bill?

Ans. The AAO(Stores) is required to follow the following procedure to prevent double payments:-

- All supply orders, transport indents and local purchase vouchers supporting the bill, although they are marked as "original" should be verified in full with the entries in the register of payments to local purchase contractors to ensure that a previous payment in respect of the same bill, supply order, etc. has not been made. For this purpose, the register will be regarded as the sole authentic record and should be kept under lock and key when not in use;
- The AAO (Stores) will ensure that the initial verification by the auditor should be checked by another auditor in full by a system of rotation. The vouchers should be suitably enfaced under their dated signature by both the auditor and the checker as "verified with register of payment to the local purchase contractors" respectively. They will also endorse a certificate to this effect on the bill.
- The AAO(Stores) will ensure that all vouchers for which payment is authorized should be enfaced by the auditor who passed the bills initially, and the work will be subject to a cent percent verification by the clerk who is in charge of preparation of the daily payment sheets of the section as a whole.
- He will also ensure that the auditor will also enter on the body of bill, below the payment endorsement, under his dated initials, the total no. of voucher (in figures as well as in words) for which payment is authorized.

- The page no. of particular volume of register of payments to local purchase contractors in which the voucher has been posted while passing bill will also be noted by the auditors concerned.
- The auditor will then pass on the bill without detaching the supporting vouchers to the clerk preparing the daily payment sheets.

(Authority: Para 516 of OM-II, Vol-I)

3. (a) What is the role of Judge Advocate General's Department?

(2 Marks)

Ans. The Judge Advocate General's (JAG) Department is responsible for giving advice on all legal matters including the operation of the Army Act and other Military rules. JAG's Department officers are employed at Command HQrs. and Army HQrs. for giving necessary advice to the GoC-in-C and COAS.

(Authority: Sl. No. 17 under Para 4 of Appx. A to DSE)

(b) What is the role & responsibility of CDA(IDS) New Delhi?

(2 Marks)

Ans. The CDA (IDS) is responsible for providing accounting, audit and payment services to the tri-services organization functioning under the HQrs. IDS. The CDA(IDS) deals with the audit, payment of bill pertaining to stores, miscellaneous/contingent items and works bills in respect of organizations under HQrs. IDS in the around New Delhi. The CDA(IDS) is operating as a self accounting unit.

(Authority: Appx. B to DSE)

(c) What are the instructions regarding compilation and adjustment of Transfer between Office (TBOs) for Border Road Organization?

(2 Marks)

Ans. For compilation and adjustment of Transfer between Officers(TBOs) for Border Road Organization following instructions needs to be adhered to:

- The amounts compiled through TBOs on account of transfer of stores etc between various GREF formations are to be rough to NIL balance at the end of a year.
- The office originating TBO should ensure that the copies of issue vouchers submitted by the consignor for raising debit through TO is supported with a copy of the sanction accorded by the competent authority for transfer of the stores showing job no. of the consignee to which the stores have been transferred and that the issue voucher has been accepted by the consignee and bear allocation duly indicating the code head of the consignee.
- The issue voucher should also bear receipt voucher no. and date of the consignee.
- No TBO should be raised unless the debit voucher has been accepted by the consignee.
- Accounts officers of the Responding unit should ensure that TBOs are adjusted by them in the same month of their receipt and not kept pending or sent for acceptance as the issue voucher already bears receipt voucher no. and the date of the consignee and has been accepted.

(Authority: Rule 69 of OM-XIII)

(d) When nominal issue voucher is issued in GREF?

(2 Marks)

Ans. Nominal vouchers are issued in respect of stores which are not required to be struck off or brought on charge by the issuing /receiving formation as also those on which expendable

stores are issued to the various branches/directorates/sections for experimental test purposes will not be sent for linking.

Nominal vouchers are also prepared in case of wrong receipt of stores by the stores depot. In such cases, the depot receiving the stores will redirect the stores to the appropriate consignee and on receipt of receipted copies for the same release the office copy of the nominal voucher to the dependent Sr. AO/AO of the original consignor.

(Authority: Para 404 & 405 of OM-XIII)

- 4 (a) A charge sheet under sheet under Rule 14 of CCS(CCA) Rules has been issued to a Government servant after consulting CVC. The disciplinary authority after considering the written statement of defence submitted by the accused Govt. servant decided to drop all the charges. Comment.

(2 Marks)

Ans. The disciplinary authority has inherent powers to drop some of the charges or all the charges or all the charges after examination of the written statement of the defence. However, CVC is required to be consulted in the case since disciplinary proceedings under Rule 14 of CCS (CCA) Rules were initiated after obtaining CVC advice.

(Authority: Gol, MHA OM NO. 11012/2/79-Estt(A) dt 12.03.1981 & OM No. 11012/8/82-Estt(A) dt. 08.12.1982 under Rule 14 of CCS (CCA) Rules)

- (b) A Government servant who was removed from service has applied for employment under the Government. How his application is required to be processed?

(2 Marks)

Ans. The removal from service is not a disqualification for future employment under the Government. Hence, his application is required to be processed on merit.

(Auth: Rule 11(VIII) of CCS(CCA) Rules)

- (c) An individual has asked for information under RTI Act, about a case which is under investigation with CVO? Comment.

(2 Marks)

Ans. There is no obligation to give information in respect of a case, which is under investigation with CVO as it may impede that process of investigation.

(Authority: Section 8(1) (h) of RTI Act, 2005)

- (d) An applicant has approached the Central Public Information Officer(CPIO) of Defence Accounts Department and made an oral request for information. What action is required to be taken in such situation?

(2 Marks)

Ans. Under RTI Act there is a provision for making oral request for information. The CPIO of DAD may, therefore, accept an oral request, which may, subsequently, be reduce in writing or render reasonable assistance to such person in making a written request and provide the information.

(Authority: Comment under Section 6 of RTI Act, 2005)

5. (a) What documents are required to be submitted along with appeal to Central Information Commission (CIC) ?

(2 Marks)

Ans. Following documents are required to be submitted along with the appeal to Central Information Commission:

- Self attested copies of the orders or documents against which the appeal is being preferred.

- Copies of documents relied upon by the appellant and referred to in the appeal.; and
- An index of the documents referred to in the appeal.

(Authority: Rule 4 of CIC(Appeal Procedure) Rule, 2005)

- (b) One appellant has authorized his representative to attend the hearing in an appeal case in RTI on his behalf. Comment.

(2 Marks)

Ans. Under RTI Act, the appellant, at his discretion can authorize his representative to attend the hearing of the appeal or complaint by the commission. In view of this the action of appellant to appoint representative to represent him is in order.

(Authority: Rule 7(2) of CIC (Appeal Procedure) Rules, 2005)

- (c) Central Public Information Officer (CPIO) has submitted a representation to CIC against a penalty of Rs. 35,000 (Thirty five thousand rupees) imposed on him for providing misleading information? Comment.

(2 Marks)

Ans. Under RTI Act a penalty can be imposed on CPIO for providing misleading information. However, the total amount of penalty shall not exceed Rs. 25,000/- in any case. Thus, representation of CPIO against imposition of a penalty of Rs. 35,000/- in a case is in justified.

(Authority: Rule 20 of RTI Act, 2005)

- (d) What is the scope of right to information?

(2 Marks)

Ans. The Right to Information includes the right to information accessible under the ACT which is held by or under the control of any public authority and includes the right to –

- Inspection of work, documents, records.
- Taking notes, extracts or certified copies of documents or records,
- Taking certified samples of material.
- Obtaining information in the form of diskettes, floppies, tapes, video cassettes or in any other electronic mode or through printouts where such information is stores in a computer or in any other device.

(Authority: Rule 2(j) of RTI Act, 2005)

6. (a) One LAO has reported a case of serious financial irregularity amounting to Rs. 4.75 lakhs for inclusion in the Quarterly report on Major Financial Accounting Irregularities. What action is required to be taken by the CDA office?

(2 Marks)

Ans. As per CGDA instructions, cases in which the value of financial irregularities or loss involved is Rs. 5 lakhs or more in each case, are to be included in the Major Financial and Accounting Irregularities. However, Controllers at their discretion can include cases which disclose loopholes for fraud, defalcation etc. regardless of the financial limit of Rs. 5 lakhs. Thus, the case of serious financial irregularity amounting to Rs. 4.75 lakhs could be included in MAFI report by the CDA.

(Authority: Para 523 (a) (ii) of Defence Audit Code)

- (b) What is the purpose of Annual Audit Certificate furnished by the Controllers to CGDA Office?

(2 Marks)

Ans. The purpose of Annual Audit Certificate furnished by controllers is report whether the expenditure contained in Appropriation Accounts for the year has been incurred for the stipulated purpose with the sanction of appropriate CFA or not. Controllers should, mention

in the AAC reservations and specific instances thereof in regard to the items considered important enough to be brought to the notice of Public Accounts Committee viz. Serious Irregularities in respect of store accounts, stock verification, use of transport, etc. irrespective of whether the authority competent to regularize them is Govt. or not.

(Authority: Para 540 of Defence Audit Code)

- (c) When a cheque is cancelled and a fresh one is issued how the punching medium (PM) for the transaction will be made?

(2 Marks)

Ans. When a cheque is cancelled and a fresh one is issued in lieu, the amount will be adjusted by credit to the head "cheques and bills" for the cheque drawn and debit (minus receipt) to the head "Cheques and bill" which was credited at the time the cancelled cheque was drawn.

(Authority: Para 95(ix) of Defence Accounts Code)

- (d) When Defence Exchange Account is operated?

(2 Marks)

Ans. The Defence Exchange account is operated for the adjustment of transactions of following types only:-

- Transactions pertaining to Debt and Remittance heads.
- Transaction for the settlement or adjustment of which a particular Controller is centrally responsible e.g. ILAC transactions which are settled centrally by the PCDA, New Delhi transactions which cannot be booked to final heads by different CsDA such as GPF recoveries etc.
- Imprest Advance Payments to Naval/Air Force personnel from Army sources and vice versa.

(Authority: Para 109 of Defence Accounts Code)

7. (a) What is the purpose of scale audit done by PCDA(O) and what is the role of Regional Controllers?

(2 Marks)

Ans. The purpose of scale audit by PCDA (O) is to see that the effective(paid) strength of Army Officers in a unit/formation as shown in the nominal roll is within the number authorized in the relative peace/war/interim establishment, and that the number of officers paid in different ranks in each unit agrees with the no. of officers shown in the nominal roll. It is conducted on the basis of the total number of officers in the ranks of Lieutenant to Major (Lt. Col. in the case of AMC in each unit/formation without regard to the actual ranks authorized in the unit's establishments.

The scale check of units/formations where the appointments are generally military but certain of which are classified as tenable either by military officers of a certain rank or Civilian Gazetted Officers (CGOs) of a corresponding status is also done by the PCDA (O).

The regional CDAs render monthly numerical returns of CGOs appointed against vacancies tenable by military officers or CGOs in the prescribed Performa to facilitate above check.

(Authority: Para -154 of Defence Audit Code)

- (b) Mention the circumstances when Local Purchase of ASC fresh items can be resorted to by the executive authorities.

(2 Marks)

- Ans. Local Purchase of ASC fresh items can be resorted to by the executive authorities in following circumstances:
- When the demand for the article is so spasmodic that neither central nor local contracts have been or can be made.
 - For troops on the line of march, camp etc, where supplies under normal arrangements are not available or are likely to be delayed
 - When the demand for the articles is so small that it is not economical or desirable to obtain requirements from the normal source of supply.
 - When purchase are made for which no tenders are received or the tenders are unacceptable and
 - In an emergency, when supplies have to be delivered to troops at out the way places and cannot be supplied by rail or road or where procurement by contract or Short Term Agreement is impracticable.

(Authority: Para 306(8) of Defence Audit Code)

- (c) There are unclaimed deposits of Rs. 10 crore in the General Provident Fund accounts maintained by CDA Funds. What action is required to be taken?

(2 Marks)

- Ans. The unclaimed General Provident Fund Deposits remaining unclaimed for more than six months are to be transferred to the concerned deposit head and to be relieved as and when the payment of the accumulated balances is subsequently made. These heads are operated by the Controllers who maintain the fund accounts.

In view of above provision, the unclaimed deposits of Rs. 10 crores with CDA(Funds) which are unclaimed for more than six month, shall be transferred to the concerned deposit head by CDA(Funds).

(Authority: Para 210 of Defence Accounts Code)

- (d) An annual statement of review of balances prepared by a Controller's office contains what information?

(2 Marks)

- Ans. The Annual statement of review of balances prepared by a controller's office contains following information:-

- A statement of each ledger balance which is explained (with year-wise break up).
- An explanation of the nature and condition of the liability involved in it.
- A statement of the nature of detailed accounts kept of the transactions concerned with it; and how far the final results of these detailed accounts work upto, and agree with, the balance on the ledger.
- Information as to whether the person or persons by whom the balance is owned or from whom it is due admit its correctness and if they do not, where the difference lies. This does not apply to such items as Deposits.

(Authority: Para 141 of Defence Accounts Code)

8. (a) What is the principle of re-appropriation?

(2 Marks)

- Ans. The cardinal principle of re-appropriation is that an authority can re-appropriate only in respect of savings arising out of the allotment placed at his disposal.

(Authority: Para-192 of Defence Accounts Code)

- (b) Why 'vote on account' is obtained from Parliament by the Government?

(2 Marks)

Ans. No amount can be withdrawn from the Consolidated Fund without the enactment of a law by Parliament. Therefore, after the Demands of Grants are passed, Parliament's approval to the withdrawal from the Consolidated Fund of the amounts voted and of the amounts required to meet the expenditure charged on the Consolidated Fund is sought through an Appropriation Bill. The process of detailed consideration of the Demands of grants is not completed before the commencement of a new financial year.

Therefore, to enable the Govt. to carry on its normal activities from 1st April till such time as the Appropriation Bill is enacted, a Vote on Account is obtained from Parliament through an Appropriation (Vote on Account) Bill.

(Authority: Para 180 of Defence Accounts Code)

(c) A payment voucher has been prepared without supporting payee receipts. Comment.

(2 Marks)

Ans. In all cases in which it is not possible or expedient to support a payment by voucher or by the payee's receipt, a certificate of payment duly signed by the Disbursing Officer and countersigned by his superior officer, together with a memorandum explaining the circumstances, should invariably be placed on record and submitted to the Accounts Officer, where necessary.

Full particulars of the claims should invariably be set forth; and where this necessitates the use of a regular bill form, the certificate itself may be recorded thereon.

If a payment voucher has been prepared without supporting payee receipts, it shall be ensured that the above requirements are completed by the Disbursing Officer.

(Authority: Rule 57 of Receipts & Payment Rules)

(d) What are the instructions regarding payment of a bill with thumb impression?

(2 Marks)

Ans. The bill can be accepted in audit, provided the thumb impression shall be attested by some known person.

(Authority: Rule 35(1) of Receipts & Payments Rules)

9. (a) When a bill becomes a voucher?

(2 Marks)

Ans. A bill becomes a voucher only when it is receipted and stamped 'PAID'.

(Authority: Explanation under Rule 28 of Receipt of Payment Rules)

(b) A supplier has objected deduction of income tax from the payment due to him against the bill of supplies. Comment.

(2 Marks)

Ans. Income tax is required to be deducted at source at the rate of 2% in all cases of payment to contractors and sub-contractors exceeding Rs. 10,000 in terms of provisions of Section 194-C of the Income Tax Act, 1961. However, if the bill amount is less than Rs. 10,000 no TDS is required to be deducted.

(Authority: Note 2 under Rule 30(2) of Receipts & Payment Rules)

(c) A bill amounting to Rs. 2 crores on account of procurement of machinery and equipment by Ordnance Factories through trade sources for maintenance/upkeep other than capital has been received for payment. Mention the Major Head, Minor Head and detailed code heads to which the expenditure will be booked.

(2 Marks)

- Ans. The expenditure amounting to Rs. 2.00 crores on account of procurement of machinery and equipment by Ordnance Factories through trade sources for maintenance/upkeep other than capital is to be booked to be following head:
Major Head – 2079, Minor Head- 053(i), Detailed Code Head-807/01
(Authority: Expenditure Heads(Revenue Accounts) Classification Hand Book, 2007)
- (d) An amount of Rs. 10,000/- has been recovered from Army Officers and others on account of equipment damaged and deficient with regiments and batteries. Mention the Major, Minor and detailed code heads to which the amount is required to be credited.
(2 Marks)
- Ans. The amount of Rs. 10,000 recovered from Army officers and others on account of equipment damaged and deficient with regiments and batteries is to be credited to the following head:-
Major Head- 0076, Minor Head-101(a)(Army), Detailed Code Head- 101/30
(Authority: Receipt Heads, Classification Hand Book, 2007)
10. (a) The sanction of Chief of Army Staff(COAS) has been obtained to write off the loss amounting to Rs. 5 lakhs occurred in Sena Bhawan, New Delhi. Comment.
(2 Marks)
- Ans. All cases of losses in Armed Forces HQrs. shall be investigated by the head of office and submitted to the orders of Ministry of Defence irrespective of the amount and the cause of the loss.
In view of the above, the sanction of Chief of Army Staff (COAS) obtained to write off the loss amounting to 5 lakhs occurred in Sena Bhawan, New Delhi is not in order.
(Authority: Rule 168 of FR-I, Vol-I)
- (b) The Commanding Officer of a unit has incurred the expenditure on an object which has been objected by audit authority. Comment.
(2 Marks)
- Ans. In cases where the regularity of an item of expenditure has been challenged in audit, no expenditure shall be incurred by the Commanding Officer without the previous written consent of the CDA concerned for the same item.
(Authority: Rule 34 of FR –I , Vol-I)
- (c) During the audit of personal claims it has come to notice that an overpayment to the tune of Rs. 10,000/- has taken place 22 (twenty two) months back. What action CDA is required to take in the matter?
(2 Marks)
- Ans. The CDA will call upon the individual concerned, through the competent financial authority, to show cause why recovery should not be enforced. On receipt of individual's reply the competent financial authority will decide whether the amount should be written off, or whether recovery should be effected , and will inform the CDA and individual concerned accordingly. In cases, where the CFA remits an overpayment his reasons for doing so must be recorded.
(Authority: Rule 179(b) of FR-I, Vol-I)
- (d) What action is required to be taken by an audit officer, in case Last Pay Certificate (LPC) of an officer is not forthcoming?
(2 Marks)
- Ans. In case Last Pay Certificate(LPC) of an officer is not forthcoming , the audit officer may allow provisional payment of pay and allowances, on the basis of a certificate submitted by the

individual stating (i) the rates of pay and allowances to which he is entitled and the date upto and for which he has last paid (ii) the particular authority or agency by which he was so paid (iii) the fund deductions and the amount of advance/advances, if any, which may have been made, pending receipt of the LPC or certified copy thereof.

(Authority: Rule 75 of FR-II)

11. (a) Whether government receipts could be appropriated towards departmental expenditure? **(2 Marks)**

Ans. The appropriation of receipt to meet departmental expenditure, except when specially authorized, is strictly prohibited.

However, in case of Navy, Ships/Establishments may receive in their cash accounts receipts on account of payment issues of items of clothing/victual ling stores and other small misc. items of refunds/recoveries and also appropriate and same towards departmental expenditure. In case of Air Force also, Units may receive in their Cash Accounts receipts on account of payment issues and other Misc. items or Refunds/Recoveries and re-appropriate the same towards expenditure.

(Authority: Rule 14 of FR-I, Vol.-I)

- (b) What are the conditions under which the defence expenditure could be sanctioned? **(2 Marks)**

Ans. Expenditure from the Defence Services Estimates is sanctioned by MoD and by the authorities subordinate to it on following conditions:-

- The expenditure must pertain to the Defence Services.
- The exercise of delegated power is subject to the observance of any general or special directions which the authority delegating power may issue at any time, whether generally or with reference to a particular case.
- No expenditure which has not been provided for in the budget or, if provided in the budget, has not been duly sanctioned, shall be authorized without the concurrence of the financial advisor concerned.

(Authority: Rule 53 of FR –I, Vol-I)

- (c) What is the purpose of providing TTIEG grant to Director Armored Corps? **(2 Marks)**

Ans. The TTIEG is a grant made available to the Directorate Armored Corps in the Defence Services Estimates, to enable him to exercise administrative control over training of the Mechanized Infantry Regiment and its expenditure.

(Authority: Para 1 of Appendix 29 of FR-II)

- (d) A retired Indian Army PBOR settled in United Kingdom after retirement requested for the payment of his credit balance in his IRLA to his bank account held in London. Comment. **(2 Marks)**

Ans. Dues, if any, in respect of ex- Indian Army Personnel who have taken up residence ex-India will be paid in India and the payee should make his own arrangement for remittance through normal banking channels. However, where specific requests for payments in foreign countries are made, the individual should be advised to refer the matter to Army HQrs. for obtaining special sanction of Government from foreign exchange angle. In view of this provision the PBOR may be advised to submit his request to Army HQrs.

(Authority: Rule 153 of FR-II)

12. (a) Army HQrs. has submitted a proposal for creation of post of civilians for 3 years to obtain sanction of Ministry of Defence. Comment. **(2 Marks)**

Ans. Ministry of Defence have powers to create posts of civilians in the prescribed scale for a period not exceeding two years only. In case extension of such posts is considered necessary, the proposals should be submitted to ISEC/ASEC/AFSEC/NSEC, for examination in the usual manner and approval of Government obtained.
In view of the above, the proposal of Army HQrs. for creation of post of civilians for 3 years cannot be approved by MoD.

(Authority: Rule 55 of FR-I, Vol-I)

(b) An authority has sanctioned a measure in installments. Comment.

(2 Marks)

Ans. No measure which requires the sanction of higher authority shall be sanctioned by a lower authority in installments. Thus, the action of the lower authority to sanction the proposal by splitting the requirement/in installments is not in order.

(Authority: Rule 64 of FR –I, Vol-I)

(c) What is the procedure for payments to Gorkha ranks on leave in Nepal?

(2 Marks)

Ans. Payments is made by Recruiting Officers and Assistant Recruiting Officers for Gorkhas, Kunraghat, Ghoom and Laheria Sarai and the Indian Embassy in Nepal from the assignments placed at their disposal by PCDA(CC). The payments is made on acquaintance rolls prepared in duplicate and entered in IAB-64. Acquaintance roll summary is however, prepared in quadruplicate, one copy is retained as office copy. Two copies are sent to the PAO concerned along with the original Acquaintance rolls and fourth copy sent to the PCDA(CC) along with General State of Account. The PAO returns one copy of the schedule to the PCDA(CC) for linking and record.

(Authority: Rule 148 of FR –II)

(d) A civilian gazetted officer has been appointed as Imprest holder. Comment.

(2 Marks)

Ans. Imprest Holders will ordinarily be military officers of rank not below that of Captain, but a Subaltern may be appointed when no officer of higher rank is available. Where a military officer is not available, a Civilian Gazetted Officer may be appointed as Imprest Holder but not a JCO unless he himself is the Commanding Officer of the Unit.

In view of the above, a civilian Gazetted officer can be appointed as Imprest holder.

(Authority: Para 4 of Appendix 26 of FR –II)

13. (a) What is the fundamental rule of budgetary control system?

(2 Marks)

Ans. The fundamental rule on which the whole system of budgetary control rests is that no item of public expenditure may be incurred unless provision exists to meet it in the sanctioned budget estimates of the year concerned.

(Authority: Rule 101 of FR-I, Vol-I)

(b) Re- appropriation by transferring funds under the same controlled head between Commands has been carried out by the Army HQrs. Comment.

(2 Marks)

Ans. No formal re-appropriation is necessary for transferring funds under the same control head between Commands, Areas, Sub Areas, Institutions and Depots etc. Such transfers are affected by first withdrawing savings surrendered by one commands etc. and then re-allotting as required.

In view of the above provision, the Re-appropriation by transferring funds under the same controlled head between Commands by the Army HQrs. is in order.

(Authority: Rule 118(x) of FR-I, Vol-I)

- (c) What is the composition of Weapon Procurement Committee-I(WPC-I) constituted for procurement of weapon stores for Navy?

(2 Marks)

Ans. The composition of Weapon Procurement Committee-I(WPC-I) constituted for procurement of weapon stores for Navy is as follows:-

Chairman	-	COM
Financial Advisor	-	
Technical Member		
Inspection Member		
Indentor		
Procurement Member		

(Authority: Para 5(b)(i) & 6 of Annexure 5 to NI 1/S/2006 of FR-I, Vol-II)

- (d) Who will be the Competent Financial Authority (CFA) to accord necessity angle approval for procurement of maintenance stores (Air) from indigenous sources other than PSUs and govt. departments against provisioning review for a proposal amounting to Rs. 10.30 Crore?

(2 Marks)

Ans. The VCAS/AOM in consultation with IFA will be the Competent Financial Authority(CFA) to accord necessity angle approval for procurement of maintenance stores(Air) from indigenous sources other than PSUs and govt. departments against provisioning review for a proposal amounting to Rs. 10.30 Crore.

(Authority: Sl. No. (B)(i) of Schedule XII to DFPR(AF)- 2006, FR-I, Vol-II)

14. (a) The LAO, 515 ABWS wants to carry out the physical verification of stock held by the workshop. Comment.

(2 Marks)

Ans. The responsibility for carrying out stock-verification rests primarily and solely on the executive authorities concerned. However, physical verification of stock may be carried out at any time by an officer of Defence Accounts Deptt. whenever such verification is considered necessary by the Department.

In view of the above provision, the LAO, 515 ABWS is authorized to carry out the physical verification of stock held by the workshop.

(Authority: Rule 30 of FR-I, Vol-I)

- (b) An Imprest holder has delegated the responsibility for operation of funds to another person. Comment.

(2 Marks)

Ans. The import account is to be personally operated by the Imprest Holder. It is not permissible for him to delegate the responsibility for operation of funds to another person except in case of Indian Navy where the Imprest holder may authorize his supply officer to operate the account.

(Authority: Rule 27 of FR-I, Vol-I)

- (c) A tender was issued for supply of meat group items by the HQrs. Central Command. The lowest bidder has quoted an amount of Rs. 500 lakhs for supplies. The IFA has advised that the case may be submitted to QMG branch for sanction. Comment.

(2 Marks)

Ans. As per delegation of financial powers GoC-in-C is competent to sanction contract upto Rs. 400 Laksh in consultation with IFA. Since, lowest bidder for Meat Group items supply contract has quoted Rs. 500 lakhs, therefore, it will require sanction of higher CFA i.e. QMG in the instant case.

In view of the above, the IFA advise to submit the case to QMG branch for sanction is correct.

(Authority: Schedule XIII of FR-I, Vol-II amended vide DFPR(Army-2006)

(d) Mention the Competent Financial Authorities (CFA) who has been delegated financial powers to approve expenditure for introduction of new items and its scales in Air Force.

(2 Marks)

Ans. The under mentioned authorities of Air Force, have delegated financial powers for approval of expenditure for introduction of new items and scales:-

	Without IFA Consultation	With IFA consultation
ASEPC(DCAS)	Nil	Rs. 10,00,00,000/-
ASEPSC Maint(AOM)	Nil	Rs. 5,00,00,000/-

(Authority: Sl. No. (J1B) of Schedule XII to DFPR(AF)- 2006, FR-I, Vol-II)

15. (a) After the close of year, it has been noticed that excess expenditure has been incurred over modified allotments under locally controlled head. What action is required to be taken by CDA and local authorities?

(2 Marks)

Ans. In cases where excesses over modified allotments under locally controlled heads are noticed after the close of the year they should be brought to the notice of local authorities by the CDA.

The local authorities will report all such excesses with full explanations for the excesses to the controlling authority at Armed Forces HQrs. through the CDA concerned. When this has been done, the CDA can remove his objection to the excesses.

(Authority: Rule 120 of FR-I, Vol-I)

(b) A DDO has refunded the Income Tax deducted from the salary due to the officer. Comment.

(2 Marks)

Ans. A DDO is not competent to refund the income tax deducted from the salary of the officer. The refund of income tax can be claimed from the income-tax officer concerned by submitting the usual income tax return at the close for the financial year. Thus the action of DDO to give refund in the case is not in order.

(Authority: Rule 24(iv) of FR-II)

(c) What is the responsibility of Commanding Officer regarding accounts?

(2 Marks)

Ans. The Commanding Officer is responsible to ensure that the accounts of his unit/ship establishment are kept in conformity with the regulations and that the rules for the distribution of pay are strictly observed.

(Authority: Rule 1 of FR-II)

(d) For what purpose Supply and Services(S&S) Imprest is provided to units and formations including supply depots?

(2 Marks)

Ans. The supply and services imprest is provided to Units/formations for the following purposes:-

- Payment of supplies/stores locally.
- Payment of hire charges for porters, ponies, camels, labour and civil transport.

- Payment of Excise duty on rum, allied levies on account of storage licence fee and gallonage fee.
- Payment of charges on account of water supply drawn from civil sources to troops deployed in forward areas.
- Payment of ASC Contractor's bills for fresh supplies and firewood to the extent of 90% subject to post audit.

(Authority: Para 1 of Appendix 28 of FR-II)

16. (a) A contractor has preferred a claim for payment after four years. What action is required to be taken by executive and by the CDA?

(2 Marks)

Ans. The maximum period of limitation for contractor's claim is 3 years. The CDA shall, therefore, not admit the claim for payment preferred by a contractor which is four years old, as the same is a time barred claim and intimate the executives that sanction of the Govt. of India would be required to admit the claim. The executives may, therefore, process the case for obtaining Govt. of India sanction giving full justification for payment against the claim which is four year old.

(Authority: Rule 191 of FR-I, Vol-I)

- (b) The enhanced rates of negotiated milk contract have been sanctioned by the authority that sanctioned the contract. Comment.

(2 Marks)

Ans. There is provision of enhancement of contract rates in the negotiated contract for milk, therefore, the competent authority who sanction the contract can such enhancement of contract rates, provided the total value of negotiated contract with enhanced rate falls within the delegated financial power of the same authority.

(Authority: Note under Rule 247 of FR-I, Vol-I)

- (c) AOC-in-C has accorded Administrative Approval for a civil works proposal (authorized work) amounting to Rs. 500 lakhs without consulting IFA. Comment.

(2 Marks)

Ans. As per delegation of financial power, AOC-in-C is competent to sanction civil works (authorized work) upto Rs. 500 lakhs in consultation with IFA. Therefore, the action of AOC-in-C to sanction civil works amounting to Rs. 500 lakhs without consulting IFA, is not in order and would require approval of next higher CFA i.e AOA(in whose delegated financial powers the proposal falls) at Air HQrs. The AOA can accord ex post facto sanction in consultation of his IFA.

(Authority: Sl. No. 1(A) of Schedule XVIII to DFPR(AF) -2006, FR-I, Vol-II)

- (d) What is the allocation under Special Financial Powers/ACSFP for Army Commanders of Northern and Eastern Command for purpose of Ordnance Stores?

(2 Marks)

Ans. The allocation under Army Commanders Special Financial powers for procurement of Ordnance stores is as follows:

Northern Command	Rs. 100 Crore per annum
Eastern Command	Rs. 50 Crore per annum

(Authority: Schedule XXI(A) FR-I, Vol-II)

DEFENCE ACCOUNTS DEPARTMENT

SAS EXAMINATION – PART-I

APRIL, 2013

SUBJECT: PAPER-III – ACCOUNTANCY

Time: 3 Hours

Max. Marks: 100

Notes:

1. Only 6 questions should be attempted by the candidates. 1 from Section-I, 2 from Section-II out of 4 and 3 from Section-III out of 5. Question No.1 of Section-I and Question No. 6 of Section-III are COMPULSORY.
2. Question 1 in Section-I carries 40 marks. Each question in Section-II carries 25 marks. Each question in Section-III carries 20 marks.
3. Answers to all parts of question should be written in one place only.
4. Indication of Section should appropriately be made.

SECTION-I (Compulsory)

1. Mr. Orchard carries on trade as a fruit grower and as a canner. On March 31, 2012 the Trial Balance extracted from his books was as follow:

TRIAL BALANCE

Particulars (1)	Dr. Rs. (2)	Cr. Rs. (3)
Orchard Capital Account(April1,2011)		1,35,000
Drawing Account	12,000	
Freehold land and premises at cost	1,49,000	
Freehold land and premises sale during the year		8000
Plant and Machinery at cost- Farm	19000	
Cannery	48,000	
Plant and Machinery Provision for Depreciation –Farm		11,000
Cannery		16,400
Plant and Machinery purchased during the year	5,000	
Fruit, trees, bushes at cost	8000	
Stock, April 1, 2011-Farm	4,000	
Cannery	16,500	
Loan at 6% (Interest payable June 30 and December 31)		80,000
Balance at Bank	8,640	

Sale Ledger Balance		6,420	
Bought Ledger Balance-Farm			2,000
	Cannery		7,400
Purchases- Farm		2,500	
	Cannery	12,000	
Wages-Farm		16,000	
	Cannery	24,100	
Sales Farm			5,300
	Cannery		99,500
Trade expenses		9200	
Administration and Conveyance expenses (including loan interest upto December,31)		5,840	
Repairs-Farm		800	
	Cannery	3,600	
Salaries		14,000	
Total		3,64,600	3,64,600

Prepare:

- (a) Trading and Profit and Loss Account showing separately the net profit or loss of the Farm and of the Cannery for the year ended March 31,2012.
- (b) A balance sheet as on the date

Following further information's are given:

- (i) Provision is to be made for depreciation for the year of Plant and Machinery on cost at the end of the year at the rate of 10% in case of Farm and 7.5% in case of Cannery.
- (ii) During the year a tractor included in Farm Plant and Machinery at a cost of Rs. 6,000 in respect of which depreciation of Rs. 5,000 had been provided, was sold for Rs. 3,000 and was replaced by a new tractor costing Rs. 8,000.
- (iii) Fruit to the value of Rs. 22,000 was supplied by the Farm to Cannery.
- (iv) Stock on hand on March, 31, 2012 were valued as follows:

Farm-	Rs. 3,000
Cannery	Rs. 17,200

- (v) Amounts owing, excluding interest accrued and due at the end at the end of the year were:

Purchase- Cannery (included in stock but not entered in books)	Rs. 1,400
Trade expenses	Rs. 8,00
- (vi) Bought Ledger balances at the end of year included Rs. 3,200 for cans supplied, since

the books were closed, the supplier agreed to allow Rs. 1,600 as the cans were substandard. This allowance had been taken into account in valuing the stock on March 31, 2012.

- (vii) All expenses except when otherwise indicated are to be apportioned between the Farm and the Cannery in 1:3 ratio.
- (viii) Mr. Orchard is to be charged Rs. 1,040 for private conveyance expenses incurred by him.
- (ix) Freehold land sold for Rs. 8,000 had cost Rs. 3,500
- (x) The Manager of the cannery is to be credited with 5% of the cannery profits and charging his commission.

(40 Marks)

Ans. Trading and Profit and Loss Account of Mr. Orchard for the year ending 31st March 2012.

	Farm Rs.	Cannery Rs.		Farm Rs.	Cannery Rs.
To Stock	4,000	16,500	By Cannery-Fruit	22,000	
To Purchase ¹	2,500	13,400	By Sales	5,300	99,500
To wages	16,000	24,100	By Stock	3000	17,200
To repairs	800	3,600	By Allowance receivable from creditor		1,600
To Depreciation on Plant & Machinery ^{8&9}	2,100	3,600	By Plant & Machinery (Farm) Profit ³	2,000	
To Farm-Fruit		22,000	By General Profit Loss A/c	600	
To Trade expenses ² (1:3)	2,500	7,500			
To salaries (1:3)	3,500	10,500			
To administrative conveyance expenses	5,840				
Add: Interest outstanding ⁴	<u>1200</u>				
	7,040				
Less: Charges to Mr. Orchard for	<u>1,040</u>				
Private conveyance	6,000	1,500			
To Manager's Commission ⁵		600			
To general profit & loss A/c		12,000			
	<u>32,900</u>	<u>1,18,300</u>		<u>32,900</u>	<u>1,18,300</u>

General Profit & Loss Account of Mr. Orchard for the year ending March 31, 2012

	Rs.	Rs.		Rs.	Rs.
To Net Loss from Farm		600	By Net Profit from Cannery		12,000
To Net Profit transferred to Capital A/c		15,900	By Profit on land ⁶		4,500
		<u>16,500</u>			<u>16,500</u>

Balance Sheet of Mr. Orchard as on March 31, 2012

Liabilities	Rs.	Rs.	Assets	Rs.	Rs.
Loan	80,000		Fixed Assets:		
Add: Interest outstanding ⁴	12,000	81,200	Free hold land & Premises at cost	1,49,000	
Sundry Creditor			Less: Cost of the freehold land sold	<u>3,500</u>	1,45,500
Farm	2,000		Plant & Machinery Farm ⁷	21,000	
Cannery	7,400		Less: Depreciation upto March 31, 2012 ⁸	<u>13,100</u>	
Less: Allowance receivable from creditors	<u>1,600</u>			7,900	
	5,800		Add: Purchase(Net)	5,000	
Add: Omitted Voucher	<u>1,400</u>	<u>7,200</u>	Cannery	48,000	
			Less: Depreciation upto March 31, 2012 ⁹	<u>20,000</u>	<u>28,000</u>
Trade expenses outstanding	800				40,900
Manager's commission outstanding	<u>600</u>	1,400	Fruit, Trees & Bushes		8,000
Mr. Orchards Capital A/c	1,35,000		Current Assets:		
Profit from the year	<u>15,900</u>		Cash at Bank		8,640
	1,50,900		Sundry Debtors		6,420
Less: Debit Balance of drawing a/c and conveyance expenses charged	<u>13,040</u>	<u>1,37,860</u>	Stock		
			Farm	3,000	
			Cannery	<u>17,200</u>	<u>20,200</u>
		2,29,660			2,29,660

Notes:-

1. Cannery Purchase Rs. 12,000 + Rs. 1400(amount vary) = Rs. 13400
2. Trade expenses Rs. 9200 +Rs.800(amount owing) = Rs. 10,000
3. Sale value of Tractor Rs. 3,000
Book value(6000-5000) Rs. 1,000
Profit Rs. 2,000
4. Loan interest upto December 31 accounted for already.
Three month's interest outstanding = $1/4 \times 6\%$ of 80,000 = Rs.1200
5. Manager Commission: $\frac{5 \times 12,600}{105}$ = Rs. 600
6. Profit on land: Rs. 8000-Rs.3500 = Rs.4500

7. Farm Machinery at Cost on 01.01.2011	19000
Less: Machinery sell during year	<u>6000</u>
	13000
Add: Tractor Purchase at cost	<u>8000</u>
	Rs. 21,000
8. Depreciation at 10%	2,100
Add: Provision for Depreciation	<u>11,000</u>
	Rs. 13,100
9. Depreciation at 7.5% on 48,000	Rs. 3600
Add: Provision for Depreciation	Rs. <u>16400</u>
	Rs. 20,000

Section-II- Costing

2. (a) Distinguish between Job costing and process costing.

(6 Marks)

Ans.	<u>Job Costing</u>	<u>Process Costing</u>
(i)	A job is carried out or a product is produced on specific orders.	(i) The process of producing the product has continuous flow and the product produced is homogeneous.
(ii)	Cost are determined from each job	(ii) Cost are compiled on time basis i.e. for production of a given accounting period for each process
(iii)	Each job is separated and independent of other jobs.	(iii) Products lose their individual identity as they are manufactured in a continuous flow.
(iv)	Each job has a number and costs are collected against the same job number.	(iv) The unit cost of process is an average cost for the period.
(v)	Costs are computed when a job is computed. The cost of a job is determined by additions all costs against the job.	(v) Costs are calculated at the end of cost period. The unit cost of the process is computed by dividing total cost for the period by the output of the process during the period.
(vi)	As production is not continuous, each job is different so more managerial attention is required for effective control.	Process of production is usually standardized and is therefore, quite stable. Hence control here is comparatively easier.

- (b) What are the two methods of wage payment? Discuss the merits and demerits of each.

(2+6=8 Marks)

Ans. The two methods of wage payment are Time Rate System and Piece Rate System. In the former, wages are calculated on the basis of number of hours or days spent in factory.

Earnings = Clock hours worked X Rate per hours

In the latter payment is made on the basis of number of units produced without taking into account the time spent.

Earnings = Number of units X Rate per unit

Merits and demerits of two systems: In case of time rate wages, output as such is not taken into account. So the worker normally takes good care of quality and is also careful in use of material tools and machinery. But he has not incentive as such to increase the output. In fact the output may actually decline, if the management and supervision is not watchful. If it declines, the labour cost per unit and also fixed expenses per unit will increase including the overtime.

The demerit of time rate system are largely removed by applying the piece rate/work

method. In this, worker is naturally interested in maximizing his earnings by increasing his output. Higher output results in lower fixed expenses per unit. The employees also gains and he is sure about labour cost per unit. However, quality is generally ignored by the workers. He may not take proper care of material, tools and machine. There is more pressure on workers to deliver the output and may results in absenteeism. Wage rates may therefore need to be fixed carefully.

- (c) What is “Marginal Cost? Explain Marginal Costing and discuss its limitations.

(2+5+4 = 11 Marks)

Ans. The term “Marginal Cost” means the amount at any given volume of output by which aggregation costs are changed if the volume of output is increased or decreased by one unit.

“Marginal Costing” is a technique where only the variable costs are considered while computing the cost of a product. The fixed costs are met against the total fund arising out of excess of selling price over total variable cost. This fund is known as “Contribution” in marginal costing. Thus

Marginal Cost = Direct Material + Direct Labour + Variable Overheads.

Contribution = Selling Price – Marginal Cost

Profit = Contribution – Fixed Cost

Marginal Costing help in takings managerial decisions such as:

- (i) Maximizing the production capacity to decide level of output of two or more product lines.
- (ii) Deciding between alternate products whether to introduce new product deciding between more profitable job orders.
- (iii) Make or buy decision
- (iv) Which method of manufacturing is more profitable i.e. manual or machine.
- (v) During the recession, to decide whether to suspend the production temporarily or permanently
- (vi) Analyzing efficiency and economy of plant, over a range of products volumes and output.
- (vii) To arrive at break even point i.e. no profit no loss point.

3. (a) What do you understand by “Batch Costing”? In which industries it is applied?

(5 Marks)

Ans. It is a form of job costing. In this, the cost of group of product, is ascertained. The unit of cost is a batch or a group of identical products instead of a single job, order or a contract. Separate cost sheets are maintained for each batch of products by assigning a batch number. The cost per unit is ascertained by dividing the total cost of a batch by the number of items produced in a batch.

Batch costing is employed by the companies manufacturing in batches. It is used in readymade garment factories, pharmaceutical or drug industries, electronic component manufacturing units etc.

- (b) Leo Limited undertakes to supply 1000 units of a component per month for the months of January, February and March 2012. Every month a batch order is opened against

which material and labour costs are booked at actual. Overheads are levied at rate per labour hour. Selling price is contracted at Rs. 15 per unit.

From the following data, present the cost and profit per unit of each batch order and the overall position of the order for 3000 units.

	Batch output (Numbers)	Material cost (Rupees)	Labour cost (Rupees)
January, 2012	1,250	6,250	2,500
February, 2012	1,500	9,000	3,000
March, 2012	1,000	5,000	2,000

Labour is paid at the rate of Rs. 2 per hour. Other details are:

	Total Labour hours	Overheads (Rupees)
January, 2012	4,000	12,000
February, 2012	4,500	9,000
March, 2012	5,000	15,000

(20 Marks)

Ans. Calculation of fixed overheads

	January, 2012	February, 2012	March, 2012
(i) Labour hours (Labour cost/labour rate per hour)	$2500/2 = 1250$	$3000/2 = 1500$	$2000/2 = 1000$
(ii) Overheads per hour (Total overheads/Total labour hours)	$12000/4000 =$ Rs. 3	$9000/4500 =$ Rs. 2	$15000/5000 =$ Rs. 3
(iii) Overheads for the beaten (i) x (ii)	Rs. 3750	Rs. 3000	Rs. 3000

LEO LIMITED

Statement of Cost and Profit per unit of each Batch

	Jan 12	Feb 12	March 12	Total
(A) Batch output (Numbers)	Rs. 1250	Rs. 1500	Rs. 1000	Rs. 3750
(B) Sale Value	18750	22500	15000	56250
(c) Costs				
Material	6250	9000	5000	20250
Labour	2500	3000	2000	7500
Overheads	3750	3000	3000	9750
Total	12500	15000	10000	37500
(D) Profit/ Batch (B-C)	6250	7500	5000	18750
(E) Cost/Unit (C÷A)	10	10	10	
(F) Profit/Unit (D÷A)	5	5	5	

Overall posting of the order for 3000 units

	(Rs.)
Sales Value (3000 x 15)	45,000
Less: Total Cost (3000 x 10)	<u>30,000</u>
Profit	15,000

4. A Factory has two production department X and Y and two service departments P and Q. Deptt. X produces product 'A' while Deptt. Y produces product 'B'. Following are the details of costs incurred during the month of January:

Direct Material	Rs.	Direct Labour	Rs.
Deptt.X	14,000	Deptt. X	8,000
Deptt.Y	6,000	Deptt.Y	6,000
Lubricants and Supplies	Rs.	Supervisory Labour	Rs.
Deptt.X	500	Deptt.X	1,300
Deptt.Y	400	Deptt.Y	1,700
Deptt.P	300	Deptt.P	3,000
Deptt.Q.	200	Deptt.Q	4,000

The output of product 'A' is 2000 units while that of product 'B' is 1000 units. Lubricants and Supplies of Service Deptt. are charged to Production Deptts. as a percentage of direct materials while supervisory labour is charged as percentage of direct labour.

Your are required to calculate total costs and cost per unit taking product 'A' and 'B' as cost centres.

(15 Marks)

Ans.	Statement of Total Costs			
	Product- 'A'		Product 'B'	
(a) Output(units)	2000		1000	
	Total	Per unit	Total	Per unit
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
Direct Material	14,000	7.000	6,000	6.000
Direct Labour	8,000	4.000	6,000	6.000
Lubricants & Supplies	850	0.425	550	0.550
Supervisory Labour	5,300	2.650	4,700	4.700
	28,150	14.075	17,250	17.250

Working Notes:

- Lubricants and Supplies
 Direct Material used in Deptt X and Y Rs. 20000
 Lubricants and supplies used in service Deptts P and Q 500
 Percentage & Lubricants to Direct Material $\frac{500 \times 100}{20000} = 2.5\%$

Lubricants and supplies for product A :		
Direct	500	: 500
From service Deptts.	$\frac{2.5 \times 14000}{100}$: <u>350</u>
		850
For product B		
Direct		: 400
From service deptts.	$\frac{2.5 \times 6000}{100}$: <u>150</u>
		550

2. Supervisory Labour

Direct Labour in Deptts X and Y	Rs. 14,000
Supervisory Labour in Service Deptts.	7000

Percentage of Supervisory Labour

To Direct Labour	50%
------------------	-----

Supervisory Labour for Product 'A'

Direct	: 1,300
From service Deptts 50% of 8000	: 4,000

For Product 'B'

Direct	: 1,700
From service Deptts 50% of 6000	: <u>3,000</u>

4,700

(b) Calculate standard labour time for Machining part No. Z 235 from the following data:

Standard Batch Size	100 Pieces
Setting up time	64 minutes
Operating Time (Each piece)	
Fixing Job on machine	2 minutes
Cutting time	10 minutes
Removing Job from machine	3 minutes

Allow 10% of total operations time for inspection during process and allow further 5% of total time for fatigue.

(10 Marks)

Ans. Computation of Standard Labour Time

Total operations time for each piece = 2+10+3	15 Minutes
Total operating time for 100 pieces	1500 Minutes
Add: Setting up time	64 Minutes
Time for inspection	<u>150 Minutes</u>
	1714 Minutes
Add: 5% as fatigue time	86 Minutes
Standard Time for 100 pieces	1800 Minutes
Standard Time for one piece of Part No. Z235	18 Minute

5. On the basis of the following information in respect of an engineering company, what is the product mix which will give highest profit attainable?

(1)	A (2)	B (3)	C (4)
Product manufactured			
Raw Material per unit	10Kg	6 Kg	15 Kg
Labour hours per unit at Rs. 1 per hour	15	25	20
Sales price per unit	Rs.125	Rs.100	Rs.200
Maximum production possible(units)	6,000	4,000	3,000

1, 00,000 kg raw materials are available at Rs. 10 per kg. Maximum production hours are 2, 60,000.

Suggest the appropriate product mix and support your answer by preparing marginal cost analysis statement and statement of ranking of products.

(8+1+7= 25 Marks)

Ans. Marginal Cost Analysis Statement

	Products			Total	Remarks
	A	B	C		
Maximum Production (Units)	6000	4000	3000	13000	Maximum available only
Raw Materials (Kg)	60000	24000	45000	129000	100000 Kg
Value (Rs.)	600000	240000	450000	1290000	
Labour time(hours)	90000	100000	60000	250000	Maximum available
Cost(Rs.)	90000	100000	60000	250000	labour hours
Variable Cost(Rs.)	690000	340000	510000	1540000	
Sales Value(Rs.)	750000	400000	600000	1750000	260000
Contribution(Rs.)	60000	60000	90000	210000	

Ranking of Product

	A	B	C	Ranking
Contributing per unit(Rs.)	10	15	30	C,B,A
Contribution per Kg of raw materials(Rs.)	1.00	2.50	2.00	B,C,A
Contribution per labour hour(Rs.)	0.67	0.60	1.50	C,A,B

The above ranking shows that products C and B give higher contribution per unit. Since availability of raw material is the constraint, the key factor is contribution per Kg of raw material. In this case the ranking is B, followed by C and then A. Therefore, B and C shall be produced maximum.

Product Mix

	No. of units	Raw Materials	Labour hours
Product B	4000	24000 Kg	100000

Product C	3000	45000 Kg	60000
	7000	69000Kg	160000
Balance raw material available		31000Kg	
Balance labour time available			100000
<u>Product 'A'</u>	3100	31000 Kg	46500
		Units	Contribution(Rs.)
Product	A	3100	31000
	B	4000	60000
	C	<u>3000</u>	<u>90000</u>
		10100	181000

Section-III

(Q.No.6 Theoretical-Compulsory)

6. (a) Discuss the three conventions regarding the financial statements. In this context explain the term 'window dressing'

(7 Marks)

Ans. In order to make the message contained in the financial statements the income statement i.e. profit and Loss Account and the statement showing the financial position i.e. Balance sheet clear and meaningful, these are drawn up according to the following conventions:

(i) **Consistency:** The accounting practices should remain the same from one year to another. For example, it would not be proper to value stock – in- trade according to one method one year and according to another method next year. If a change becomes necessary, the change and its effect should be stated clearly.

(ii) **Disclosure:** Apart from legal requirements, good accounting practice also demands that all significant information should be disclosed. Not only various assets, for example, have to be stated but also the mode of valuation should be disclosed. Various types of revenues and expense, properly grouped may also be disclosed. Whether something should be disclosed or not will depend on whether it is material or not. Materiality depends on the amounts involved in relation to the asset or transaction group involved or profits.

(iii) **Conservatism:** Financial statements are rather drawn up on rather conservative basis showing a position better than what actually is, is not permitted. It is also not proper to show a position substantially worse than what it is. In other words, secret reserves are not permitted.

Window – dressing refers to showing the financial position better than what actually is. It may consist of changing asset depreciation or valuable position making short term borrowings, or engaging in sales and lease back transactions at the end of a period. By doing so management embellishes the company's results or liquidity and obtain some benefits.

- (b) What are the reasons due to which balance shown in the Bank Pass Book may not agree with the balance shown in the Cash Book? Why is the preparation of Bank Reconciliation statement an important control technique?

(7 Marks)

Ans. The balance in Bank Pass Book and that shown in the Cash Book may not agree due to the following reasons:

- (j) **Cheque recorded in Cash Book but not yet credited by the Bank-** Cheque received are

(k) entered into the cash book as soon as they are received. There may be a delay of a day or two in sending the cheque to the bank. Moreover, the bank usually does not credit the customers until the cheques are realised, if they are drawn on other banks. In the meantime, therefore, each book will show more balance than bank show, in the customer's account.

(ii) **Cheque issued but not yet presented for payment-** As soon as cheques are issued they are entered into cash book, but the Bank again make no entry until the cheques are actually presented for payment and are paid. This means that the bank shows higher balance in favour of the customer than what the Cash Book of the customer's shows.

(iii) **Bank Charges-** The bank often charges for services rendered. There are known as bank charges. If there is on overdraft, the bank will also charge interest. The bank charges and interest are entered in to the Bank Pass Book and entry is generally made in the cash Book only when the Pass Book is received.

(iv) **Direct collection by bank-** The bank is often entrusted with the task of collecting interest on securities or dividends, on shares or even the collection of amounts due on bills of exchange or promissory notes. The bank will credit the customer as soon as the amounts are received but the entry by the customer in the Cash Book must await receipt of information by the customer from the bank.

(v) **Payments by bank as per standing instruction -** The bank may also make payments according to the standing instructions of the customer or in respect of any special instruction such as payment on presentation of documents for supply of goods for which a letter of credit has been opened previously. Entries in Cash Book are made in such cases on receipt of advice from the bank.

In order to know the position clearly and to make sure that no mistakes have been committed, these must be a statement to explain why there is a difference between the balance shown by the Bank Pass Book and that shown by the Cash Book on a particular day. It helps management to check the accuracy of entries made in the Cash Book and keep track of cheques. Bank Reconciliation Statement as an important control technique, often reveals frauds committed by the Staff handling cash and cheque. Any cheque remained un cleared for an unreasonable length of time should be traced and reasons ascertained for the delay.

(c) Distinguish between Shares and Debentures.

(6 Marks)

Ans. Distinction between shares and Debentures-

The following are the points of distinction between shares and debentures:-

(i) **Creditor ship security verses ownership security-** Whereas as debenture is a creditor ship security, a share is an ownership security. It means that a debenture holder is a creditor of the Company, while a shareholder is a part owner of the Company. This is the fundamental difference between shares and debentures.

(ii) **Certainty of return-** A debenture holder is certain of return on his investment. The company has to pay interest on debenture at the fixed rate agreed upon at the time of issue even it suffers heavy losses. A shareholder cannot get dividend if the company do not earn profit. In fact, even when a company earns a profit, its Directors may decide to plough back the profits and not declare a dividend. Thus, there is no certainty of return on investment in share.

(iii) **Order of repayment on winding up:** In case of winding up of a company, the amount of debentures is repaid before any amount is paid to shareholders to return share Capital.

(iv) **Mortgage-** There can be mortgage debentures. It means assets of a company can be mortgaged in favour of debenture holders by way of security. But there can be no mortgage shares.

(v) **Convertibility-** Debentures which can be converted into shares at the option of debenture holders can be issued. But shares convertible into debentures cannot be issued.

7. Pass Journal entries to rectify following errors:

- (i) A sum of Rs. 25,000 paid to Mahesh was debited to Suresh

Ans.	Particulars	Dr.(Rs.)	Cr.(Rs.)
	Mahesh	25,000	
	To Suresh		25,000
	(Amount paid to Mahesh wrongly debited to Suresh earlier, error being rectified now)		

- (ii) A purchase of goods from Ram amounting to Rs. 6,000 wrongly entered in the sales book.

Ans.	Particulars	Dr.(Rs.)	Cr.(Rs.)
	Purchase Account	6,000	
	Sale Account	6,000	
	To Ram		12,000
	(Credit Purchase recorded in Sales book, error now rectified)		

- (iii) A bill receivable for Rs. 25,000 accepted by Shyam was recorded in bills payable book.

Ans.	Particulars	Dr.(Rs.)	Cr.(Rs.)
	Bills Receivable Account	25,000	
	Bills Payable Account	25,000	
	To Shyam		50,000
	(Acceptance received from Shyam wrongly recorded in Bills payable book, error now rectified)		

- (iv) Rs. 4,000 received from Malhotra have been credited to Mehrotra

Ans.	Particulars	Dr.(Rs.)	Cr.(Rs.)
	Mehrotra	4000	
	To Malhotra		4000
	(Amount received from Malhotra credited to Mehrotra, error now rectified)		

- (v) Goods bought from Vijay amounting Rs. 27,500 was posted to the credit of his account as Rs. 25,700

Ans.	Particulars	Dr.(Rs.)	Cr.(Rs.)
	Suspense Account	1,800	
	To Vijay		1,800
	(Vijay credited with Rs. 25,700 for purchase invoiced at Rs. 27,500, error now rectified)		

(vi) Salebook was overcast by Rs. 10,000.

Ans.	Particulars		Dr.(Rs.)	Cr.(Rs.)
	Sales Account	...Dr	10,000	
	To Suspense Account			10,000
	(Sales book overcast by Rs. 10,000, error now rectified)			

(vii) Received interest Rs. 1,000 posted to Loan Account.

Ans.	Particulars		Dr.(Rs.)	Cr.(Rs.)
	Loan Account	...Dr	1000	
	To Interest Earned Account			1000
	(Rectification of wrong credit given to Loan Account for interest received)			

(viii) A bill of Rs. 2,000 for old officer furniture sold to Sethi was entered in the Sale Book. The book value of furniture sold was Rs. 2,500

Ans.	Particulars		Dr.(Rs.)	Cr.(Rs.)
	Sales Account	...Dr	2000	
	Loss on sale of Furniture	...Dr	500	
	To Furniture Account			2500
	(Sale of old furniture for Rs. 2000 recorded in sales Book, error now rectified. Loss on sale of furniture also being recorded now.)			

(ix) Carriage outward, Rs. 1,000 was posted to carriage inward account.

Ans.	Particulars		Dr.(Rs.)	Cr.(Rs.)
	Carriage Outward Account	...Dr	1000	
	To carriage Inward Account			1000
	(Carriage outward wrongly posted to carriage inward account, error being rectified now)			

(x) Drawing of goods costing Rs. 2,500 were not recorded in the books of account.

Ans.	Particulars		Dr.(Rs.)	Cr.(Rs.)
	Drawing Account	...Dr	2,500	
	To Purchase Account/Sales Account/ Traditions Account			2,500
	(Drawing of goods not recorded earlier being recorded now)			

8. The following information has been extracted from the books of account of a firm for the year ended 31st March, 2011

	Rupees
Purchase made during the year	28,20,000
Stock on 1 st April, 2010	5,96,000
Sales during the year	31,61,000

At the time of valuation of stock on 31st March, 2010, a part of the stock costing Rs. 18,000 was recorded at Rs. 15,600 being the market value of the goods as on the date. However, during the

year 2010-2011, the market value increased and one third of these goods were sold for Rs. 6,100. Ascertain the value of stock as on 31st March, 2011 assuming that the firm earns profit of 25% on cost on normal goods.

(20 Marks)

Trading Account for the year ended 31st March, 2011

	Normal (Rs.)	Abnormal (Rs.)	Total (Rs.)		Normal (Rs.)	Abnormal (Rs.)	Total (Rs.)
To opening stock	5,80,400	15,600	5,96,000	By sale	31,54,900	6,100	31,61,000
To Purchase	28,20,000	-	28,20,000	By closing stock (balancing figure)	8,76,480	12,000	8,88,480
To Gross profit	6,30,980	2,500	6,33,480				
	40,31,380	18,100	40,49,480		40,31,380	18,100	40,49,480

	Rs.
Value of normal stock :	8,76,480
Value & abnormal stock:	<u>12,000</u>
Total closing stock as on 31 st March, 2011	8,88,480

Working Notes:

- Opening stock of normal goods : Rs. 5,96,000 - Rs. 15,600 = Rs. 5,80,400
- Sale of normal goods : Rs. 31,61,000 - Rs. 6,100 = Rs. 31,54,900
- Gross profit is 25% on cost, it comes to 20% of selling price
- Gross profit earned on sale of Normal goods = 20% of Rs. 31,54,900 = Rs. 6,30,980
- Profit on abnormal goods: (Costing Rs. 18000 but were recorded as Rs. 15,600 on 31st march 2010)

	Rs.
Sale value of one third goods sold	6100
Add: Original cost of remaining two third goods (as on 31.03.2011)	<u>12,000</u>
	18,100
Less: Value of stock on 31.03.2010	<u>15,600</u>
	2,500

9. (a) The sports clubs accounts on 31st December, 2011 showed that annual subscriptions outstanding were Rs. 5,000 from 50 members and the subscriptions had been received for 2012 from 20 members. The total number of members at the end of 2011 were 1,500. During 2012, 25 members left (5 of which were those who owed subscriptions on 31st December, 2011) and 40 new members were admitted. They paid Rs. 150 as admission fees, 15 of these paid subscription for 2013 as well. The total amount received during 2012 as subscription was Rs. 1,47,000.

Prepare the Subscription Account and show the amount to be credited or debited to the

Income and Expenditure Account in 2012 in respect of above

(10 Marks)

		Subscription Account			
2012		Dr. (Rs.)	2012	Cr. (Rs.)	
Jan.1	To subription o/s a/c transfer	5,000	Jan.1	By subscription received in advance a/c transfer	2,000
Dec.31	To subscription received in advance a/c (15 members)	1,500	Dec.31	By Bank	1,47,000
Dec.31	To Income & Expenditure a/c transfer of subscriptions pertaining to the year	1,51,500		By Income & Expenditure a/c Subscription irrecoverable for 5 members	500
		1,58,000	Dec.31	By subscription o/s A/c	8,500
					1,58,000

Subscriptions outstanding on December 31, 2012 :

No. of members at end the of 2011	1500
New admission	<u>40</u>
	1540
Less: Withdrawal	<u>25</u>
No. of members on December 31, 2012	1515

Total amount received @ Rs. 100 for 1515 members	1,51,500	Rs.
Add: Received in advance in 2012	1500	
Outstanding on December, 31, 2011 (5000-500)	4500	
	1,57,500	
Less: Received in Cash	1,47,000	(-) 1,49,000
Outstanding December 31, 2012	2,000	
		8,500

- (b) R&D club works on no profit no loss basis. The club has a research endowment of Rs. 1,80,000 which it has invested in 9% Debentures of Rs. 100 of a company, purchased at Rs. 90. Besides the endowment the club had cash on January 1, 2012. Rs. 4500 relating to research. During 2012, the club undertook a project which cost Rs. 16,700 in cash, beside time devoted by the general staff of the club, which could be valued at Rs. 1,200. Show how you would recommend the above to be treated in the accounts of the club.

(10 Marks)

		Research Endowment Income & Expenditure A/c			
2012		Rs.	2012	Rs.	
	To expenditure on research in cash	16,700		By Interest on 9% Debenture a/c (Rs. 2,00,000)	18,000
	To Income & Expenditure A/c	12,00			

allocation of expense			
To	Research	100	
	Endowment A/c		
	surplus transferred		
		18,000	18,000

The balance sheet shall show the amounts as follows:

Liabilities		Rs.	Assets		Rs.
Research endowment:			Research Endowment		1,80,000
As on Jan 1,2012	1,80,000		Investment 9% Debentures @ 90 2000 nos.		
Cash on Jan 1,2012	<u>4,500</u>		Cash		4,600
Add: Surplus	100	<u>1,84,600</u>			<u>1,84,600</u>

10. Mr. X carries on a small business, but he does not maintain a complete set of accounts books. He banks all receipts and makes all payments only by means of cheques. He maintains properly a Cash Book, a Sale Ledger, and a Purchase Ledger. He also makes a proper record of the assets and liabilities as at the close of every accounting year. From such records, you are able to gather the following facts:

Receipts for the year ended 31st December, 2010

	Rs.
From Sundry Debtors	17,625
Cash Sales	4,125
Paid in by Mr. X the proprietor	<u>2,500</u>
	24,250

Payment made in the year ended 31, Dec. 2010

	Rs.
New Plant Purchased	625
Drawings	1,500
Wages	6,726
Salaries	1,125
Interest paid	75
Telephone	125
Rent	1,200
Electricity(Power)	475
Sundry expenses	2,125
Sundry Creditors(Purchase Ledger Account)	7,625
	21600

Assets and Liabilities:

	As on 31st Dec. 2009	As on 31st Dec.,2010
Sundry Creditor	2,525	2,400
Sundry Debtor	3,750	6,125
Bank	625	--
Stock	6,250	3,125

Plant

7,500

7,315

From the above data prepare the Profit and Loss Account for the year ended 31st December 2010 and the Balance Sheet as on that date.

(20 Marks)

Ans. Trading and Profit & Loss Account of Mr. X for the year ended 31st December, 2010

Particulars	Rs.	Particulars	Rs.
To stock	6,250	By Sale	
		Cash	4,125
		Credit	<u>20,000</u>
			24,125
To Purchase	7,500		
To wages	6,725		
To Electricity (Power)	475	By Stock	<u>3,125</u>
To Gross Profit c/d	<u>6,300</u>		
	27,250		27,250
To salaries	1,125	By Gross Profit b/d	6,300
To Interest	75		
To Depreciation	810		
To Rent	1,200		
Sundry Expense	2,125		
To Telephone	125		
To Net profit transferred to Capital	<u>840</u>		
	6,300		6,300

Balance sheet of Mr. X as on 31st December, 2010

Liabilities		Rs.	Assets	Rs.
Sundry Creditors		2400	Sundry Debtors	6,125
Capital	15,600		Stock	3,125
Add: Addition during the year.	2,500		Cash at Bank	3,725
Profit for the year	8,40		Plant	7,315
	18,940			
Less Drawing	1,500	1,7440		
		19,840		19,840

Notes:

Sundry Debtors A/c

	Rs.		Rs.
To balance b/d	3750	By Cash	17,625
		By Balance c/d	
To Sales (balancing amt.)	20,000		6125
	23750		23750

Sundry Creditors A/c

	Rs.		Rs.
To Cash	7,625	By balance b/d	2,525
To balance c/f	2,400	By Purchase(balancing amount)	7,500
	10025		10025

Plant A/c

	Rs.		Rs.
To balance b/d	7,500	By depreciation (balancing amount)	810
To Cash	625	By Balance c/f	7315
	8,125		8,125

Balance Sheet as on 31st December 2009

Liabilities	Rs.	Assets	Rs.
		Sundry Debtors	3,750
Sundry Creditors	2,525	Bank	625
		Stock	6,250
Capital (balancing amount)	<u>15,600</u>	Plant	<u>7,500</u>
	18,125		18,125

Cash Account

	Rs.		Rs.
To balance b/d	625	By Plant	625
		By Drawings	1500
		By Wages	6,725
To Sundry debtors	17,625	By Salaries	1,125
To Cash Sale	4,125	By Interest	75
To Mr. X the Proprietor	<u>2,500</u>	By Telephone	125
		By Rent	1,200
		By Electricity(Power)	475
		By Sundry Expenses	2,125
		By Sundry Creditors	7,625
		By Balance c/d	<u>3,725</u>
	24,875		24,875

DEFENCE ACCOUNTS DEPARTMENT

SAS EXAMINATION – PART-I

APRIL,2013

**SUBJECT: PAPER-IV – SERVICE REGULATIONS
(PRACTICAL- WITH BOOKS)**

(THEORY-WITH BOOKS)

Time: 3 Hours

Max.Marks:100

Notes:

1. Section-I and Section-II are compulsory for all candidates. In Section-III, candidates may opt. and attempt any one from Sub-Section-(A),(B),(C) OR(D) for which permission is granted.
2. Answers to questions under Sub-Sections of Section-III should be written in separate answer book while answer to Section-I and Section –II shall be written in one answer book only.
3. In all, candidates are to attempt 11 questions. 4 questions out of 6 questions from Section-I, 3 questions out of 5 questions from Section-II and 4 questions out of 6 questions from Section-III.
4. Each question in Section-I carries 9 marks and that of each question of Section-II, it is 8 marks. In Section-III, each question carries 10 marks.
5. Answer to all questions should be written in one place only.
6. Indication of Section/Sub-Section shall appropriately be made.

SECTION-I

**Pay & Allowance(Civil)
(Common to all)**

1. Comment on the following statements, whether they are in order or not? Please specify the authority.
 - (a) A purchase officer of a Central Govt. department purchased books & periodicals worth of Rs. 1, 00,000/- to the departmental library? Whether this constitutes as “Goods” for the use of Govt.?

(2 Marks)

Ans. No, this does not constitute Goods. As per GFR Rule, 136 books, Publications, periodicals

etc. for library excludes from 'Goods' for Govt. purpose.

(Authority: GFR Rule 136)

- (b) A supplier registered with DGS&D. He bided in a department, through a Limited Tender Enquiry for furniture supply without bid security. Whether his quotation is valid?

(2 Marks)

Ans. He is exempted from bid security as he is registered with DGS&D.

(Authority: GFR Rule 142)

- (c) A Govt. Deptt. sold out its unserviceable goods worth Rs. 1.5 lakhs without public auction. Is it in Order?

(2 Marks)

Ans. It is in order. More than Rs. 2 lakh value only requires Public auction.

(Authority: Rule GFR -197)

- (d) What is lump sum advance given to a family of Govt. servant who died while in service? What purpose it serves? What is its maximum financial limit?

(3 Marks)

Ans. This is an advance given to the family of a person who dies in service to enable the family to meet its immediate requirements by Head of the Department.

* Two months basic pay and dearness pay; subject to a maximum of Rs. 8,000/-(eight thousand only)

(Authority: Rule 79 GFR)

2. (a) What is the difference between Children Education Allowance (CEA) and Hostel Subsidy?

(3 Marks)

Ans. **Children Educational Allowance:-** It is the amount paid/reimbursed to the Govt. servant for defraying the cost of education of two children (including multiple births at second issue) in a recognized school up to 10+2 standard, until 20 years child, whichever is earlier.

(Authority: Order-10=OM on CEA dated 17/6/2011)

Hostel Subsidy:- It is the subsidy reimbursable to Govt. servant for keeping his/her children in Hostel away from duty station, located beyond 50 Kms. Irrespective of any transfer liability.

(Authority: Order-15...OM dated 30/12/2010)

- (b) Audit the following claims. Give answer with authority. Calculate that DA is less than 50%.

(2+2+2= 6 Marks)

- (i) A Govt. servant put up two Child Education Allowance claims, one of Rs.25,000/- for his elder child and the other of Rs.15,000/- for his younger child per annum. What is the admissible amount?

Ans. First claim is not correct. It is restricted to Rs. 15,000/-. Second claim is correct. Total amount admissible = Rs. 30,000/-

(Authority: Order 1 & 9 of CEA)

- (ii) A handicapped child of a Govt. servant is studying in an unrecognized school and his age is only 3 years. The Govt. servant submitted a claim of CEA for Rs. 35,000/-. Is it admissible?

Ans. It is admissible. But restricted to Rs. 30,000/- per annum.

(Authority: Order 2 & 9 of CEA)

- (iii) A Govt. servant put up a Hostel Subsidy claim of Rs. 4,000/- P.M. for his elder child. Is it correct?

Ans. No, it is not correct. It is restricted to Rs.3750/- per child per month.

(Authority: Order 1(i) & 9 of CEA)

3. (a) What is the difference between a Authorized Medical Attendant and Medical Attendant?
(3 Marks)
- Ans.** **Medical Attendant:-** Authorized Medical Attendant means a medical officer appointed by Central Govt./State Govt./U.T. etc. in respect of any Govt. Servant/any group/Groups of Govt. Servant in a station.
(Auth: Rule 2(a) of CSMA Rules)
- Medical Attendant:-** Medical Attendant means attendance of AMA, in his consulting room/Govt. Hospital or at the residence of the Govt. Servant.
(Authority: Rule 2(e) of CSMA Rules)
- (b) Answer any three of the following by quoting the authority:
(2+2+2= 6 Marks)
- (i) A Govt. servant submitted a medical claim of Special Nursing (Nurse) charges of Rs. 2,000/- during February 2012 for a month. How you regulate this claim?
- Ans.** The claim should be audited w.r.to G.I.M.H.O.M. No. S14025/8/28/O.M.S. dated 18.01.2011. As per this Special Nursing charges are Rs. 150/- per shift of 12 hours and Rs. 75 per shift of 12 hours for Ayah is admissible. The claim is audited accordingly.
- (ii) A Govt. servant suffering with cancer preferred a medical advance claim of Rs. 36,000/- recommended by the doctor for indoor treatment of less than three months. Audit the claim.
- Ans.** The claim is restricted to Rs. 10,000/-
(Authority: GI MH: OM No.S.14025/7/97-M.S. dated 25.09.1997)
- (iii) A medical claim of Rs. 45,000/- was submitted by a Govt. servant on 15-02-2012 duly countersigned by the doctor on 12-08-2011. Audit the claim.
- Ans.** No. The claim is not admissible.
- All bills to be preferred within three months from the date of completion of treatment; date as shown in the Essentiality Certificate.
 - With reasons, the claim may be sent to Min. of Health for condonation.
- (Appendix-X of CSMA)
(GI M.H: OM No. F-29 40/68-M.A. dated 15/10/1968 & 28 12/1970)
- (iv) An amount of Rs. 22,000/- is due from a deceased Govt. servant on account of House Rent Allowance. Whether this be adjusted against the CG Employees Group Insurance amount of the Govt. servant?
- Ans.** No. This cannot be recovered. Govt. dues recoverable from a member of the scheme shall not be adjusted from the amounts payable under the scheme except as provided in Para 13.5.
(Authority: CGEGIS Rule:- 21.2)
4. (a) What do you understand by a travelling expense of a Govt. servant?
(3 Marks)
- Ans.** Actual travelling expenses mean the actual cost of transporting of a Govt. servant with his servants and personal luggage.
[Authority: S.R. 2(1)]
- (b) Answer the following with authority:
(2+2+2= 6 Marks)
- (i) A Govt. servant on temporary duty to Andaman has been halted at Chennai for two days due to delayed sailing of ship. How you regulate his claim on Daily allowance?
- Ans.** His enforced halt will be treated as duty under FR-9(6)(b). The Daily allowance is admissible

at the rate prescribed for ordinary localities for the entire period spent in journey including the period of enforced halt.

[Authority: S.R. 51(4)(a)]

- (ii) A Govt. servant preferred a T.A. claim of Rs.100/- for getting a fitness certificate from a medical committee. How you regulate the claim?

Ans. No, T.A. is not admissible in this case.

[Authority: SR:157, GOR Orders-1]

(G.I. M.F.U.O. No. 4917-E-IV dated 13/1/65)

- (iii) A Govt. servant used Govt. conveyance for journey and preferred TA/DA claim of Rs. 500/-. Audit the claim.

Ans. The Govt. servant is not entitled to any T.A. for his journey. DA will be given for the entire period of absence from HQrs. to him.

(Authority: S.R: 182 GOI Order 1)

(G.I. M.F. OM No. 19030/1/73E dated 29.06.1974)

5. (a) What purpose the House Building Advance is sanctioned to an eligible employee of Central Government?

(3 Marks)

Ans. Advance is admissible for the following purposes:-

1. Constructing a new house on the plot owned by the official or the official and the official's wife/husband jointly.
2. Purchasing a plot and constructing a house thereon.
3. Purchasing a plot under Co-operative Schemes and constructing a house thereon or acquiring house through membership of Co-operative Group Housing Schemes.
4. Purchasing/construction of house under the Self-Financing Scheme of Delhi, Bangalore, Lucknow etc.
5. Outright purchase of a new ready-built house/flat from Housing Boards, Development Authorities and other statutory or semi-Government bodies and also from private, registered builders, architects, house building societies, etc. but not from private individuals.
6. Enlarging living accommodation in an existing house owned by the official or jointly with his/her wife/husband. The total cost of existing structure(excluding cost of land) and the proposed additions should not exceed the prescribed cost-ceiling.
7. Repayment of loan or advance taken from a Government or HUDCO or Private source even if the construction has already commenced, subject to certain conditions.
8. Constructing the residential portion only of the building on a plot which is ear-marked as a shop-cum-registered plot in a residential colony.(Note any three rules)

(Authority: Rule 3 of CCS-HBA-Rules)

- (b) Answer the following by quoting the authority:

(2+2+2= 6 Marks)

- (i) A Govt. servant wanted to purchase a ready built house. How he gets his House Building Advance sanctioned from his department?

Ans. The HOD may sanction the payment of entire amount, admissible to the applicant in one lump-sum on fulfilling the following conditions:-

- (1) Executing an agreement in the prescribed form vide (Form No.5) for the repayment of loan.
- (2) The acquisition must be completed and house is mortgaged to Govt. within 3 months from the drawl of advance.

Note: Failing which the advance together with interest shall be refunded to Govt. unless he gets extension of time limit from HOD.

(Authority: Rule 5(5) of HBA Rules)

(ii) What is the duration of repayment of HBA?

Ans. The advance with interest thereon shall be repaid in full by monthly installments within a period of not exceeding 20 years. Maximum No. of installments are 240.

(Authority: Rule 8(a) HBA Rules)

(iii) What is the benefit to a Central Govt. servant after he undergoes sterilization operation for a small family as per HBA rules?

Ans. Half percent (1/2) less than the normal rate of interest to employees for promoting small family norms.

[Authority: GOI Rule(6) –HBA Rules]

6. What is the criterion of exemption of income-tax with regard to House Rent Allowance if an employee lives in a rented house?

(3 Marks)

Ans. (a) If a Govt. employee lives in rented house, exemption is allowed in income-tax to the extent of the least of the following:-

(i) The actual amount of HRA received.

(ii) Rent paid in excess of 10% of the salary.

(iii) 50% of salary if the residence is at Mumbai/Kolkata/Delhi/Chennai. 40% of salary if the residence is situated at any other place.

If any employee lives in own house or does not pay any rent or pays rent not exceeding 10% of salary, no exemption available and the entire amount of HRA drawn is taxable.

(b) Attempt any three of the following:

(2+2+2= 6 Marks)

(i) What are the deductions available from the total income of Govt. servant, if he has a dependent child with disability?

Ans. An amount of Rs. 50,000/- for a normal disability and Rs. 1,00,000/- in case of severe disability for a Govt. servant who incur expenditure on the above should be deducted from total income.

(ii) What do you understand by Assessment Year as per Income-Tax Act?

Ans. Assessment year means the period of twelve months commencing on the 1st of April every year.

(iii) What is the cut of date for filing income tax return in every year?

Ans. The return of income should be filed before 31st July every year.

(iv) What is the maximum duration in hours, a staff car driver gets overtime allowance on a working day?

Ans. The staff car driver can get a maximum of 6 hours OTA on a working day.

(Authority: Staff car rules 26-28)

SECTION-II

Provident Fund and Pension

Common to All

1. (a) What are the conditions for GPF subscriptions?

(2 Marks)

Ans. (1) A subscriber shall subscribe monthly to the Fund except during the period when he is under suspension. Provided that a subscriber may, at his option, not subscribe during

leave which either does not carry any leave salary or carries leave salary equal to or less than half average pay:

Provided further that a subscriber on reinstatement after a period passed under suspension shall be allowed the option of paying in one lump sum or in installments, any sum not exceeding the maximum amount of arrear subscriptions payable for the period.

Note-1- Group 'C' and Group 'D' employees of the Survey of India who are sent on departmental leave need not subscribe to the Fund, during the period of such leave.

Note 2- The holder of a seasonal post in an establishment need not subscribe to the Fund, during the period of his unemployment.

Note-3 – A subscriber need not subscribe during a period treated as dies non:

(2) A subscriber shall intimate his election not to subscribe during the leave referred to in the first proviso to sub-rule(1) in the following manner:-

(a) If he is an officer who draws his own pay bills by making no deduction on account of subscription in his first pay bill drawn after proceeding on leave.

(b) If he is not an officer who draws his own pay bills, by written communication to the Head of his office before he proceeds on leave.

Failure to make due and timely intimation shall be deemed to constitute an election to subscribe.

The option of a subscriber intimated under this sub-rule shall be final.

(3)

(a) A subscriber who has under Rule 32 withdrawn the amount standing to his credit in the Fund shall not subscribe to the Fund after such withdrawal unless he returns to duty.

(Rule: 7 of CCS-GPF Rules)

(b) Answer the following by quoting proper authority:

(2+2+2= 6 Marks)

(i) A Govt. servant has been transferred to USA. How is his GPF regulated?

Ans. He will be subjected to the rules of the Fund in the same manner as if he was not transferred or sent on deputation.

(Authority: Rule 9 of GPF-CS Rules)

(ii) A Govt. servant (Mr. 'X') has applied for temporary advance of Rs. 30,000/- for meeting Annual Sradh Ceremony. Audit the claim.

Ans. The claim is not admissible

(Authority: GI,MF OM NO. F22(13) E-V(B) 1664 dated 23/1/1965)

(iii) Whether GPF balance can be paid to widow of a deceased Govt. servant who is charged with offence of murdering him?

Ans. No. The GPF balance should not be paid to widow till the finalization trial and final decision of court.

(Authority: C&AG No. 6-AC-II-92 dated 27.03.92 & Rule GPF 33, GOI Dec-7)

2. (a) A Govt. servant Mr. 'X' has been deputed to United Nations, an International Organization for more than five years. What are his options for his pension?

(2 Marks)

- Ans.** A Govt. servant deputed on foreign service, for a period of five years or more, to the United Nations Secretariat or other United Nations Bodies, the International Monetary Fund, the International Bank of Reconstruction and Development, or the Asian Development Bank or the Commonwealth Secretariat, may at his option-
- Pay the pension contributions in respect of his foreign service and count such service as qualifying for pension under these rules; or
 - Avail of the retirement benefits admissible under the rules of the aforesaid organization and not count such service as qualifying for pension under these rules: Provided that where a Govt. servant opts for Clause (b), retirement benefits shall be payable to him in India in rupees from such date in such manner as the Govt. may, by order specify; provided further that pension contributions, if any, paid by the Govt. servant, shall be refunded to him.

(Authority: Rule 31 CCS Pension Rules)

- (b) Answer the following with rule position.

(2+2+2= 6 Marks)

(i) A Govt. servant Mr. 'B' retired before 01.01.1996 (in pay scale Rs. 2000-60-2300-75-3200) after rendering full service. What is his pension as on 01.01.2006?

- Ans.** Mr. 'B' will get Rs. 6750/- or as per concordance table corresponding with V CPC whichever is beneficial.

(Authority: DOP & PW OM No. 38/37/08 PNPW(A) Part.1 dated 14/10/2008)

(ii) A pensioner Mr. 'A' has been in receipt of pension of Rs. 34,000/-. He has been convicted by a criminal court and sentenced to imprisonment. How do you regulate his pension?

- Ans.** Mr. 'A', a pensioner convicted by a court, liable to forfeit his pension. After release from prison his pension will be restored with the concurrence of PCDA(P) Allahabad.

(Auth: Para-73.1: Pension Payment Instructions)

(iii) Whether a widowed pensioner, be eligible for grant of family pension, whose husband is a subscriber of Employees Pension Scheme(EPF)-1995

- Ans.** Yes; family pension is admissible.

(Authority: Deptt. of P& PW No. 4/10/2006-P&PW(D) dated 14.05.2007)

3. (a) A Brigadier 'X' of Indian Army wanted to take up a commercial employment immediately after his retirement. Comment.

(2 Marks)

- Ans.** An officer of the rank of Colonel and above (Here Brigadier 'X') intends to take up commercial employment, before one year from the date of his retirement shall obtain prior permission from Govt.

No pension is payable if he accepts employment without prior permission.

(Authority: Para 18(a) Pension Regulation Army Part-I-1961)

- (b) Answer the following by quoting the authority:

(2+2+2=6)

(i) What are the disability pension elements? What are its minimum value in Rupees?

- Ans.** The disability pension consists of two elements

- Service element (Rs. 3500/- P.M)
- Disability element (Rs. 3510/-P.M)
Rs. 3510/-P.M. for 100% disability
Rs. 7000/-P.M. for 60% and less disability.

(Authority: Para 60: of Pension Regulations of Army Part-I 1961)

(ii) What are the circumstances, a discontinued ordinary family pension will be restored to a widow?

Ans. The ordinary family pension of a widow will be stopped after her remarriage. This will be restored in the event of her becoming again a widow/or that marriage becomes annulled by divorce/desertion and it is justified by the President.

(Authority: Para 102 of P.R. Army 1961)

(iii) Is there any limit on retirement gratuity?

Ans. The maximum limit of all kinds of gratuity is Rs.10 lakhs.

(Authority: Para-8 of MOD No. 17/4/2008(2)/D Pen-Po) dated 12.11.2008)

(Authority: Para 32: GOI order No. 2)

4. (a) What is the criterion for proof of the date of birth of the personnel Below Officer Rank (PBORs) for commutation of Pension?

(2 Marks)

Ans. The following documents, in original, shall be accepted as proof of the date of birth for the purpose of commutation of pension:

(i) The Matriculation Certificate or the Secondary School Leaving Certificate, or a certificate recognized by an Indian University as equivalent to Matriculation, or failing that,

(ii) Municipal birth certificate or an extract from the Municipal Birth Register, duly certified by the property authority,

(iii) Where documentary evidence required above is not available; the date of birth shall be verified with reference to the assessed apparent age given in the Enrolment form. For purposes of calculating the date of birth in such cases, it shall be assumed that the individual has completed that assessed apparent age on the date of enrolment. In cases, in which the year and month in which the individual is born are known but not the actual date, the latter will be taken as the 16th of the month.

(Authority: Para -51(b) of Pension Regulations for Army Part-II)

(b) Answer the following with authority.

(2+2+2= 6 Marks)

(i) An overpayment of pension in respect of Mr. 'X' a PBOR has been detected by the DPDO. What is the role of PCDA(P) in this regard?

Ans. An overpayment detected (Mr. 'X') by serious failure of audit for which staff of DAD is responsible, a full report will be made by PCDA(P) to CGDA who take such action as may be necessary.

(Authority: Para 97 Pension Regulations for the Army-Part-II)

(ii) Whether the payment of pension by Money Order is still valid? If so, what are the agencies?

Ans. Payment of Pension up to Rs. 2250/- P.M. plus dearness relief where admissible, at the request of the pensioner can be remitted by Postal Money order at Govt. cost. It will be done by Treasuries and DPDOs.

(Authority: Para 88(a) and (b) of PR Part-II)

(iii) An Ex-PBOR is in receipt of Rs. 2300/- and 20 paise as Dearness Relief. Audit and pass the claim.

Ans. He will get Rs. 2301 as dearness relief.

(Authority: As per Deptt. of Pension & Pension Welfare orders, payment of D.R. involving a fraction of rupee shall be rounded off to next higher rupee.(dated 27/3/2009 etc.)

5. (a) What are the documents, in support, for counting former Army Service, for Pension/Gratuity

in respect of Personnel Below Officer Rank?

(2 Marks)

Ans. For counting former Army Service for Pension in respect of PBORs, the following documents to be submitted along with claim.

- Sheet Roll/Record copy of Sheet Roll/Service Certificate as the case may be.
- Enrolment Form completed in all respects including No. and date of Gazette Notification if any, for grant of Commission as Junior Commissioned Officer.

- Sanction of PCDA (Pension) regarding grant of pension and in the case of gratuity from Pay Accounts Officer(ORs.) concerned.

(Authority: 3(b)-II of P.R. Part-II)

(b) When the application for Pension/Gratuity to be submitted?

(3 Marks)

Ans. An application for Pension/Gratuity shall be submitted immediately after the occurrence of the casualty which gives rise to the claim.

To minimize the delay in issue of PPO for payment of Pension/Gratuity, the applications may be submitted to PCDA (P) in advance of their anticipated date of transfer to pension establishment as laid down in the regulations.

(Authority: 6(a) of PR Part-II)

(c) Who verifies the qualifying service of PBORs?

(3 Marks)

Ans. The PBORs Qualifying Service shall normally be verified by Accounts Officer concerned on the basis of the sheet roll, before reporting on a claim for pension/gratuity.

(Authority: 7 of PR-Part-II)

SECTION-III (Optional)

Sub-Section(A)- Army

1. (a) How a JCO is awarded for doing a meritorious service? When it is surrendered?

(2 Marks)

Ans. Each individual is awarded a medal with annuity for meritorious service. He will receive an annuity of Rs. 25% admissible w.e.f. August 15th of each year.

The annuity is surrendered on reduction to lower rank/on promotion to the rank of JCO on discharge/on transfer to pension Estt. or at death.

(Authority: Para 247 P&A ORs/JCOs etc.)

(b) Attempt the following with authority.

(2+2+2+2= 8 Marks)

(i) When will you admit compensation in lieu of Quarters to ORs/JCOs?

Ans. When quarters are not provided for those entitled or if accommodation inferior to that authorized is provided; the compensation will be admissible as per prescribed rates to ORs/JCOs etc.

(Authority: Rule 279 ORs/JCOs/P&A)

(ii) When a JCO is proceeding on recruiting duty, how much advance Pay he gets?

Ans. He will get not exceeding two months Pay as advance.

(Authority: 318 viii of Ors/JCOs P&A)

(iii) What is a Jagir allowance?

Ans. It is an allowance (amounting to Rs. 600/- per annum) granted in place of Jagirs in the form

of assignments or remissions of land revenue previously awarded annually be GOI and of the special pension laid down in Para 213 –A Pension Regulations 1928.

(Authority: Order of British Indian Para 13 & 14)

(iv) An OR/JCO is absent without leave, what will happen to his Pay and allowance?

Ans. He will be subject to Army Act 1950 and will forfeit his pay and allowances for every day.

(Authority: 51- ORs/JCOs P&A Army)

2. (a) What are the types of leave entitlements to Commissioned Officers/JCOs/ORs/NC(E), recruits and boys?

(4 Marks)

Ans. Classification of Leave will be of the following kinds:

(i) Officers:

- (a) Casual Leave
- (b) Annual Leave
- (c) Furlough
- (d) Sick Leave
- (e) Study Leave

(ii) JCO/ORs and NCs(E):

- (a) Casual Leave
- (b) Annual Leave
- (c) Sick Leave

(iii) Recruits and Boys:

- (a) Casual Leave
- (b) Annual Leave
- (c) Sick Leave

(Authority: Rule 3 – Leave Rules for Services Vol. I Army)

- (b) A Colonel 'X' of Indian Army falls sick on furlough leave. How can you regulate his leave?

(3 Marks)

Ans. He will be (Colonel 'X') deemed to be on furlough leave till the expiry of furlough leave originally granted and sick leave will commence thereafter. The Pay during sick leave will be governed under normal rules. The furlough leave is not encashable.

(Auth: CGDA letter 1419/ATP dated 12/4/1965)

- (c) A JCO 'A' who is about to retire from service, wants to encash his annual leave. How can you audit his claim?

(3 Marks)

Ans. A JCO (here 'A')/ORs/NCs(E) may accumulate un-availed annual leave upto a maximum of 300 day; not more than 30 days in calendar year for encashment at the time of retirement.

(Authority: GOI MOD letter No. 1412/48D(AG)-I dated 22/3/07)

3. (a) When can a service officer get full and final payment from his accumulations of DSOP Fund?

(4 Marks)

Ans. The final amount at his credit of DSOP fund will be payable.

- (i) When he quits the service.
- (ii) When he is dismissed/removed etc. from service.
- (iii) When he retires/permitted to retire/medically boarded out from service.
- (iv) When he dies in service, to his family.

{Authority: GOI, MOD Letter 12(16)/86/D(Pay/Serv) dated 03/06/88}

- (b) How do you affect recovery of Army Group Insurance Scheme subscription from an officer

who is on deputation to U.K. High Commission?

(3 Marks)

Ans. W.e.f. December 1977, the recoveries from officers on deputation including Embassies/High Commissions abroad will be made by CDA(O) now PCDA(O).

(Authority: SAO 5/S/78)

(c) What documents are required in audit for giving monetary allowance for Gallantry Awards?

(3 Marks)

Ans. (i) Part-II Order notifying the grant of monetary allowance, showing the No. and date of Gazette notification of the award of Decoration as per rules.

(ii) Certificate from IHQ of MOD(Army) to the effect that the officer has been given the award on account of gallantry.

Note: This is required in case of gallantry award of Sena medal for gallantry where the award was given prior to 1998.

(Authority: GOI MOD/D(Cer) ID No. 3/6 2000/D(Cer) dated 16/11/2000)

4. (a) How you treat the effect of forfeiture of service on increments of Pay of an Army Officer.

(4 Marks)

Ans. An award of forfeiture of service for increased pay by a sentence of Court Martial under Section 71 of the Army Act 1950 has no retrospective effect nor is the rate of pay, that the officer is in receipt of on the date of forfeiture affected. Such an award will only affect future increments accruing subsequent to the forfeiture.

An award of forfeiture of service for purpose of promotion in the case of an officer whose promotion depends upon the length of service, under section 71 or 84 of the Army Act 1950 will not effect his qualifying service for purpose of increments of pay with reference to length of service.

(Authority: Rule 41 Pay and Allowances Regulations for the Officers of the Army)

(b) An Army Officer "Col. X" excelled in sports. What pay benefits is he entitled for?

(3 Marks)

Ans. Participants who achieve excellence (i.e. first, second and third positions in athletics and only first position in games) at National/International events will be eligible for the award of special increments i.e. one increment for national event and two for international events. The total number of increment should not exceed five in an officer's entire career. The increment is to be granted from the first of the month following the month in which the sporting events are completed. No specific period has been laid down for the officer to claim the increment. However, the officer should claim it as early as possible. The increment so granted would continue to be drawn at the same rate till retirement and would not count for fixation of pay on promotion, retirement benefits, DA etc.

(Authority: GOI, MOD letter No. B/25571/AG/PS 3(b)/335/D(Pay/Services) dated 04.10.91, No. B/25571/AG/PS-3(b)/1272/D(Pay/Services) dated 19/8/1996 and CGDA letter No. AN/XIV/14021/II/INC/Sports dated 16/11/04)

(c) What are the documents to be submitted to CDA(O) for drawing Family Planning Allowance by an Army Officer?

(3 Marks)

- Ans. Documents to be submitted to CDA(O) now PCDA(O) for claiming the allowance:
- (i) Part-II order notifying the grant of special increment(Family Planning Allowance) with the certificate, as prescribed in AO 37/81, as per Sl. No. 3.92 of “ Documentation Procedure for Publication of Pt. II Orders (Officers)”
 - (ii) Original certificate for sterilization operation issued by the hospital.
 - (iii) Undertaking in a prescribed format.

(Authority: CGDA letter No. AN/XVII17096-Vol.IV dated 25/4/89)

5. (a) What is the eligibility criterion for earning a Good Service Pay by a Non-Commissioned Officer? How he can advance this to a higher rate?

(4 Marks)

- Ans. To be eligible for the first rate of good service pay, a Non-Commissioned Officer must satisfy the Commanding Officer as to his zeal and efficiency and must not have incurred more than one red ink entry in his conduct sheet during 2 years preceding the claim.

To be eligible for advancement to a higher rate of good service pay, a Non-Commissioned Officer must satisfy the Commanding Officer as to his zeal and efficiency and be clear of a red ink entry for one year preceding the claim. Advancement to a higher rate can only be claimed after the lapse of 1 year from the grant of the previous rate. In the case of Non-commissioned Officers reverted to a lower rank, their previous qualifying service as Non-commissioned Officers, whether continuous or broken, will also reckon towards this period.

(Authority: Rule 70(P&A-ORs.)

- (b) What are the conditions for Forfeiture of Good Service Pay?

(4 Marks)

- Ans. Forfeiture of Good Service pay is as follows:-

- (a) Highest awarded rate (or first rate, if no higher rate was awarded):-
 - (i) By specific award of the Commanding Officer for lack of zeal, or for inefficiency of misconduct.
 - (ii) Ipso facto as a result of:
 - (1) Conviction by a court-martial; or
 - (2) Reduction to a lower class or rank under sub-section(2) or sub-section(4) of section 20 of the Army Act, 1950; or
 - (3) Punished under clause(e) or clause (f) of Section 80 of the Army Act 1950.
- (b) All rates:-
 - (i) On conviction by a court martial or an offence under Section 46 or Section 52, sub- section(a), or (b) or (c) or (d) or (f), or Section 57, of the Army Act, 1950 or by a civil power for a corresponding offence.
 - (ii) From the date on which the inefficiency of a man who is rendered physically unfit:-
 - (1) By reason of venereal disease or its effect, or
 - (2) Due to his own fault, or
 - (3) From the result of alcoholism or drug taking, as certified by the medical officer, became apparent.
- (c) A Non Commissioned Officer reduced to a lower rank will forfeit the highest awarded rate (or first rate, if no higher rate was awarded) of good service pay with reference to the lower rank unless sentenced to loss of service under Section 71, sub-section (h) of the Army Act, 1950

(Authority: Rule 76 P & A – ORs)

(c) Whether period of absence without leave can be counted towards Good Service Pay?

(4 Marks)

Ans. No. The period of absence without leave does not count towards good service pay.

(Authority: Rule 72(P&A)- ORs Rule)

6. (a) What is the total entitlement of Casual leave to an Army Officer in a Calendar year? Whether he can avail all the Casual leave at one go?

(4 Marks)

Ans. An Army Officer is entitled to twenty (20) days casual leave in a calendar year.
Conditions to avail:

- Normally, he cannot be granted leave for more than 10 days at a time. But it can be extended upto 14 days in exceptional cases.
- However, in very exceptional cases, casual leave upto 20 days at a time may, at the discretion of leave sanctioning authority be granted.

(Authority: Rule 17 Leave Rules for service Vol-I Army of GOI-MOD letter No./33922/AG/P.5.2(3)/2628/D CAG dated 25/6/2007)

(b) What are the circumstances, that govern Special Casual Leave (SCL) for Army personnel? What is the maximum period one gets, in a calendar year for participating in a sporting event?

(4 Marks)

Ans. Special casual leave is granted in the following circumstances:-

- (i) For participating in sporting events/tournaments.
- (ii) For participating in activities of II P & A
- (iii) For attending Scientific Association
- (iv) After undergoing sterilization operation for promotion of small family norm. One gets a period not exceeding 30 days in any calendar year for participation in sporting activity.

(Authority: Rule 72 – Leave Rules for the Service – Vol-I Army)

(c) An Army Officer participating in a sporting activity in India exceeds his SCL and intends to club this with his casual leave in a calendar year. Is it in order?

(2 Marks)

Ans. No, it is not in order. Casual leave cannot be combined with any other kind of leave.

(Authority: Rule 10 of Leave Rules for Services- Vol-I Army)

SECTION-III (OPTIONAL)

Sub-Section(B) – Air Force

1. (a) Can an officer draw higher and lower rates of qualification grant when he is in possession of qualifications entitling him to qualification grant both at higher and lower rates?

(4 Marks)

Ans. No. he can only draw the higher rate of Qualification grant as officers can draw only one rate of Qualification grant.

(Authority: Rule 175(1) Pay & Allowances Regulations for IAF)

(b) Is separation allowance admissible to an officer, when he is on casual leave from non-family area?

(3 Marks)

Ans. Yes, he will get separation allowance.

(Authority: Rule 184(1) Pay & Allowances Regulations for IAF)

- (c) Who is the competent authority to order penal deduction from pay, when an Airman has left his wife for maintenance?
(3 Marks)
- Ans. Government of India can order.
(Authority: Rule 582(i), Pay & Allowances Regulations for IAF)
2. (a) What type of stores can be dispatched by using Credit Notes?
(4 Marks)
- Ans. Credit Notes are only to be used for dispatch of stores which are the property of Ministry of Defence at the time of dispatch and on which freight charges are debit to Defence Services Estimates.
(Authority: Rule 237(i) Travel Regulations)
- (b) What type of Air Force stores can be sent by air?
(3 Marks)
- Ans. Following Air Force equipments can be sent by air-
(i) AOG equipment
(ii) When directed or arranged by Air HQrs. with the prior approval of Govt.
(iii) In case of emergency where air transport is resorted to at the discretion of CO of consignor unit or at the requirement of consignee unit provided the extra expenditure involved is within financial powers of CO or the consignor or the consignee units as the case may be.
(Authority: Rule 240, Travel Regulations)
- (c) Whether conveyance for Canteen stores held by its unit –run-canteen at the time of move is authorized?
(3 Marks)
- Ans. Yes, it is in order as Canteen stores held by a unit/formation run canteen is a bonafide regimental stores.
(Authority: Rule 241, Travel Regulations)
3. Comment on the following:
(a) The driver of a Group Captain has signed an entry in the car diary covering a distance of 120 kms.
(4 Marks)
- Ans. This is not in order and has to be objected in audit. When a G/C is a user of the staff car, the car diary may be signed by the officer himself. In no case car diary is to be signed by driver himself.
(Authority: Para-181(b) Chapter V of AFLAM)
- (b) Govt. Transport has been used for the conveyance for airmen to “Wagha Border” in Amritsar.
(4 Marks)
- Ans. This is a case of use of Govt. transport for amenity purpose. The transport duty is perfectly in order and not to be objected audit.
(Authority: Para 181(iv) Chapter V of AFLAM)
- (c) Who can sanction Furlough to a Wing Commander serving in Indian Embassy?
(2 Marks)
- Ans. Furlough to a Wing Commander serving in Indian Embassy can be sanctioned only by Govt. of India.
(Authority: Rule 51, Leave rules for the Services-III)

4. Comments on the following:

(a) JWO Arvind Singh has been issued with a wrist watch for authorized use on aircrew duties.

(5 Marks)

Ans. Wrist watches for the use of entitled aircrew will be issued to the concerned Flight Commanders of different squadrons on their inventories. Watches for issue to Navigators under training will be held on the inventory charge of OC Navigation School. Thus issue of a wrist watch to a JWO will not be in order as he is neither a Flight Commander nor a Navigator under training.

(Authority: Para 48 of Chapter 14 IAF Equipment Regulations IAP-1501)

(b) Vikas Kumar, a pilot cadet has been issued hand towels on prepayment.

(5 Marks)

Ans. Yes. The issue of hand towels on prepayment is in order vide item 22B/35.

(Authority: Para 2 of Chapter 14, IAF Equipment Regulations IAP-1501)

5. (a) Write the circumstances when temporary Change of Command takes place.

(5 Marks)

Ans. (i) Change of command will be effected when the officer in command of a formation or a unit as under sub para (a) is absent from his formation/unit for a period exceeding 24 hours on account of leave, sickness, temporary duty or attachment.

(ii) When a command or group is normally commanded by an officer of the G.D. Branch, the next senior officer of that branch serving in the command or group will, irrespective of the unit to which the belongs, assume command in the absence of the officer posted for that duty.

(iii) When a command or group is normally commanded by an officer of a branch other than general duties branch, the command, in his absence, will develop upon the next senior officer of G.D., technical, equipment, A& S.D. accounts or education branch, regardless of the branch to which the officer normally in command belongs.

(iv) When a station or wing or unit is normally commanded by an officer of the G.D. Branch, the next senior of that branch in the station or wing including those serving in the lodger units, or unit, will assume officiating command of the station or wing or unit.

(v) When a station or wing or unit, established mainly for a purpose other than flying is normally commanded by an officer of G. D. Branch, or when a station or with or unit is normally commanded by an officer other than an officer of G. D., technical, equipment, A. & S.D. accounts or education branch, regardless of the branch to which the officer normally in command belongs.

(vi) Changes of command will be published in appropriate orders.

(vii) The powers and privileges of an officer in temporary command of a formation/unit will be same as those of the permanent incumbent subject to the restrictions imposed by Air Force Act and other rules made there under.

(viii) If any situation raised which is not expressly covered by the above provisions, the circumstances will be reported to the next higher formation for orders.

(ix) Notwithstanding anything laid down under these provisions the Chief of the Air Staff, in the case of command head quarters, or A.O.A. in the case of units directly under the administrative control of Air Headquarters or the A.O.C. in-C. of a command in the case of formations/units under him, may, if he considers it necessary or desirables, nominate any

officer to assume temporary command of a formation/unit.

(Authority: Rule 16 DSR: Reg. for IAF)

(b) What do you understand by Relative Seniority of Regular Officers?

(5 Marks)

Ans. (i) Officers holding substantive ranks will be senior to officers holding corresponding acting ranks.

(ii) Relative seniority of officers holding the same substantive rank (without any higher acting rank) will be determined by the respective dates of appointment or promotion to that rank. Where two officers of the same rank have been gazetted to such rank with effect from the same date, their relative seniority will be determined by the order in which their names appear in the current air force list (CS No.6/VII/69)

Note - Forfeiture of seniority, if any, will be taken into consideration in determining relative seniority.

(iii) Relative seniority of officers holding the same higher acting rank but different substantive ranks will be determined by the substantive rank held.

(iv) Relative seniority of officers holding same higher acting rank and same substantive rank will be determined by the date of promotion to the higher acting rank, where the date of appointment or promotion to the substantive rank is the same. Where the dates of appointment or promotion to the substantive rank are different, relative seniority will be determined by those dates.

(Authority Rule 25 DSR: Reg. for IAF)

6. How the Pay and Allowances of a deserter will be dealt with?

(10 Marks)

Ans. (a) The pay and allowances of a deserter will be forfeited for the period of desertion.

(b) The commanding officer will draw pay and allowances due to the deserter for any period prior to desertion and will secure all his moveable property in camp or quarters. Out of them, all the amounts etc. due by deserter will be met and the rest, if any, will be disposed of in accordance with Section 3 of the Army and Air Force (Disposal of Private Property) Act, 1950

Note:- For the purpose of these regulations the commanding officer of a deserter's/absentee's unit means...

(i) In the case of a person subject to the Air Force Act, who is already on the strength of a unit, the commanding officer of that unit.

(ii) In the case of a person subject to the Air Force Act, on posting/under posting, the commanding officer of the unit to which he is posted.

(iii) In the case of a new recruit, the commanding officer of the training unit to which the recruit is ordered to report

(Authority: Rule 388. Of DSR Reg. for IAF)

SECTION-III (OPTIONAL)

Sub-Section(C) – NAVY

1. On what day the pay and allowances will be stopped in respect of the following cases:

(2½ + 2½+2½ + 2½ = 10 Marks)

(a) In case of death

- (b) In case of retirement or resignation
- (c) In case of dismissal without disgrace
- (d) Suspension

- Ans. (a) On the following day of death
 (b) On the day of retirement/resignation
 (c) On the following day of the decision is communicated to the officer
 (d) On the following day of the decision is communicated to the officer.

(Authority: Para-9 Chapter-III of the Navy(Pay & Allowance) regulations 1966.

2. Promotion orders of two officers were erroneously issued. One was posted in the same station and the other was on duty in the ship in operation against the pirates in the gulf of Africa. On what date(s), their orders for cancellation of their promotions would be made effective?

(10 Marks)

- Ans. In case of the officer in same station, it would be from the date of the cancellation order was issued and in respect of the officer on duty in the ship, it would be from the date orders rescinding the promotion reach the ship/establishment.

{Authority: Para 14 of Chapter-III of the Navy (Pay and allowance) regulations 1966}

- 3 Navy captain 'A' was captured in war by the enemy country. During his captivity in the foreign country, he was paid token pay of Rs. 5,000/- per month. On his release and return to the country, how his pay and allowances would be regulated.

(10 Marks)

- Ans. On the return to the country, he would be entitled to full pay and allowances including separation allowance if the order was issued prior to his capture for the period of his captivity minus the pay/allowances he received from that country. But other allowances such as altitude/uncongenial climate allowance even if he was drawing would not be paid.

(Para 21A of Chapter-III of the Navy (Pay and allowances) regulations 1966).

- 4 An officer who was drawing lower rate of qualification pay acquired higher qualification for which he is entitled for higher rate of qualification pay as well. How his qualification pay will be regulated?

(10 Marks)

- Ans. He shall be allowed to draw the difference between the higher rate and the lower rate of Qualification pay till the expiry of two years after the draw of the Qualification grant. Thereafter he would however be allowed the higher rate of Qualification pay.

(Para 88(3) of Chapter-III of the Navy(Pay and allowances) regulations 1966)

- 5 What is the objective of ship's improvement fund? How is the fund administered or managed?

(10 Marks)

- Ans. The fund is instituted for the improvement of Gunnery, Torpedo, Communication and radar departments. The objective is to encourage development of new devices and modifications to existing equipment with a view to increasing the efficiency of such equipment. The fund is administered by the commanding officer of the ship and drawn quarterly in advance. At the end of the financial year the unexpended amount is forwarded to the Indian Navy central improvement fund, naval Headquarters, New Delhi.

{Authority: Para-29 of Unit allowances of the Navy(Pay and Allowances) Regulations 1966}

- 6 An officer posted in Kolkata was posted as Defence Attache in the office of High Commissioner of India in Dhaka. He sent his family back to Jammu his home town. After full tenure in Dhaka he was transfer to Cochin. He brought his family there and claimed the cost both from Kolkata to Jammu and from Jammu to Cochin. How his claim for family would be regulated?

(10 Marks)

Ans. His claim from Kolkata to Jammu would be restricted to amount that he could claim from Kolkata to Dhaka. As for the claim from Jammu to Cochin it would be admissible in full as per entitlement.

(Authority: Para 253(d) of the Travel regulations (defence services 1991)

SECTION-III-OPTIONAL

Sub-Section(D) - Factory

1. (a) What are demand notes and return notes? What is red demand note and how issuance of a red demand note will affect Price Store Account?

(3 Marks)

Ans. (a) Demand note is a document that production section issues to store section to obtain material based on authority of warrant. Return note is a document issued by production section to store section if production section returns any material earlier drawn on that warrant. Accounts office prepares Priced Store Account and material abstract using demand and return notes.

In factories working on the "Except system", components manufactured in the factories are not taken on charge in stores ledger but are borne on production ledger charge (having been kept in component store) from where they are drawn for purposes of assembly on "Red Demand Notes". These documents will, therefore, not be accounted for in Stores Ledger or Store Account and hence will have no effect on Price store account.

(Authority: Para 412 OM Part-VI)

- (b) What are the types of Unorthodox Balances? Under what conditions UOB arises in ledger?

(3 Marks)

Ans. (b) Types of Unorthodox Balances which can arise in Price Store Ledger are:

- (i) Plus Quantity within Minus or Nil Value
- (ii) Nil Quantity with Plus or Minus Value
- (iii) Minus Quantity (with Plus, Minus or Nil Value)

These balances arise in the Price Store Ledger because of the following reasons:

- (i) Stores documents are not promptly priced and posted chronologically in the ledgers. Priority is also not given to the posting of receipt documents in the chronological order over the issue documents.
- (ii) Monthly Average Ledger Rates are not worked out every month.
- (iii) Receipt adjustments including counter adjustments are not countered by adjustment to issue where necessary.
- (iv) Prompt action is not taken to obtain the wanting receipt documents.

(Authority: Para 425, 426 of OM Part-VI)

- (c) What is moving average ledger rate? Calculate MALR for an item X with the help of following entries:

	Qty.	Rate
Opening balance	1200	75
Demand note	200	
Receipt	500	82
Return note	50	
Receipt	1000	87

(4 Marks)

Ans. (c) Moving average ledger rate is rate of each item shown in Price Store Ledger. The rate is

based on the total values of receipts during the month as per receipt voucher and the opening value divided by the total quantity of receipts during the month and opening quantity. Thus if V1 and V2 be the Opening Value and Value of Receipts during the month and Q1 and Q2 be the Opening Quantity and Quantity of Receipts. $MALR = \frac{V1+V2}{Q1+Q2}$. This rate is adopted for pricing of the issues during the next month.

Opening balance qty 1200 rate 75 value = 90000.

Demand note 200 Nos,

Remaining qty = 1000, value = $1000 \times 75 = 75000$

Receipt qty = 500 rate = 82, value = 41000

ALR = $\frac{75000+41000}{1000+500}$

= 77.33

Return note = 50 Nos

Remaining QTY = 1550, value = $1550 \times 77.33 = 119866.66$

Receipt Quantity = 1000, rate = 87, value = 87000

ALR = $\frac{119866.66+87000}{1550+1000}$

= 81.12

2. (a) Give definition of the following :
- (i) SHIS
 - (ii) MP Sheet
 - (iii) WIP
 - (iv) TE Dues
 - (v) SO Due

(1+1+1+1+1 = 5 Marks)

- Ans. (a) (i) SHIS is a document on which Store Holder shows his inability to supply a store when the stock has gone below a fixed limit. It shows stock in hand, dues, average consumption, disabilities and requirement to meet liabilities.

(Authority- Para 349-350 of OM Part-VI)

(ii) MP Sheet: Material planning sheet is the basic document for SHIS prepared by factory showing target for end product for one/two years, estimated quantity required for each item and gross total requirement.

(iii) WIP: Work in progress means total value of labour, material and overhead drawn on a warrant but where production is not yet complete. Material value of WIP for each item may be reduced from total requirement for that year to arrive at net requirement.

(iv) TE Dues: Tender enquiry dues are quantity for which tender has been issued but not yet finalized. It shows quantity for which provisioning action has already been done and as such is to be reduced from the gross quantity calculated for future requirements.

(v) SO Dues: Supply Order dues is quantity for which supply order is already placed but quantity is not received, hence will be received in future. This quantity should be reduced from gross requirement to arrive at net requirement.

- (b) Calculate net provisioning quantity for an SHIS of an item A for an end product X:

Target for year 2013 -14 for item 'X' is 100000 nos.

Estimate req. of 'A' is 1037 per 1000 nos.

Stock available	10000
WIP	5000
SO Dues	20000

TE Dues	10000
Dues out	17000

(5 Marks)

Ans. (b) Net provisioning quantity for an SHIS of an item A for an end product X :

Target for year 2013 -14 for item X is 100000 nos.

Estimate requirement of A is 1037 per 1000 nos.

So, gross requirement = target* estimate = 100000*1037/1000

= 103700

Stock available 10000

WIP 5000

SO Dues 20000

TE Dues 10000

Total available quantity = stock + WIP + SO dues + TE dues

= 10000 + 5000 + 20000 + 10000

= 45000

Dues out 17000

Net available quantity = available quantity –Dues out

= 45000 – 17000

= 28000.

Net required quantity = gross requirement – Net availability

= 103700 – 28000

= 75700

3. (a) What is overhead? Explain as to how overheads are classified in Ordnance Factories?

(4 Marks)

Ans. Overhead charges constitute a class of cost, which cannot be directly charged to the product. Thus, apart from direct costs like 'labour ' and 'Material', there are other costs which have to be necessarily incurred generally for the production. To arrive at 'true cost of production', it is , therefore essential that a proper system of accounting of such charges and distribution thereof to the manufacturing orders is adopted.

The overheads incurred in the Ordnance Factory are broadly classified into 'Variable' and 'Fixed' according to the nature of the expenses.

Variable overheads are expenses which generally vary in sympathy with the load on the factories i.e. they increase or decrease with every increase or decrease in load though not in direct proportion. Fixed overheads are items of expenditure which by their very nature do not depend on the volume of manufacture (load), but generally remain constant irrespective of the load involved.

The variable overhead expenses of any shop comprises of items of expenditure which relates to repairs, maintenance, running and depreciation of machinery, general shop labour. The fixed overhead expenses comprise of items of expenditure relating to the pay and allowance of staff and officers of the factory other than those treated as variables.

(Authority: Para-526 -530 of OM Part-VI)

(b) From the following, calculate total variable expenditure for Section 'A' and 'B' using step ladder method:

Production Section A,B
 Service Section X,Y,Z
 Variable expenditure on Section A - 1000000
 Variable expenditure on Section B - 500000
 Variable expenditure on Section X - 200000
 Variable expenditure on Section Y - 7000000
 Variable expenditure on Section Z - 20000
 Section X provides services to Y (60%) and Z (40%)
 Section Y provides services to Z (30%), A (30%) and B (40%)
 Section Z provides services to A (70%) and B (30%)

(6 Marks)

Ans. Distribution of expenses by direct allocation to 'Production Section' is done through "Step Ladder Method"

Production section A,B
 Service section X,Y,Z
 Variable expenditure on section A- 1000000;
 Variable expenditure on section B- 500000;
 Variable expenditure on section X- 200000;
 Variable expenditure on Y – 700000;
 Variable expenditure on section Z – 20000;
 Section X provide services to Y (60%) and Z (40%)
 So, expenditure on X will be attributed to Y and Z in ratio of 60:40
 For Y, 60% of 200000 = 120000. For Z, 40% of 200000 = 80000
 Total expenditure on Y = 700000 + 120000 = 820000
 Expenditure on Z = 20000+80000 = 100000.
 Section Y provide services to Z (30%), A (30%) and B(40%)
 So, expenditure will be attributed to Z, A and B in ratio of 30:30:40.
 For Z, 30% of 820000 = 246000
 For A, 30% of 820000 = 246000
 For B, 40% of 820000 = 328000
 Expenditure on Z = 100000 + 246000 = 346000
 Expenditure on A = 100000 + 246000 = 1246000
 Expenditure on B = 500000 + 328000 = 828000
 Section Z provide services to A (70%) and B (30%)
 So, expenditure will be attributed to A and B and in ratio of 70:30
 For A, 70% of 346000 = 242200
 For B, 30% of 346000 = 103800
 Expenditure on A = 1246000+242200 = 1488200
 Expenditure on B = 828000 + 103800 = 931800

Final Expenditure on A = 1488200

Final Expenditure on B = 931800

Alternative – (Answer in Tabulated format)

	Service Sections			Production Sections	
	Sec X	Sec Y	Sec Z	Sec A	Sec B
Given Variable Expdr	200000	700000	200000	1000000	500000
Distribution of cost of Sec X	-200000	-120000 (60%)	80000 (40%)	-	-
Total	0	820000	100000	1000000	500000
Distribution of cost of Sec Y		-820000	246000 (30%)	246000 (30%)	328000 (40%)
Total	0	0	346000	1246000	828000
Distribution of cost of Sec Z			-346000	242200 (70%)	103800 (30%)
Total Variable Expdr in r/o Production Sections				1488200	931800

(Authority:- Para 537- 540 of OM Part-VI)

- 4 (a) Define extract. What are the different classes of extracts?

(3 Marks)

Ans. An extract is the authority for the manufacture of an article in a factory. It is issued by tire OFB to enable the factory to undertake manufacture in respect of all outturn work orders and certain indirect service work orders. One extract is placed for one work order i.e. for one kind of article only.

Extracts are divided into the following classes:

Class I for Army Orders and miscellaneous services like repairs for Navy and Air Force.

Class II for payment services

Class III for inter-factory services

Class IV for stock (Internal to Factory other than capital)

Class V for capital services.

(Authority- Para 604, 606 of OM Part-VI)

- (b) Define Manufacturing Account Statement 'A' and Manufacturing Account Statement 'B'

(3 Marks)

Ans. A statement of services known as Manufacturing Accounts Statement 'A' showing the value of issues under different heads for the purpose of posting in the Principal Ledger. This account will be compiled in IAF (Fac-116) from the original vouchers independently and agreed with the schedule of 'P' Vouchers.

"Manufacturing Accounts Statement "B" showing miscellaneous receipts such as recovery of license fees, water & electricity charges; sale of stores not held on stock charge etc. is to be prepared for the purpose of posting in the Principal Ledger. This account is to be prepared with supporting schedules in IAF (Fac-120).

(Authority- Para 672 of OM Part-VI)

- (c) Fill in the blanks with appropriate process/documents to complete the following paragraph:
 Armed forces places order on OFB through placing (i) On OFB. OFB issues (ii) to concerned factory as an authority to production. Factory issues (iii) to production section as an authority to production. Accounts office opens (iv)

for ascertaining cost of any product wherein Labour cost is ascertained through (v) and Material cost is ascertained through (vi) End product is issued to the Indenter by a (vii) voucher. After production of intended quantity, (viii)..... analysis is done by comparing actual and estimated cost.

(4 Marks)

Ans. (i) Indent (ii) Extract (iii) Warrant (iv) Cost Card (v) Labour abstract (vi) Material abstract (vii) Production issue (viii) Variance

5 (a) What is guarantee pay? How guarantee pay for a piece worker is calculated?

(4 Marks)

Ans. Guarantee pay is the basic time wages (pay) which becomes admissible to industrial employees of unskilled, semi-skilled grade when their piece work earning during the period of their piece work earning during the period of their duty falls below the actual basic time wages applicable for that period.

As per new system of P.W.E. calculation the minimum of the revised pay scales of the piece workers are taken as basis and the difference between the actual basic pay of a worker and the minimum of his revised pay scale is paid as a separate element. Hence the following method of calculation should be adopted.

(Time wages + Increment difference + Overtime pay) – (Earning + Overtime Bonus) = Guarantee Pay.

(Authority: Para 154 of OM Part-VI)

(b) How the time spent by industrial workers on receiving medical treatment during working hours is treated?

(4 Marks)

Ans. The time spent by workers for receiving medical treatment during working hours will be treated as under:

(i) In case of injuries/sickness arising out of work

(a) The time spent in dispensary/Ambulance room within the factory premises will be treated as duty.

(b) The time spent in dispensary/hospital outside the factory premises will be treated as special leave with wages.

(ii) In case of injuries/sickness not arising out of work – The time upto the limit of 2 hours at a time will be treated as special leave with wages. The concession will be limited to two occasions in a month.

The period of absence will be from the time the worker leaves work spot till he returns to duty at work spot. Workers who do not join duty prior to their proceeding to receive medical attendance and workers who are not in a position to return to duty within the stipulated time limit of 2 hours as well as those who do not return duty before the closing of working hours will not be entitled to receive the benefit of the concession given above.

The question whether the injury/sickness arose out of work or otherwise will be decided on the basis of the report of the Medical Officers on duty at the dispensary etc. where the worker receives the treatment.

(Authority: Para 181 of OM Part-VI)

(c) What is outstanding liability of labour charges?

(2 Marks)

Ans. Amount of unclaimed wages is not charged to the pay head in the financial accounts although the same is fully charged in the Cost Accounts. The difference between the cost and financial accounts thus represented by the unclaimed wages is treated as 'Outstanding Liability'

(Authority: Para - 222 of OM Part-VI)

6. (a) How are notional time wages for piece workers calculated? How earning of any member of gang will be calculated out of total gang earning?

(4 Marks)

Ans. Notional Time wages/Time wages in respect of any industrial will be calculated by multiplying the number of days worked by him by his daily rate of pay.

As day workers are required to be paid on time basis without regard to output, they will receive this element of wages. Pay for a day should be assumed at $\frac{1}{N-(S+H)} \times \text{Basic monthly pay}$ (where 'N' represents the number of days in a month and 'H' represent number of closed paid holidays in that month).

However, piece workers are eligible for payment of paid holidays separately in addition to piece work earnings. The formula is $\frac{1}{N-S} \times \text{Basic monthly pay}$.

In the case of gang piece workers, the total piece work earnings will be distributed among workers with reference to Notional Time Wages of each worker calculated on the basis of the minimum of his pay scale.

Accordingly, the piece work earnings of a gang will be distributed among its members in proportion to their Notional Time Wages.

Earnings of any member of the gang = $\frac{\text{His Notional time wages} \times \text{Total earnings of the gang}}{\text{Total Notional Time Wages of all the members of the gang}}$.

(Authority: Para 147 & 148 of OM Part-VI)

(b) What are the conditions/circumstances under which an employee can be granted Special Casual Leave?

(4 Marks)

Ans. Special Casual Leave on full pay up to maximum of 14 days may be granted to industrial employees for attending the course of instruction training; etc. in the Territorial Army.

Special casual leave on full pay on other occasions mentioned below may be granted to the extent and subject to the conditions mentioned in the Govt. orders issued from the time to time.

(a) Participation in the sporting events and tournaments of National or International importance.

(b) Participation in the Inter-Ministerial Interdepartmental tournaments.

(c) Participation in cultural activities.

- (d) Representatives of Unions/Federation/Associations; to attend meetings/conference.
- (e) Undergoing I.U. C.D. insertions;
- (f) Undergoing non-puerperal Tubectomy operation
- (g) Undergoing Sterilization operation.
- (h) For the period spent by ex-servicemen boarded out of service and re-employed as civilians for appearing before medical survey Board.

(Authority- Para 180 of OM Part-VI)

- (c) A piece worker has performed 24 hours of OTB in the month of December, 2012. His pay details are as under:
 Band Pay - Rs. 14,880
 Grade Pay - Rs. 4,600
 Calculate his OTB entitlement.

(2 Marks)

Ans. OTB of Piece Worker = $\frac{1.25 \times (\text{Band Pay} + \text{Grade Pay}) + 2 \times \text{DA}}{200} \times \text{OTB Hrs.}$
 $= \frac{1.25 \times (14880 + 4600) + 14025}{200} \times 24$
 (DA is to be calculated on B.P. + G.P. @ 72% = Rs. 6288)

