

**Defence Accounts Department**  
**S.A.S. Examination – Part II**

**October-November, 2006**

**Subject: ‘C’ – Paper V – Précis Writing and Letter Drafting**

Time Allowed: 3 Hours

Total Marks : 150

Note:-

- (1) Question No.1 is COMPULSORY. Answer any TWO of the other three questions.
  - (2) In Question No.1, 15 marks are assigned for the title and summary of points and 35 marks for the précis proper.
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**Q.1.** Make a précis of the material given in APPENDIX-1. Also suggest a suitable title and give a summary of points. (50 Marks)

**APPENDIX-1**

**I**

Office of the CGDA, West Block-V, R.K.Puram, New Delhi

No. AT/IFA/13381/Army Vol.V

Dated 23.10.2003

To

The PCsDA/CsDA/IFAs

Subject: Purchase of Note Book/Laptops Computers by Ministries/Depts.

A reference regarding procurement of Laptops for Defence Officers was received from one of our Controllers for clarification. The matter has been examined in the light of the guidelines issued by Min. of Finance, Deptt. of Expenditure vide their OM No.1(29)/E/II(A)/2000 dated 6.9.2000 (copy enclosed).

Keeping in view the austerity instructions issued by the Govt. and the substantial cost difference between that of a Note Book/Laptop Computer and that of a conventional (Desktop) PC, Note Book/Laptops can not be provided as a matter of convenience. Ministries/Depts may provide only Desktop-PC and not Note Book/Laptop Computers to officers based on functional justification.

In view of the above, proposal regarding procurement of Note Book/Laptop computers which might have been received or will be received may be dealt with on the lines indicated in the above Govt. letter.

For CDA Secundrabad: This disposes of your letter No.IFA/MCEME/28/Fin. Conc./P22 dated 15.7.2003

Addl. CGDA(AT) has been consulted.

For CGDA

## **II**

**No.1(29) E-II(A)/2000  
GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF EXPENDITURE**

New Delhi, the 6<sup>th</sup> September, 2000

Sub: Purchase of Note Book/Laptop Computers by Ministries/Depts.

References have been received from some Ministries regarding purchase of Note Books/Laptop Computers for use by Officers. Keeping in view of the austerity instructions issued by the Government and the substantial cost difference between that of a Note Book/Laptop Computer and that of a conventional (Desktop) PC, Note Book/Laptop cannot be provided as a matter of convenience. Ministries/Departments may provide only Desktop-PC and not Note Book/Laptop Computers to Officers based on functional justification.

This issues with the approval of JS(Per).

Deputy Secretary to Government of India

To,

All Ministries/Departments of Government of India

## **III**

No.AT/IX/IFA/13381/Vol.VI IT  
Office of the CGDA  
West Block-V, R.K.Puram,  
New Delhi.-110066  
Dated 07.05.2004

To

All PCsDA/CsDA/IFAs

Subject: Purchase of Note Book/Laptops Computers by Ministries/Departments.

Reference: In continuation of this HQrs. Circular bearing No.AT/IFA/13881/Army Vol.V dated 23.10.2003 forwarding a copy of Govt. of India, Ministry of Finance, Deptt. of Expenditure No.1(29)E-II(A)/2000 dated 6.9.2000.

A copy of Ministry of Finance, Deptt. of Expenditure OM No.1(29)/E-II(A)/2000 dated 19.4.2004 on the above subject is forwarded herewith for information, guidance and compliance.

Please acknowledge receipt.

DY. CGDA(AT)

Copy to:

Pr. IFA - for kind information.  
Brar Square,  
Delhi Cantt.

#### IV

**No.1(29) E-II(A)/2000**

**MINISTRY OF FINANCE  
DEPARTMENT OF EXPENDITURE  
E, II (A) Branch**

New Delhi, 19<sup>th</sup> April, 2004

#### OFFICE MEMORANDUM

Sub: Purchase of Note Book/Laptop Computers by Ministries/Departments.

The undersigned is directed to refer to this Ministry's OM No.1(29)E.II(A)/2000 dated 6.9.2000 regarding purchase of Note Book/Laptop computers by Ministries/Departments and to say that it has now been decided to delegate powers for purchase of Notebook/Laptop Computers to Administrative Ministries/Departments. This power shall be exercised only by the Secretary of the Ministry/Department concerned in consultation with their Financial Adviser, subject to the following conditions:

- a) There being adequate functional justification for the purchase of Laptop and that the Laptop not being issued routinely.
- b) Reasonableness of rates being ensured.
- c) The cost of Laptop should not exceed Rs.75,000
- d) The purchase procedures prescribed in GFRs being followed.
- e) Laptop not being issued to an officer below the rank of JS.
- f) The officer who is given the Laptop will personally be responsible for the safety and security of the Laptop which will remain Govt. property and will need to be surrendered at the time of handing over of the charge. In case of loss, the loss will be recovered from the officer based on the book value of the Laptop. The officer concerned will be at liberty to have the Laptop insured at his personal cost.

This issues with the approval of Secretary (Exp.)

Under Secretary to the Govt. of India

To

- (i) All Ministries/Deptts. of Govt. of India
- (ii) All Financial Advisers

V

**Office of the CGDA, West Block-V, R.K.Puram, New Delhi**

No. AT/IX/IFA/13381/IT Vol.VIII

Dated 26.08.2005

To

All PCsDA/CsDA/IFAs

Subject: Purchase of Note Book/Laptop Computers by Ministries/Departments.

Ministry of Finance, Deptt. of Expenditure, New Delhi vide their OM No.1(29)/E.II(A)/2000 dated 19<sup>th</sup> April, 2004 had issued guidelines/conditions for purchase of Notebook/Laptops by the various Ministries/Departments which was circulated under HQrs. office letter of even No. dated 7.5.2004.

2. It has been brought to the notice of this HQrs. office by one of the CsDA that Dte. Gen of Info Sys, Army HQrs., New Delhi have issued policy on procurement/ utilization of Laptops vide their letter No.B/04001/Policy/Laptop/DDG IT(T&P) dated 18.03.2005 (copy enclosed) addressed to HQrs. Command wherein guidelines for scaling of Laptops by different Dtes/Fmns HQ/Maj units etc. have been issued.

3. The guidelines issued by Army Hqrs. under their letter dated 18.3.2005 have been examined with reference to the broad policy laid down in Ministry of Finance OM dated 19.4.2004. In view of the deviation from the provisions contained in Ministry of Finance, Deptt. of Expenditure OM dated 19.4.04, the matter has been taken up with the Ministry of Defence (Finance) for further clarifications.

4. The procurement as per AHQrs. policy letter dated 18.3.05 may be kept in abeyance pending receipt of clarification from Min. of Defence (Finance).

This has the approval of Addl. CGDA(AT).

Please acknowledge receipt.

Dy. CGDA(AT)

Copy to:-

1. The Pr. IFA - For kind information.  
West Block-V,  
R.K.Puram, New Delhi.
2. The Dte. Gen of Info Sys.  
G.S.Branch,  
AHQrs.  
EDP Enclave,  
New Delhi.

For information with reference to his letter No.B/04001/Policy/Laptop dated 18.3.05.

Dy. CGDA(AT)

## VI

### **OFFICE OF THE CGDA, WEST BLOCK-V, R.K.PURAM, NEW DELHI**

#### **INTEGRATED FINANCIAL ADVICE CELL**

Subject: Purchase of Note Book/Laptop Computers by Ministries/Department.

Ministry of Defence (Finance) may kindly refer to Dte. Gen Inf. Sys, G.S. Branch, Army HQ, New Delhi letter No.B/04001/Policy/Laptop/DDGT(T&P) dated 18<sup>th</sup> March, 2005 addressed to headquarters Command (copy enclosed) laying down a policy on procurement/ utilization of Laptops.

2. The Army HQrs. letter referred to above has been examined with reference to broad policy laid down by the Min. of Finance, Deptt. of Expenditure OM No.1(29)/E.II (A) / 2000 dated 19.4.04 and the following points are submitted:

- (i) The Army HQrs. letter had been issued with the approval of DCOAS whereas powers as per MoF letter are to be exercised only by the Secretary of the Ministry/Deptt. Concerned.
- (ii) As per Ministry of Finance O.M., Laptops are not be issued to the officer below the rank of JS whereas Army HQrs. has decided to issue Laptops to Brig/Sub Area HQ/Maj. Units.
- (iii) There is no provision for providing Laptops to various formations/departments but the Army HQrs. letter has provided Laptops for various formations and training institutes. For a bigger training institution like EME Secunderabad, the requirement projected based on this letter has been as high as 15 Laptops.
- (iv) As per Min. of Fin. letter, in case of the loss of the laptop the same needs to be recovered from the concerned officer. This provision has not been incorporated in Army HQrs. letter.

3. Ministry of Defence (Fin) are requested to kindly examine the issue and confirm whether the policy letter dated 18.3.05 issued by AHQ was actually concurred as recorded in the letter, since neither this HQrs. office nor the PCDA/CDA offices have received the letter officially from AHQrs. It may also be intimated whether it was a conscious decision to overlook the conditions to the extent stated above laid down in Ministry of Fin. Letter dated 19.4.04.

This has the approval of Addl. CGDA(AT)

Jt. CGDA(Sys)

Addl. FA(M)  
Ministry of Def.(Fin)  
South Block, New Delhi.  
UO No.AT/IX/IFA/13381/IT Vol.VIII dated 26.8.05

## VII

Dte Gen Info Sys  
G.S.Branch, Army HQ  
EDP Enclave,  
Rao Tula Ram Marg,  
New Delhi-110 010.  
18 March, 2005

B/04001/Policy/Laptop/DDG IT(T&P)  
HQ Southern Comd GS(Sys)  
HQ Eastern Comd GS(Sys)  
HQ Western Comd GS(Sys)  
HQ Central Comd GS(Sys)  
HQ Northern Comd GS(Sys)  
HQ ARTRAC(IT&TA)

### **POLICY ON PROCURMENT/UTILISATION OF LAPTOPS**

1. With the enunciation of the version statement on IT by the COAS in 1998, a formal IT Rd Map was evolved for rapid proliferation of IT in the Army. Specific milestones were laid down in the rd map to facilitate the leveraging of the potential of IT as a Force Multiplier.

2. The proliferation of IT is a gradual process. Its penetration is increasing day by day with the induction of additional hardware, application software and trained IT manpower in the Army. In order to ensure the optimum utilization of IT resources at all levels it is essential to lay down the scaling for procurement of basic items of IT hardware like laptops. It needs to be appreciated that the prime determinant for the procurement of

laptops for a particular appointment would be specific functional justification which would need to be established by CFAs at all levels on a 'case to case' basis. The interim scale of authorization of PCs has already been promulgated and is under implementation. Through this letter the scale and auth of laptops and their use is being promulgated to all concerned. The scale will be referred to for assessing the need as a parametric guideline only.

3. In the past a restrictive approach was followed with regard to procurement of laptop computers keeping in view the general guidelines issued by the Ministries of Finance and Defence as also reckoning their high cost. However, the cost of these items has reduced drastically and today it compares favourably with the cost of desktop PCs, besides providing enhanced functionalities and flexibility vis-à-vis PCs.

Laptops are proposed to be utilized for the purpose of storing the data, presentation, and documentation for Cdrs. and staff officers at various levels, which will facilitate timely decision-making while on the move from one location to the other. However, it is to be ensured that procurement of Laptops for such purposes is made only when other alternative cost effective means are not available to meet the functional requirement. Thus a need-based approach, coupled with the cost effectiveness aspect, needs to be adopted for procurement of Laptops. Laptops have immense utility in training establishments. Their use will enable instructors to prepare lesson plans and presentation for the students after in depth study and analysis of subject in their own time. In addition, it will ensure that while the instructions are more comprehensive and effective, the valuable time of the instructors is not wasted. It would, therefore, be prudent to exploit this economic advantage and tap this development for enhancing operational and functional efficiency of various organizations and establishments.

### **AIM**

4. The aim of this policy is to lay down scale for referential use while assessing the need towards procurement of laptops for various officers in the Army based on functional necessity and issue guidelines for their use.

### **GUIDELINES FOR PROCUREMENT**

5. The procurement of Laptops will be made based on functional necessity and availability of funds and not as a matter of routine. Funds earmarked for IT projects will not be diverted to meet this requirement. Operational and functional necessity and parameters of use as laid down in Para 3 above will remain the prime determinant for procurement of Laptops. All procurement at Army HQ will be sanctioned by the CFA with the approval of the PSO concerned and by respective GOsC-in-C Comds. for all others.

6. In accordance with the Instructions of MoD(Fin) contained in Min. of Finance, Dept. of Expenditure (E-II A Branch), note No. 1(29)/E-II A/2000 dated 19<sup>th</sup> April, 2004, the procurement of Laptops is to be based strictly on establishment of adequate functional necessity on a 'case to case' basis. In contravention to the above instructions, it has been noticed that in the past, certain IFAs and CFAs have adopted a very liberal approach in procurement of Laptops. Such a situation results in a large-scale proliferation of Laptops

without establishment of adequate functional justification. In order to put an end to such procurements and to ensure an even proliferation of laptops in the Army, it has become essential to lay down a normative scaling of Laptops in respect of Dtes and Branches at Army HQ. Formation HQs and units which could serve as guidelines for IFAs and CFAs. It is however re-iterated that the scaling of laptops at Para 7 below does not ipso facto imply that these organisations and establishments are routinely authorised as many laptops: it only implies that the scales laid down are for the maximum No. of Laptops which could be procured by these establishments after acceptance of functional necessity on a case to case basis.

## **7. Guidelines for Scaling of Laptops**

### **(a) Dtes and Branches at Army HQ**

- (i) Sectt. of PSOs – one each
- (ii) Dtes and Branches headed by Lt. Gen. or Maj. Gen.-At the scale of three each.
- (iii) Dtes headed by Brig. – At the scale of one each.

### **(b) Fmn HQ.** The following laptops are authorized as pool for each Fmn HQ.

- (i) Comd HQ - Five
- (ii) Corps HQ - Four
- (iii) Div/Area HQ - Three
- (iv) Bde/Sub Area HQ - Three

### **(c) Maj. Unit - One**

8. Even in the case of procurement of Laptops for officers of the rank of Maj. Gens. and above, functional necessity will have to be established by the CFA on a 'case to case' basis. While projecting cases for procurement of Laptops for officers of the rank of Maj. Gens, and above, Laptops already held by their Dte, Branch or fmn, HQ and their optimal utilization will be taken into account, In order to ensure proper exploitation of laptops, it will be essential that provision for suitable training to the officers is made before they are issued to them.

## **9. Procurement of Laptops for Trg purposes and for IT Intensive Institutions.**

Adequate functional justification exists for auth of Laptops to instructors at training establishments and to IT intensive organizations. There is no requirement of establishing any functional necessity in these cases. Laptops for these organizations will be procured as per scaling given below within the cost ceiling given by Ministry of Finance letter referred above:

**(a) Cat 'A' Ests.** – At the scale of one laptop per five instructors.

**(b) Cat 'B' Ests.** – At the scale of one per ten instructors.

**(c) IT Intensive Organizations** – At the scale of one each per four officers posted/functional components of DG Info Sys. WARDEC etc.

10. The above scales will be adhered to subject to the existing guidelines/procurement of IT hardware being followed and all security instructions for use of PCs being made



applicable to laptops also. Prior to any fresh sanction of laptops to any organizations/establishments, IFAs and CFAs will take into consideration the existing holdings and their optimal utilization in a cost effective manner.

11. Procurement of laptops will be undertaken in accordance with the specification and standards laid down by the DG Info Sys. A normative cost ceiling will be obs for the purpose, keeping in view the guidelines issued by Ministry of Finance, Deptt. of expenditure vide their OM No.1(29) E-11(A)/2000 dated 19.4.2004. In addition, HQ, units and ests procuring laptops must ensure that the total value of procurement of laptops in a financial year does not exceed ten percent of the IT funds allocated in the 'Hardware Head' to the HQ Unit or Estt. In case of procurement of high-end laptops, the need for procurement of these systems will require to be adequately justified and proposal fwd to Info Sys Dte Army HQr for necessary sanction by DCOAS (IS&T).

12. In addition to laptops procured under the provisions of paras 7 & 9 of this policy letter, laptops may also be procured as a part of hardware of an IT Project. CFAs sanctioning these projects will adequately satisfy themselves with the need for procurement of laptops in such cases. Procurement of laptops in all cases will be made only in lieu of PCs authorized to the particular formation or establishment concerned. The desktop PC thus rendered surplus will be used as replacement, re-deployed or tfr. The above auth will be inclusive of items available with these ests or appts against projects or schemes controlled by them and therefore, while procuring laptops, the extent of existing holding with these ests or appt will be reckoned before new procurement is undertaken.

### **Security**

13. Security instructions issued for use of PCs by MI Dte, SI Dte and DG Sigs from time to time shall be strictly implemented for laptops also. In addition, the following will be ensured:

(a) CI data will not be stored on laptops.

(b) Laptops will not be left unattended. Their physical security as well as the security of the data stored in these devices will be that of the offr. To whom these are issued.

### **Accounting**

14. Laptops will not be a personal issue. These will be issued, held and acct for by HQ Units and ests as per laid down procedure. Laptops will be issued to an offr on an issue voucher and the resp for safety and maint of the eqpt will be that of the offr to whom it is issued. The offr. issued a laptop will handover them to their respective HQ Unit or est before move out on posting or on superannuating and will not carry the laptop from his previous appt. to the new one. The eqpt will be handed over to the new incumbent on posting and the transactions will be duly recorded in the various books/ledgers. The acct and disposal of the laptops will be governed by the policy issued vide ADG IS letter No. Info Sys/Policy/IT/05 dated 16 Dec 2003.

## **CONCLUSION**

15. The cost of laptops has reduced drastically over the past few years and today it compares favourably with that of a desktop PC. However, laptops offer high flexibility, processing power and portability, which should be optimally utilized to enhance functional efficiency. Availability of these eqpt. will facilitate better info mgt. dissemination and decision making at all levels. However, it is reiterated that op and functional necessity remains the sole determinant for procurement of laptops and therefore this would need to be amplified by the respective est while initiating proposals for the procurements of these eqpt on a case to case basis.

16. Security related aspects must be deliberated at all levels before procurement of these items and, therefore, utmost caution should be ex by the officer to whom these are issued.

17. This policy directive will remain valid till Mar 2006 or till further amendments are issued thereto.

18. This has the approval of DCOAS (IS&T) and issued in conslt. with Secy (Def/Finance), vide I.D. No.52/DFA/(Sys)/04 dated 22 Feb 2005.

Brig  
DDG IT  
For DG Info Systems

Copy to:

All Dtes/Branches at Army HQ  
IFA (Army/M)  
DG Info Sys

## **VIII**

### **OFFICE OF THE CGDA, WEST BLOCK-V, R.K.PURAM, NEW DELHI**

#### **INTEGRATED FINANCIAL ADVICE CELL**

Subject: Purchase of Note Book/Laptops Computers by Ministries/Departments.

Ministry of Defence (Fin.) may please refer to this HQrs. office UO letter of even No. dated 26<sup>th</sup> August 2005 (copy enclosed) on the above subject and intimate the present position of the case to enable this HQrs. office to clarify the position to DCOAS (IS&T) AHQrs.

Jt. CGDA(EDPS)

Addl. FA(M)  
Ministry of Def.(Fin)  
South Block, New Delhi.  
\_\_\_\_\_  
UO No.AT/IX/IFA/13381/IT Vol.VIII dated 27.10.05

# **IX**

## **OFFICE OF THE CGDA, WEST BLOCK-V, R.K.PURAM, NEW DELHI**

### **INTEGRATED FINANCIAL ADVICE CELL**

**No.AT/IX/IFA/13381/IT/Vol.IX Dated: 16<sup>th</sup> November, 2005**

To

All PCsDA/CsDA/IFAs

Sub: Purchase of Note Book/Laptop Computers by Ministries/Departments.

Ref: In continuation of this HQrs. office circular No.AT/IX/IFA/13381/IT Vol.VIII dated 26.8.05.

The matter regarding policy on procurement/utilization of Laptops issued by AHQ vide their circular No.B/04001/Policy/Laptop/DDG IT(T&P) dated 18<sup>th</sup> March 2005 was referred to Ministry of Defence (Fin) for their examination and clarification.

2. Min. of Defence (Fin) has re-examined the issue in the light of the basic orders issued by Ministry of Finance, Deptt. of Expenditure OM No.1(29)E.II(A)/2000 dated 19.4.2004 which clearly provide that Laptops cannot be issued to an officer below the rank of Joint Secretary. Therefore, scaling of Laptops as provided for in the policy letter issued by AHQ, is not in conformity with the basic guidelines issued by Min. of Finance. Since the policy directives of any department, including the Service HQrs. cannot run contrary to the basic guidelines of the Ministry of Finance, AHQ has been requested to withdraw their circular dated 18.3.2005. A copy of the MoD(Fin) letter No. Nil dated 31.10.05 issued vide F.No.2/DFA(Sys)/04 dated 10.11.05 is enclosed for information and necessary action please.

3. It is, therefore, enjoined upon all concerned to regulate the cases for procurement of Laptops only in accordance with Min. of Finance, Deptt. of Expenditure OM No.1(29)E.II(A)/2000 dated 19.4.2004.

Please acknowledge receipt.

Dy. CGDA(AT)

The Pr. IFA  
West Block-V,  
R.K.Puram, New Delhi.-66

- for kind information alongwith a copy of Min.  
of Defence (Fin/Sys) F.No.52/FA(Sys)/04  
Dated 10.11.05

Dy. CGDA(AT)

# X

## MINISTRY OF DEFENCE (FINANCE/SYSTEM)

Sub: Policy on procurement/litigation of laptops.

The policy letter on procurement/utilization of Laptops was issued by the Army HQrs. in consultation with this Division vide Circular No.B/04001/Policy/Laptop/DDGIT (T&P) dated 18.3.2005. The said letter inter alia, lays down the scales at which Laptops could be provided to the Directorates & Branches of AHQ Fmn HQrs. and major units.

2. The matter has been re-examined in the light of basic orders issued by the Min. of Finance, Department of Expenditure vide their OM No.1(29)/E.II(A)/2000 dated 19.4.2004. These orders clearly provide Laptop cannot be issued to an officer below the Joint Secretary. Therefore, the scaling of Laptops, as provided for in policy letter issued by the AHQ, is not in conformity with the basic guidelines issued by Min. of Finance. Since the policy directives of any Deptt. including the services HQrs. cannot run contrary to basic guidelines of the Min. of Finance, AHQ may please withdraw their Circular dated 18.3.05 with immediate effect, under intimation to this Ministry.

3. Cancellation of the policy guidelines issued by AHQ would imply that henceforth proposals for purchase of Laptops will have to be processed in accordance with the provisions of Min. of Finance OM dated 19.4.2004. This may please be disseminated to the lower formations while withdrawing the earlier Circular dated 18.3.2005.

4. This may be treated as urgent.

Director (Fin/Budget & Systems)

DG IT GS Branch, AHQ  
EDP Enclave  
Rao Tularam Marg,  
New Delhi-110010.

Copy to:

1. The Jt. CGDA(Systems)  
Office of the CGDA  
West Block-V,  
R.K.Puram, New Delhi-110066.

- With reference to their U.O.No.AT/IX/IFA/1338/  
IT/Vol.VIII dated 26.8.2005 and 27.10.05

2. The IFA Army (Miscellaneous)  
AHQ.

## **Answer**

### **Title: Scaling of Laptops in the Army contrary to Ministry of Finance guidelines.**

#### **Summary of Points:**

- ◆ Ministry of Finance OM dated 6.9.2000 prohibited the purchase of Notebook/Laptop Computers by Ministries/Departments.
- ◆ Subsequently, in April, 2004 Ministry of Finance delegated powers to procure Notebook/Laptop Computers to Secretaries of Ministries/Departments subject to certain conditions.
- ◆ Based on the above OM, Army HQrs. in March, 2005 issued a policy on procurement of Laptops with the approval of DCOAS interalia providing for scaling of Laptops through out the Army Formations/Units.
- ◆ On the above policy coming to the notice of CGDA, certain deviations from the provisions of Ministry of Finance OM were observed. The CGDA therefore wrote to all P/CsDA to keep the procurement of Laptops as per AHQrs. Policy in abeyance pending clarifications from MoD(Fin).
- ◆ The CGDA took up with MoD(Fin.) the deviations in the AHQrs. Policy letter and desired to know whether it was a conscious decision to overlook the conditions contained in the Ministry of Finance OM.
- ◆ Ministry of Defence (Fin) re-examined the matter consequently and advised Army HQrs. to withdraw their policy letter since it was not in conformity with Ministry of Finance guidelines and intimated the CGDA accordingly.
- ◆ CGDA informed the above position to all P/CsDA in November 2005 and advised them to regulate procurement of Laptops in accordance only with the Ministry of Finance OM.

#### **PRECIS**

As per the provisions of Ministry of Finance OM dated 6.9.2000, the procurement of Notebook/Laptop Computers to officers was not permitted.

2. Subsequently, Ministry of Finance vide their OM dated 19.4.2004 delegated powers to Secretaries of Ministry/Departments to purchase Notebook/Laptop Computers where adequate functional justification existed. However, laptops could be authorized only to officer of JS rank and above. The rates must be reasonable and in any case not to exceed Rs.75,000/-. Normal purchase procedure must be followed. In case of loss, the cost will be recovered from the officer.

3. Based on the above OM, Army HQrs. issued a Policy letter dated 18.3.2005 on procurement of Laptops laying down also their scale and authorization. The procurement

itself will be made on functional necessity and subject to availability of funds. The scaling of Laptops covered Directorates and Branches at Army HQrs. right down to Maj. Units. Training Establishments & IT intensive Organizations would also be eligible without need to establish any functional necessity. Additionally, Laptops could be also procured as part of Hardware of IT Projects in lieu of PCs. The Policy letter provided also for Security and Accounting aspects of Laptops so procured. The Policy letter stated that it had the approval of DCOAS and was issued in consultation with Secretary (Defence Finance)

4. The above AHQrs. Letter was brought to the notice of CGDA by one of the CsDA. On examination, several deviations from the Ministry of Finance OM dated 19.4.2004 were noticed in the Policy letter. The CGDA therefore advised all P/CsDA vide letter dated 26.8.2005 to keep the procurement of Laptops as per Army HQrs. Policy letter in abeyance.

5. The CGDA took up the matter with MoD(Fin) vide U.O.Note dated 26.8.2005 pointing out the deviations in the Army HQrs. Policy letter from the Ministry of Finance guidelines contained in their OM dated 19.4.2004. Firstly, the Policy letter has been approved by DCOAS and not by the Secretary as provided for in the OM. Secondly, the Policy letter provided for issue of Laptops to Army Officers below the rank of JS also, contrary to the Ministry of Finance OM. Also, there was no provision in the OM for providing Laptops to Formations/Institutes in the manner provided for in the Army HQrs. Policy letter. Lastly, the provision to recover the cost of the Laptop in case of loss has not been found incorporated in the Army HQrs. letter. For all these reasons, the CGDA desired to know whether it was a conscious decision to overlook the conditions of Ministry of Finance OM while according concurrence to the Army HQrs. Policy letter.

6. The matter was re-examined and MoD(Fin/Systems) vide their letter dated 31.10.2005 advised Army HQrs. to withdraw their Policy letter dated 18.3.2005 since the same was not in conformity with the basic guidelines contained in the Ministry of Finance OM dated 19.4.2005. A copy of the letter was endorsed to the CGDA.

7. The CGDA vide their Circular dated 16.11.2005 addressed to PCsDA/CsDA/IFAs informed them of the above position and advised them to regulate the procurement of Laptops only in accordance with Ministry of Finance OM dated 19.4.2005.

**Ques.2.** A reference has been received in the CGDA's office from one of the CsDA(R&D) in regard to the applicability of Min. of Finance, Deptt. of Expenditure O.M. No.1(29)/E/II(A)/ 2000 dated 19.4.2004 on procurement of Laptop Computers to Scientific Departments like D.R.D.O. (Reproduced in APPENDIX-2).

After due examination in the HQrs. Office, the view emerged that while blanket exemption would not be in the spirit of Min. of Finance O.M. dated 19.4.2004, delegation to Executive Boards monitoring the more important DRDO Projects could be considered since such bodies comprise the Scientific Advisor himself with the Addl. F.A. also as a Member.

Please draft a suitable U.O. Note from the Jt. CGDA(AT) to the Chief Controller in DRDO Hqrs. advising them to take up case accordingly with Integrated Finance for delegation of powers in relaxation of O.M. dated 19.4.2004.

(50 Marks)

## **APPENDIX-2**

### **I**

No.AT/IX/IFA/13381/R&D  
Office of the CGDA  
West Block-V, R.K.Puram,  
New Delhi. -110066  
Dated 26.5.2004

To

The CDA(R&D)  
C.V.Raman Nagar,  
Bangalore-560093.

Subject: Purchase of Note Book/Laptop Computers by Ministries/Deptt.

Reference: Your letter No.S/Tech/212/Misc. dated 24.5.04.

A copy of HQrs. letter No.AT/IX/IFA/13381/Vol.VI IT dated 7.5.04 is enclosed herewith as desired.

For CGDA

Encls.: Two

### **II**

No.AT/IX/IFA/13381/VI IT  
Office of the CGDA  
West Block-V, R.K.Puram,  
New Delhi.-110066  
Dated 7.5.2004

To

Sub: Purchase of Note Book/Laptops Computers by Ministries/Departments.

Ref: In continuation of this HQrs. circular bearing No.AT/IFA/13881/Army Vol.V dated 23.10.03 forwarding a copy of Govt. of India, Min. of Finance, Deptt. of Expenditure No.1 (29)E-II(A)/2000 dated 6.9.2000.

A copy of Min. of Finance, Deptt. of Expdr. OM No.1(29)/E-II(A)/2000 dated 19.4.2004 on the above subject is forwarded herewith for information, guidance and compliance.

Please acknowledge receipt.

Dy. CGDA(AT)

Copy to:

Pr. IFA - for kind information.

Brar Square,  
Delhi Cantt.

### **III**

#### **Copy of Ministry of Finance (Department of Expenditure) OM No.1(29)/E-II(A)/2000 dated 19.4.2004**

Sub: Purchase of Note Book/Laptops Computers by Ministries/Deptts.

The undersigned is directed to refer to this Ministry's OM No.1(29)E-II(A)/2000 dated 6.9.2000 regarding purchase of Note Book/Laptop computers by Ministries/Departments and to say that it has now been decided to delegate powers for purchase of Note Book/Laptop computers to Administrative Ministries/Departments. This power shall be exercised only by the Secretary of the Ministry/Department concerned in consultation with their Financial Adviser, subject to the following conditions:

- (a) There being adequate functional justification for the purchase of Laptop and that the Laptop not being issued routinely.
- (b) Reasonableness of rates being ensured.
- (c) The cost of Laptop should not exceed Rs.75000.
- (d) The purchase procedures prescribed in GFRs being followed.
- (e) Laptop not being issued to an officer below the rank of JS
- (f) The officers who is given the Laptop, will personally be responsible for the safety and security of the Laptop which will remain Govt. property and will need to be surrender at the time of handing over of the charge. In case of loss, the loss will be recovered from the officer based on the book value of the Laptop. The officer concerned will be at liberty to have the Laptop insured of his personal cost.

This issues with the approval of Secretary (Exp).

Under Secretary to the Govt. of India

To

- (i) All Ministries/Deptts. of Govt. of India
- (ii) All Financial Advisers

### **IV**

No.S/Tec/212/Misc



Office of the CDA(R&D)  
CV Raman Nagar  
Bangalore-560 093  
Dated 3.6.2004

To

The CGDA  
West Block-V, R.K.Puram,  
New Delhi-110 066.

Sub: Purchase of Note Book/Laptop Computers by Ministries/Depts.

Ref: HQrs. letter No.AT/IX/IFA/13381/R&D dated 26.5.2004.

HQrs. above cited letter is acknowledged. As per guidelines issued by Ministry of Finance Deptt. of Expenditure vide their OM No.1(29)/E/II(A)/2000 dated 19.4.2004, powers of purchase of Note Book/Laptop Computers are delegated to Administrative Ministries/Departments and shall be exercised only by the Secretary in consultation with Financial Adviser subject to certain conditions. However, this office has raised certain issues relating to the application of said OM by Finance Ministry to Scientific Departments like DRDO. The core issues requiring attention and clarification from Headquarters are:-

(i) If DRDO as a Scientific Department of the Government enjoys any exemption from the operation of Ministry of Finance OM dated 19.4.2004 circulated under HQrs. letter cited under reference.

(ii) If no such blanket exemption exists, whether in the merits and justification of the case, concurrence can be accorded in respect of projects undertaken by the R&D Labs/Estts., since Project Directors are delegated with full powers for purchases etc. within the limits of the sanction of the project.

(iii) If such discretion extends to purchase under Build up/Maintenance budgets not related to Projects.

**DCDA(Stores)**

Copy to:

- |                                     |   |  |
|-------------------------------------|---|--|
| 1. The PCDA(R&D)<br>in<br>New Delhi | : | For information with a request to furnish their views<br>the matter and practice obtaining amongst Labs to<br>HQrs. office direct. |
| 2. The CDA(R&D)<br>in               | : | For information with a request to furnish their views  |

Hyderabad.

the matter and practice obtaining amongst Labs to  
HQrs. office direct.

**Sr. Accounts Officer (Stores)**

**Answer**

**OFFICE OF THE CGDA R.K. PURAM, NEW DELHI-110066**

**Sub: Delegation of powers for purchase of Note Books/Laptop Computers.**

The present rules regulating the purchase of Note Books/Laptop Computers provide interalia that these powers shall be exercised only by the Secretary of the Ministry/Department in consultation with their Financial Advisor subject to certain conditions laid down in the Ministry of Finance, Department of Expenditure OM No.1(29)/E.II(A)/2000 dated 19.4.2004.

2. The CDA(R&D), Bangalore has now referred to us for clarification if any relaxation to the provisions of the Ministry of Finance OM dated 19.4.2004 exist in respect of a Scientific Department like DRDO. In particular, since Project Directors are delegated with full powers for purchase etc. whether purchase of Notebook/Laptop computers could be considered in their cases. This HQrs. is not aware of any such relaxation from the provisions of Ministry of Finance OM aforecited in respect of DRDO.

3. Taking into account the fact that DRDO is a Projects driven Organization which may have their own requirements, this HQrs. is of the view that procurement of Notebook/Laptop computers in such cases may be justified. Since the more important Projects have their own Executive Boards comprising the Scientific Advisor (ex-officio-Secretary (R&D)) and include the Additional Financial Advisor also, the powers of procurement of Notebooks/ Laptop computers for use by Scientist 'G' and above could be delegated to such Boards. In no case, however, can the purchase of Notebook/Laptop computers under Build-up/ Maintenance budget for general use be justified.

4. DRDO HQrs. may like to take up the case with Main Finance through their Integrated Finance for delegation of powers accordingly in relaxation of the provisions of the Ministry of Finance OM dated 19.4.2004. The outcome of such a reference may be intimated to this HQrs. for advising PCDA (R&D)/CsDA(R&D) suitably in the matter. Till such time however, they would be advised to regulate procurement of Note Books/Laptop computers strictly in accordance with the provisions of the Ministry of Finance OM dated 19.4.2004.

(A.B.C.)  
Jt. CGDA(AT)  
Tel. No.

Chief Controller (R&D)  
DRDO HQrs. New Delhi  
CGDA U.O.NO.AT/....Dt....

**Ques.3.** The Internal Inspection of major sub-offices in a Regional Command by the C.D.A. has revealed that there is no intelligent scrutiny or proper monitoring of audit of medical reimbursement claims submitted by Defence Civilians. In this regard, HQrs. Office Important Circular dated 19.5.1999 containing detailed instructions on the subject is reproduced as APPENDIX-3.

Please draft a D.O. letter from the Jt. CDA in the Main office to the Heads of sub-offices drawing their attention to the more important provisions of the HQrs. circular dated 19.5.1999 and advising strict adherence into the future.

(50 Marks)

### **APPENDIX-3**

#### **Important Circular CGDA No.AT/IV/4807-VII dated 19.5.99**

**Sub:** Pre-audit and payment of Medical Reimbursement Claims.

**Ref:** In continuation of this HQrs. Important Circular of even No. dated 23.3.99.

During the recent inspection of the offices/sub-office of two of our Controllers conducted by this HQrs. it was noticed that certain categories of Defence Civilian Employees have been submitting large number of medical reimbursement claims of doubtful nature and the same were being audited and passed in a routine and indifferent manner by our offices without carrying out basic checks prescribed for the purpose. There was also no evidence of any intelligent scrutiny having been carried out of the claims in our said offices. On the contrary, in quite a few cases, these doubtful claims were passed with utmost promptness. Being a matter of serious concern, the undersigned sample checked some of the claims personally and had ordered a special audit of these claims received in these offices especially pertaining to a few MES formations. It reveals that the fraudulent claims are being passed in a cavalier manner flouting all basic rules and regulations. The Special Audit has thrown up serious lapses on the part of the Authorised Medical Officer, the Controlling Officer and our Accounts Offices working in connivance with chemist and medical shops. In quite a few cases, what has come to light is that the executive authorities have a tendency to recommend the passing of doubtful claims despite the DAD requesting them repeatedly to re-examine such claims. But what is most disturbing to us is the irresponsibility and apparent inconsistency shown by our concerned DAD offices in dealing with these claims.

2. This HQrs. has taken very serious note of the above mentioned situations and does not accept this as merely a failure on the part of the concerned DAD officers and staffs. The imperatives demand that such a situation should become a matter of serious concern at the level of GOs, Jt. CDA/CDA. In order to enforce the CSMA Rules and the Codal Provisions strictly in letter and spirit and to enable the CsDA to understand the exact implications of various lapses and monitor this work very carefully, please find enclosed herewith the Annexure 'A' where we have attempted to list out in an exhaustive manner as possible various lapses on the part of Authorised Medical Attendants, Controlling Officers

and our Accounts Offices as thrown up by the Special Audit. This HQrs. desires that all our Controllers implement at once the following steps:

1. The copy of this circular and the Annexure 'A' should be got noted by all the dealing SOs(A)/AAOs, Accounts Officers, Sr. Accounts Officers and the GOs of the Medical Group for strict adherence/compliance. In fact, in future when the change of incumbents in the Medical Group of Pay Section and AN/Pay Section take place, the new incumbents must familiarize themselves with these instructions for which a regular system of hand over/taking over should be devised.
2. CsDA should institute a mechanism to obtain a regular monthly report on the receipt of reimbursement claims in R Section, proper maintenance of Bill Register, observance of pre-audit drill and passing for payment within stipulated time frame. The special watch is required to be kept on those units submitting abnormally large number of claims and also claims of large value. Further every month, a list giving unit-wise details and the value of medical claims thereof, should be put up by the GO to the JCDA/CDA who will give appropriate directions on the trend analysis.
3. The personal approval/concurrence of Group Officer incharge should be obtained before passing any individual claim of Rs.1,000 and more for which such claims will be put up to the Group Officer incharge of his perusal and critical scrutiny before authorizing payment. Similarly, it will be incumbent on the Accounts Officer/Sr.Accounts Officer to carry out critical scrutiny of any individual claim of Rs.500 and above upto Rs.999 apart from passing claims of lower value.
4. A checklist has been prepared and enclosed to this instruction containing basic prescribed and intelligent checks to be observed and followed by the concerned staff (Annexure 'B'). This checklist (a copy each) should be got handed over to each dealing clerk/auditor dealing with Medical Reimbursement Claims both in Pay & AN/Pay Section and their signature obtained.
5. The concerned executive authority at an appropriate level should be constantly apprised under a DO mechanism, of any increasing trend in the value of claims submitted, the abnormal features and the lapses if any, observed during the audit of the claims. This should be done initially itself at the level of Group Officer. In case, the irregularity is serious, should be included in MFAI after bringing to the notice of JCDA/CDA.
6. In case any cash memo is found to be fake and of a doubtful nature, it should be referred to the Sales Tax authorities to verify the bonafides of the concerned chemist shop.
7. The bonafides of the Govt. Doctors who are prescribing the medicines as AMAs, should be regularly checked up from the hospitals concerned in order to ascertain whether such Doctors are actually borne on the establishment of the concerned hospitals.
8. The family particulars for all the employees should be obtained alongwith Dependency Certificate ever year and kept in the record for audit.

9. The basic responsibility for checks to be exercised as per items 6 to 8 in respect of Defence Civilians should be that of the executive authorities. In case they fail to exercise the same despite our requests. DAD should take care of such checks as an exception and not as a rule.

10. The Controllers also should address suitable letters to the executive authorities for making them aware of their role as the Controlling Officers as per CSMA rules enclosing therewith the extracts of these rules, orders and instructions for ready reference.

11. Any deviation in following the correct procedure should make the concerned staff and officers of DAD liable to disciplinary action.

12. The above mentioned checks should be made equally applicable to medical reimbursement claims submitted by the DAD employees.

This issues with the approval of the CGDA.

Sd/-  
Addl. CGDA(Inspection)

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Note to candidates: Annexures 'A' & 'B' referred to in the above Circular have not been printed.

## **Answer**

....., IDAS  
Jt. CDA

D.O.No.AT/...../  
Office of the CDA  
Station .....  
Dated:.....

Dear

Please refer to this office letter No..... dated..... forwarding the Report in respect of the Inspection of your office carried out by a team from the Main Office from 9.9.99 to 9.9.99.

2. Of particular concern has been the fact that an intelligent scrutiny of medical reimbursement claims pertaining to Defence Civilians and proper monitoring of the related aspects a higher levels is not taking place. A sample check of such claims by the Inspection team leads us to believe that many of them may not be genuine. This has been viewed seriously by the CDA.

3. In this connection, I wish to draw your personal attention to the Important Circular No.AT/IV/4807-VII dated 19.5.99 from the Addl. CGDA(Inspn) along with its enclosures (copy enclosed). You may make further copies of the aforesaid Circular and the Check list enclosed thereto and get these noted by the SAO/AO/AAO/SO(A) concerned in your

office for strict compliance. Individual claims of Rs.1000/- and more should be personally approved by you while SAO/AO will carry out critical scrutiny of claims of Rs.500 - Rs.999. You are advised to obtain unit-wise details of reimbursement claims passed by your office each month and wherever numerous claims of large value emanate from a particular unit, take up with the Executive Authority concerned through a DO letter. In case the irregularity persists you may bring it to our notice for inclusion in the MFAI report.

4. The above instruction will apply mutatis mutandis to the claims of DAD Personnel dealt with under your delegated powers. In these cases, you may refer to Sales Tax Authorities if any Cash Memo is found to be fake or doubtful. Also, the bonafides of the Government Doctors serving as AMAS as should be periodically checked up from the hospitals concerned. Needless to say, the family particulars of all the employees born on your strength should be held on record along with the Dependency certificates every year.

5. The compliance to the instructions contained in the CGDA Important Circular dated 19.5.99 – briefly summed up above – would be verified in the course of the next Inspection of your office and deviations if any noticed, would render the concerned staff and officers liable to disciplinary action.

Please acknowledge the receipt of this letter by name to me.

With .....

Yours .....,

Shri. ...., IDAS  
ACDA/DCDA I/c  
Area Accounts Office,  
O/o the CDA (.....)  
Station .....

**Q.4.** Ministry of Defence have forwarded under their I.D. dated 28.11.2005 Department of Administrative Reforms and Public Grievance O.M. dated 14.9.05 regarding Staff Grievance Redress Mechanism. These references are reproduced as APPENDIX-4.

Assuming you are the S.O.(A) in AT-Coord in CGDA's office and operating File No.AT-Coord/13002/PG/Vol.III put up a Draft Circular to all PCsDA/CsDA signed by the Jt. CGDA(AT) adapting the requirements of DAR&PG OM dated 14.9.2005 to conditions in our Department and calling for confirmation that Staff Grievance Officers have been designated both in the Main Office and Major Sub-offices.

(50 Marks)

## **APPENDIX-4**

**IMMEDIATE**

### **MINISTRY OF DEFENCE D(O&M)/PG**

Sub: Strengthening the Staff Grievance Redress Mechanism.

A copy of OM No.K11011/5/2005-PG dated 14.09.2005 with the enclosures received from Department of Administrative Reforms and Public Grievance on the above subject is enclosed.

2. It is requested that the guidelines mentioned in aforesaid O.M. may please be circulated to all the offices under the administrative control of each wing. It is also requested that the Staff Grievance Officers may please be designated in all subordinate offices under their administrative control, if already not functioning. It may be ensured that the instructions in the enclosed letter and Annexure are scrupulously followed and wide publicity given amongst the employees in the respective offices about the institutional arrangements made for redressal of staff grievances.

Deputy Secretary D(C+MIS)/PG

All Joint Secretaries/Directors/Deputy Secretaries

MoD ID No.2293/D(O&M)/G/2005 dated 28.11.05

## **II**

**No.K-11011/5/2005-PG**

**Gouvernement of India**

**Ministry of Personnel, Public Grievances & Pensions  
Department of Administrative Reforms & Public Grievances**

**Sardar Patel Bhawan, Sansad Marg,  
New Delhi. 14.9.2005.**

### **Office Memorandum**

Sub: Strengthening of Staff Grievance Redress Mechanism.

Department of Administrative Reforms & Public Grievances had issued instructions to all Ministries/Departments to set up an institutionalized arrangement for dealing with the grievances of staff in a sympathetic and prompt manner. However, it has been observed that a large number of grievances relating to service matter are still being received in the Department of Administrative Reforms & Public Grievances. Government employees seek outside help for redressal of their grievances and more and more employees are resorting to litigation in the various benches of the Central Administrative Tribunals as they fail to get proper redress from their offices. This is probably due to the

fact that in many Government offices there is no formal institutionalized arrangement to redress the genuine grievances of employees or there is no organized system of monitoring of grievances to ensure fair and timely redressal of such grievances.

2. If the administrative response towards the grievances relating to service matters is adequate and prompt, the majority of cases of government employees resorting to outside influence for furtherance of their service interest will not arise. Where the rules or procedures are cumbersome, steps may be taken to simplify them. There is also need to fix time norms for all matters, as it is the delay in the disposal of staff matters that most often drives employees to secure redress through outside help including approaching different Courts. It has also been observed that employees' frustration rises from the perception of inaccessibility and lack of concern by superior officers, failure to acknowledge and act on grievance applications and non-involvement in departmental activities.

3. In view of the importance of the subject and the concern of the Government for ensuring welfare of its employees, it is considered necessary that all Central Ministries/ Departments as well as the offices under their administrative control should set up an institutionalized arrangement for dealing with grievance of staff, sympathetically and promptly. The set up for redressal of staff grievance may be according to suitability of different organizations and may be different in different Ministries keeping in view the nature, functions and size of the government offices. However, it is necessary that such redress machinery should have certain essential features, as incorporated in the attached Annexure.

4. It is requested that the issues concerning the grievances of the staff may be addressed promptly and sympathetically by activating the post of Staff Grievance Officers with exclusive mandate and access to Joint Secretaries and above level officers. In addition, the system should also keep provisions for appeals by employees to a higher authority.

Additional Secretary

Deptt. of Defence,  
Ministry of Defence,  
(Shri Shekhar Dutt, Defence Secretary)  
South Block,  
New Delhi-110 011.

### III

Annexure to OM No.K-11011/5/2005-PG dt. 14.9.2005

Features for setting up of Grievances Redressal Machinery for Government Employees working in Ministries/Departments/Offices of the Govt. of India:

(i) Every Ministry/Department/Office should designate a Staff Grievance Officer (SGO) in the Ministry/Department and also in their attached and subordinates, Regional/Zonal offices to deal with grievances of the employees working in the respective organization. Though in small organization, the Head of office or any officer of a comparative status



could function as Staff Grievance Officer, in a Ministry/Department, an officer of the level of Deputy Secretary/Director should be entrusted with such work and designated as Director (Staff Grievances).

(ii) Director(Staff Grievances) SGO should make himself/herself freely available to hear the grievances personally at least once a week, at fixed timings. Similarly, the Secretary in the Ministries/Head of Departments/Head of Offices should make himself/herself available once in a month at fixed timings when employees could meet him/her in person for redress of their grievances.

(iii) Every grievance from the staff should be registered and if a final decision is not possible within a fortnight, an acknowledgement should be sent to the applicant along with an indication as to when he/she can expect a final reply.

(iv) SGO/Director (Staff Grievances) should be specifically charged with the work of monitoring the grievances and ensuring that timely action is taken on the same. As a matter of general rule, no grievance should be pending beyond the limit of 3 months.

(v) As far as possible, a reasoned reply should be given while replying to the grievance submitted by a Government employee.

(vi) It should be the duty of every official to deal with the staff matter in a fair, impartial and speedy manner. Where Rules and Regulations have already been laid down by the Government, the same should be applied uniformly. Discretion, where permissible, should be used in a limited number of cases and in a manner which does not lead to dissatisfaction among other employees.

(vii) Existing arrangements pertaining to matters like completion of service documents, drawal of annual increment, preparation of Seniority Lists etc. which are necessary for promotion to higher grades should be continuously reviewed, and delay avoided so that employees do not have to undergo hardship in service matters.

(viii) In other service matters like transfers, postings in difficult areas, etc., clear-cut norms should be prescribed. For example, laying down a limit of 2-3 years for posting in a difficult area, ordering routine periodical transfer only at the end of the school session and providing uniform opportunities for deputation, training etc.

(ix) Meeting of the Selection Committee/Departmental Promotion Committee should be held regularly and a select list/approved list of officials approved for promotion prepared in advance so that when an official is transferred or retires and vacancy is to be filled up by transfer or promotion, the same is done promptly without affecting the work or efficiency of the organization concerned. This will also ensure that opportunity of timely promotion to an official next in line is not delayed or denied which otherwise could give rise to a grievance.

(x) For requests of various kinds from the staff on personal matters, like seeking admission to join educational institutions, for grant of leave, request to leave station,

advances for medical attendance/traveling allowance, festival advance for purchase of a motor car/motor cycle, etc. issue of LPC, issue of 'no objection certificate', transfer of GPF balance, transfer of service documents, etc. time limits for completion of action should be fixed within which, as far as possible, the personnel/administration section should complete the action so that the applicant does not have to waste time on unnecessary enquiries or personal visits to the concerned sections. As far as possible a week to two weeks should be the outer limit for deciding all such routine matters.

(xi) Nodal Ministries like the Ministry of Health or Urban Development etc. which look after the medical care and residential accommodation of all Government employees, should make specific arrangements for redress of employees' grievances relating to their services and designate an officer of appropriate rank as Director of Grievances who should meet Govt. officials and hear their grievance once a week at fixed timings, like other Director (Staff Grievances).

## **ANSWER**

### **IMPORTANT CIRCULAR**

No.AT-Coord/13002/PG/Vol.III  
Office of the CGDA,  
West Block-V, R.K.Puram,  
New Delhi-66  
Dated:.....

To

All PCsDA/CsDA including  
PCA(Fys).

Sub: Strengthening the Staff Grievance Redress Mechanism.

A copy of Govt. of India, Ministry of Personnel, Public Grievances & Pensions, Department of Administrative Reforms & Public Grievance OM No.K.1101/5/2005-PG dated 14.9.2005 on the above subject received under MoD ID No.1123/DA/05/D(Pen/Sers) dated 26.12.2005 is forwarded herewith.

2. It is seen that at present there is no uniform practice followed in Controllers' offices for redressal of staff grievances. It has therefore now been decided that JCsDA in the Main Offices and DCsDA/ACsDA heading independent sub offices under them would be designated as Staff Grievances Officers (SGOs) in terms of DAR & PG OM referred to in para 1 above. They will be available between 3 & 5 p.m. on every Friday to hear the grievances of the staff personally. It should be their endeavour to dispose of the grievance within a fortnight failing which, an acknowledgement atleast should be sent to the staff member concerned. In no case should any grievance be kept pending beyond three months.

3. The Controllers would similarly be available to meet staff with grievances once in a month, preferably on the 1<sup>st</sup> Monday of the month. The Controllers would also ensure that their Admin. Sections follow specified time limits/periodicity in areas of work dealt with by them like completion of Service Books, Periodical Increment Certificates, Rotational Transfers, DPCs etc. Request for GPF advances/withdrawals, leave, permission under Conduct Rules etc. should similarly be dealt with in a time bound fashion and monitored by the Controllers personally.

4. The above institutionalized arrangements, it is hoped, would reduce instances of Government employees resorting to outside influence or seeking redress from Central Administrative Tribunals for furtherance of their service interests. In view of the importance of the subject and the concern of the Government for ensuring welfare of its employees, the above instructions may be scrupulously followed and a confirmation in this regard furnished to this HQrs. Wide publicity may also be given to these measures amongst all the employees both in the Main Office and Sub Offices.

Please acknowledge receipt.

**Jt. CGDA  
(AT-Coord)**

# DEFENCE ACCOUNTS DEPARTMENT

## S.A.S. EXAMINATION -PART-II

OCTOBER-NOVEMBER, 2006

### SUBJECT 'D'- PAPER-VI-BOOK KEEPING WITH ELEMENTS OF COST ACCOUNTING

TIME ALLOWED: 3 HOURS

TOTAL MARKS: 150

**NOTES:-** Only FIVE questions should be attempted- ONE from Section 'A' and not more than TWO each from Section 'B' and Section 'C'. Question in Section 'A' is COMPULSORY and carries 50 marks. Other questions carry 25 marks each.

#### Section-'A'

Ques.-1. The following balances as on 31.03.2005 are extracted from the books of Shri Mehta, who carries on business under the name M/s. Mehta and Co. at New Delhi:-

(50 Marks)

Particulars	Dr. Rs.	Cr. Rs.
Cash in hand	1400	
Cash at Bank	2600	
Sundry Debtors	86000	
Stocks as on 01.04.2004	62000	
Furniture and Fixtures	21400	
Office Equipment	16000	
Buildings	60000	
Motor car	20000	
Sundry Creditors		43,000
Loan from Mr. Pal		30000
Reserve for Bad Debts		3000
Purchase	140000	
Sales		230000
Purchase return		2600
Sales return	4200	
Salaries	11000	
Rent for Godown	5500	
Interest on loan from Mr. Pal	2700	
Rates and Taxes	2100	
Discount allowed to debtors	2400	
Discount received from creditors		1600

Freight on purchases	1200	
Carriage outwards	2000	
Drawings	12000	
Printing and Stationery	1800	
Electric Charges	2200	
Insurance Premium	5500	
General Office Expenses	3000	
Bad Debts	2000	
Bank Charges	1600	
Motor Car expenses	3600	
Capital Account		162000
	<b>472,200</b>	<b>4,72,200</b>

Prepare the Trading and Profit and Loss Account for the year ended 31.03.2005 and the Balance Sheet as at that date after making provisions for the following:

(1) Depreciation:

- Buildings used for business by 5%
- Furniture and Fixture by 10% - one wooden table purchased during the year for Rs. 1400 was sold for the same price but the sales proceeds were wrongly credited to Sales Account.
- Office Equipments by 15% -Purchase of a typewriter during the year for Rs. 4000/- has been wrongly debited to purchases.
- Motor Car by 20%

(2) Value of stock at the close of the year was Rs. 44,000.

(3) One month rent for godown is outstanding.

(4) One month's salary is outstanding.

(5) Interest on loan from Mr. Pal is payable at 12% per annum. This loan was taken on 01.05.2004.

(6) Reserve for Bad Debts is to be maintained at 5% of Sundry Debtors.

(7) Insurance premium includes Rs. 4000 towards proprietor's Life Insurance Policy and balance of insurance charges cover the period from 01.04.2004 to 30.06.2005

(8) Half of the building is used for residential purpose of Sh. Mehta.

**Ans.** Trading and Profit and Loss Account for the year ended March 31, 2005 can be worked out as:

Particulars		Amount (Rs)	Particulars		Amount (Rs)
To opening Stock		62000	By sales	228600	
To purchases	136000		Less: Returns	4200	224400
Less: Returns	2600	133400	By closing Balance		44000
To Freight on Purchases		1200			
To Gross Profit c/d		71800			
		<b>268400</b>			<b>268400</b>
To Salaries		12000	By Gross profit b/d		71800

To rent for godown		6000	By discount received		1600
To rates and Taxes		2100			
To Printing and stationery		1800			
To Electric Charges		2200			
To Insurance Premium		1200			
To General office Expenses		3000			
To Depreciation					
1. Building	1500				
2. Motorcar	4000				
3. Furniture and Fixture	2000				
4. Office Equipment	3000	10500			
To carriage outward		2000			
To discount allowed		2400			
To interest on loan		3300			
To Provision for Doubtful Debts	4300				
Add: Bad debts	2000				
Less: Existing Provision	3000	3300			
To Bank Charges		1600			
To Motor Car Expenses		3600			
To Net Profit to capital A/c		18,400			
		<b>73400</b>			<b>73400</b>

**The Balance Sheet in r/o M/S Mehta and Co as on 31st March, 2005 is as under:**

<b>Liabilities</b>		<b>Rs.</b>	<b>Assets</b>		<b>Rs.</b>
			<b>Fixed Assets</b>		
Capital	162000		Building	60000	
Add: Net Profit	18400		Less depreciation	3000	57000
Less: Drawings	17500	162900	Motor Car	20000	
			Less: Depreciation	4000	16000
Loan from Mr. Pal	30000		Office equipment	20000	
Add: Interest	600	30600	Less: Depreciation	3000	17000
Sundry Creditors		43000	Furniture and Fixtures	20000	
Outstanding Expenses			Less: Depreciation	2000	18000
Salary	1000				
Rent	500	1500	<b>Current Assets</b>		
			Stock in Trade		44000
			Sundry Debtors	86000	
			Less: Provision for bad debts	4300	81700

			Cash at Bank		2600
			Cash in hand		1400
			Prepaid Insurance		300
		<b>238000</b>			<b>238000</b>

Note: **Half of the building is being used for domestic purposes. Hence half of the depreciation has been charged as drawings.**

### **SECTION-B**

**Ques. 1.:**

- (a) Distinguish between Revenue Expenditure and Capital Expenditure. (5 Marks)
- (b) Explain why distinction between Revenue Expenditure and Capital Expenditure is necessary in Accounting ? (5 Marks)
- (c) List out at least four items chargeable to capital and also explain the logic of their charging to capital. (4 Marks)
- (d) Give five instances of items usually chargeable to Revenue but allowed to be capital under certain conditions. (5 Marks)
- (e) Bring out the main points of difference between a Receipt and Payment Account and Income and Expenditure Account. (6 Marks)

**Ans.(a)** Any expenditure which results in acquisition of permanent assets, which are intended to be continually used in business for the purpose of earning revenue is capital expenditure. Any amount expended which tends to extend or improve existing assets so as to enhance revenue earning capacity by increasing production or reducing cost of production also form part of capital expenditure; whereas all establishment and other expenses incurred in the conduct and administration of business form part of revenue expenditure. All expenses incurred by way of repairs, replacements and renewals of existing assets, which do not add in any way to earning capacity but simply serve to maintain original equipment in an efficient working order, also form part of revenue expenditure.

**Ans.(b)** The distinction between revenue expenditure and capital expenditure is necessary in accounting as without this distinction, it is not possible to prepare final accounts in a business concern. Profit and Loss A/c can be prepared only if revenue expenditure is known and listed. Balance Sheet can be prepared only if capital expenditure is known. Any incorrect adjustment or allocation can falsify both profit and loss A/c and balance sheet.

**Ans.(c)** The main items charged to capital can be

- (i) Cost of Freehold land and buildings
- (ii) Cost of lease Acquired
- (iii) Cost of Plants, machinery, tools, and fixtures acquired for equipment.
- (iv) Cost of Trade marks, patents, copyrights, patterns and Designs
- (v) Cost of any other asset acquired by way of equipment
- (vi) Cost of goodwill.

All the above items are charged to capital as these relate to some asset or the other or represent the same and valued and depreciated accordingly in a business concern, and reflected in the balance sheet.

**Ans.(d)** Some of the items which are usually chargeable to revenue but allowed to be capitalized under certain conditions are as under:-

- (i) Brokerage and stamp duty
- (ii) Development Expenses
- (iii) Expenses relating to Patents
- (iv) Production wages
- (v) Cost of issue of debentures or discount on issue of debentures
- (vi) Freight and carriage charges.

**Ans.(e)** The main points of difference between Receipt and Payment Account and income and Expenditure Account are as under:

- (i) Receipt and Payment Account is a summarized statement of cash transactions of a particular period, whereas income and expenditure Account takes the place of Profit and loss A/c in non-trading concerns.
- (ii) R&P A/c must necessarily commence with the opening balance of cash brought over from the preceding period, if any, whereas the income and expenditure Account does not commence with any balance.
- (iii) R&P A/c restricts itself to cash transactions only and does not take any account of outstanding income or expenses; whereas income and expenditure account includes all income whether received or accrued and all expenses whether paid or outstanding.
- (iv) R& P Account makes no distinction between capital and revenue receipts or payments and includes both capital and revenue terms; where as income and expenditure Account includes revenue items only.
- (v) In case of R&P A/c, receipts are shown on debit side and payments on credit side, whereas in case of income and expenditure Account, income is shown on credit side and expense on debit side.



- (vi) R&P A/c does not necessarily include items relating to the period it covers, and may include receipts or payments pertaining to preceding or succeeding period; whereas income & expenditure must bring into account only income or expense belonging to the period under review.
- (vii) In R&P A/c, difference between the two sides would represent balance of cash at the close; whereas in case of income and expenditure Account, difference between the two sides would mean either excess of income over expenditure or vice versa.
- (viii) R&P A/c need not necessarily be accompanied by a balance sheet, whereas income and expenditure Account must always be accompanied by its relative balance sheet.

**Ques.2:(a)** On 31st December, 2005 the cash book of a trader showed a debit balance of Rs. 850. On comparing the cash book with bank pass book, the following discrepancies were noted:

(15 Marks)

- (i) Cheques issued for Rs. 600 were not presented at bank by 31st December, 2005
- (ii) Cheques for Rs. 800 were deposited in bank but were not cleared.
- (iii) Rs. 2000 being the proceeds of a bill receivable collected appear in the Pass book but not in the cash book.
- (iv) A cheque for Rs. 100 received from Mr. X & Co. and deposited in bank was dishonoured. No advice of non-payment was received from the bank till 1st January, 2006
- (v) The bank has paid a bill payable amounting to Rs. 450 but not entered in the cash book.
- (vi) A bill receivable for Rs. 800 which was discounted with the bank was due this month. It was dishonoured by the drawee on due date.
- (vii) A cheque for Rs. 510 was paid into the bank but the same was credited with Rs. 501 by mistake.
- (viii) A cheque for Rs. 50 was deposited into the bank but the same was credited to a wrong Account.
- (ix) Rs. 200 was deposited by a customer direct into the bank.
- (x) The bank received Rs. 250 being interest on debentures on behalf of the trader.
- (xi) A cheque for Rs. 150 received from a customer deposited into the bank but the same was not entered into cash book.
- (xii) The bank paid Rs. 125 by way of insurance premium.

- (xiii) The bank charged Rs. 9 as their commission for collecting outstation cheques and allowed interest of Rs. 10 on trader's balance.
- (xiv) A cheque for Rs. 25 entered into the cash book was omitted to be banked.

**Prepare a Bank Reconciliation Statement and show the balance as per Pass Book.**

**Ques.2(b)** Write short notes on the following:

- (i) Fictitious Assets.
- (ii) Analytical Petty Cash book.
- (iii) Adjusting entries - why necessary
- (iv) Disadvantages of single entry system of book keeping
- (v) Wasting Assets.

**(5X2 = 10 Marks)**

**Ans.2(a) BANK RECONCILIATION STATEMENT AS ON 31ST DECEMBER, 2005**

Particulars	+ Rs.	- Rs.
<b>Balances as per cash book</b>	850	
Add: Cheques issued but not presented for payment	600	
Less: Cheques deposited in bank but not cleared		800
Add: Bill receivable collected and recorded in pass book	2000	
Less: Cheque deposited in bank but dishonoured		100
Less: Payment of a bill payable made by the bank		450
Less: Receivable dishonoured but not entered in cash book		800
Less: Cheque deposited credited with lower amount		9
Less: Cheque deposited and credited to wrong A/c		50
Add: Amount directly deposited by customer	200	
Add: Interest on debentures directly received by bank	250	
Add: Cheque deposited into bank and not recorded in cash Book	150	
Less: Insurance premium paid by bank		125
Less: Bank Charge		9
Add: Interest outstanding balance	10	
Less: Cheque not deposited in bank		25
	<b>4060</b>	<b>2368</b>
	<b>1692</b>	

**Ans.2(b)**

(i) **Fictitious Assets:** Fictitious assets are such assets as are not represented by any tangible possession or property such as Preliminary expenses, expenses prepaid, debit balance of profit and loss Account and goodwill sometimes.

(ii) **Analytical Petty cash book:** The analytical petty cash book is meant for recurring petty cash payments in a columnar form i.e. a separate column for each usual head of expenditure and also column for total. It saves enormous amount of unnecessary labour resulting from posting each item of petty payment separately in the ledger.

(iii) **Adjusting Entries:** The adjusting entries are those journal entries which are necessary for adjusting various accounts for the purpose of making provision for depreciation, reserve for doubtful debts and discounts apportioning the payments in advance and bring outstanding liabilities into account etc.

(iv) **Disadvantages of single entry system of book keeping:** The following are some of the disadvantages of single entry system of book keeping.

- (i) Single entry ignores two fold effort of each transaction and hence presents a partial and an incomplete record.
- (ii) Due to absence of nominal account, no classified or detailed information in r/o various gains or losses is available.
- (iii) Trial balance can not be prepared and in consequence the arithmetical accuracy of the books can not be treated.
- (iv) No detailed information is available for comparative purposes as in case of double entry system.
- (v) In the absence of various checks as obtain in double entry system, fraud is more easily committed and is very difficult to detect.

(V) **Wasting Assets:** Wasting Assets are such assets as are consumed through being worked such as mines, quarries cemeteries etc. This term is also used to denote assets as are liable to depreciate an account of their use in business such as Plant and Machinery. The term is also used in connection with some Assets whose value reduces co-extensively with lapse of time such as leases, patents etc.

**Ques.3. (a)** Explain the following terms:

- (i) Circulating Capital
- (ii) Dividend Equalization Fund
- (iii) Internal Reserves
- (iv) Capital Reserve Fund
- (v) Investment Fluctuations Fund

**Ques: 3(b)** Why provisions of depreciation is necessary ? Which points would you consider if you are required to make an estimation of amount of depreciation to be provided for.

(2+3 = 5 Marks)

**Ques.:3 (c)** Which method of depreciation is more suitable in the following cases ? Give reasons in each case ?

(5x2 =10 Marks)

- (i) Furniture and Fixtures
- (ii) Plant and Machinery
- (iii) Patents
- (iv) Loose Tools
- (v) Live stock

**Ans. 3(a)**

(i) **Circulating Capital:** It is also called floating capital. It represents that type of capital which has been acquired for resale or is constantly changing or is capable of constantly changing its nature such as stock in trade, stock in course of production, cash book debits and bill receivable etc. A fixed asset in one particular business may be floating asset in another.

(ii) **Dividend Equalization Fund:** This fund is created by setting aside a portion of distributable profits in good years as a provision for less prosperous years so that when the company is not able to make sufficient profit to declare dividends as usual, it may have recourse to this fund. The amount representing this fund need not necessarily be invested in outside securities.

(iii) **Internal Reserves:** These are also Known as secret or hidden reserves. The term internal reserve is applied to a Reserve Fund, the existence of which does not appear on the face of the balance sheet. These reserves may be formed either through excessive provision for bad and doubtful debts or over-appreciating asset or by under valuation of stock or by incorrect allocation of expenditure between revenue and capital or by retaining appreciating asset at cost price etc.

(iv) **Capital Reserve Fund:** Sometimes a profit is made by a company by way of appreciation in the value of its land, building or other fixed asset, or arising from the sale of its fixed assets, such capital profits are transferred to capital reserve fund.

The following terms are usually credited to capital reserve fund.

- (i) Credit balance left on forfeited shares Account after reissue of such shares.
- (ii) Premium received on issue.

(v) **Investment Fluctuations Fund:** This is a reserve Fund created to provide for the loss by way of fluctuations in the values of investments made by a company in public funds or other gilt edged securities . This is normally reflected on the liability side of the balance sheet.

**Ans.3(b)**

- (i) A provision for depreciation is necessary due to the fact that all assets which are more or less constantly in use, diminish in value due to wear and tear. As wasting of an asset contributes to earning of profits, it can be viewed as an expense. Therefore, there is need for considering depreciation to arrive at true profit picture of a company.
- (ii) Secondly, depreciation is also necessary to avoid overstated value of assets in the balances sheet.
- (iii) The reasoning in favour of depreciation also arises from the fact that the capital sunk by any firm in acquisition of fixed asset must be preserved intact and loss in value arising from the use of such assets should be made good out of revenue each year by distributing such charge fairly over their working life, and not left over until the last minute when those assets have ceased to be useful.
- (iv) The companies Act also requires companies to provide for depreciation before declaring dividends.

The following aspects are important to consider for an estimation of depreciation to be provided for

- (i) The original asset cost
- (ii) The probable working life of asset
- (iii) The amount to be expended on repairs and renewals
- (iv) The break up or residual value
- (v) The chances of asset becoming obsolete on account of new inventions.

**Ans.3 (c)**

- (i) **Furniture and Fixtures:** Fixed installment method is suitable due to involvement of little capital outlay and comparatively easy estimation of the life of this asset.
- (ii) **Plant and Machinery:** Reducing balance method is suitable due to the fact that it tends to equalize the charge against revenue each year in r/o depreciation and repairs put together.
- (iii) **Patents and (iv) Loose Tools:** Revaluation method is suitable in such cases on account of special consideration to such assets.
- (v) **Live Stock:** Revaluation method is suitable in all these cases due to special consideration to this type of assets.

**Ques.4.** Maurya Trust runs a Charitable Hospital and a dispensary and for the year ended 31st March, 2000, the following balances were extracted from its books:

(25 Marks)

		<b>Dr.</b>	<b>Cr.</b>
<b>Capital Fund</b>			18,00000
Donations received in the year			1200000
Fees received from payments			600000
Recovery for amenities- rent etc.			550000
Recovery for food supplies			280000
Surgical Equipments		910000	
Buildings, theatres etc.		640000	
Consumption of:			
Medicines	240000		
Foodstuffs	180000		
Chemicals	60,000	4,80,000	
Closing stock of:			
Medicines	40,000		
Food stuffs	8,000		
Chemicals	2,000	50,000	
Sales of Medicine(Dispensary)			6,20,000
Opening stock medicine(Dispensary)		1,10,000	
Purchases of Medicine(Dispensary)		6,00,000	
Salaries:			
Administrative staff	60,000		
Doctors, Nurses, Orderlies	3,00,000		
Assistants	30,000	3,90,000	
Electricals and Power charges			
Hospital	2,10,000		
Dispensary	4,000	2,14,000	
Ambulance		60,000	
Postage, Telephone charges etc.		52,000	
Less recoveries			
Subscription to Medical journals		42,000	
Ambulance maintenance charges			4600
Less recoveries			
Consumption of linen, bed sheets etc.		1,80,000	
Fixed deposits(made on 10.08.98 for three years at interest of 11% p.a		10,00,000	
Cash in hand		12,100	
Cash in Bank		70,500	
Sundry Debtors( Dispensary)		1,21,000	
Sundry Creditors( Dispensary)			82,000
Remuneration to Trustees and Trust office expenses etc.		42,000	

**Additional Information:**

- (i) The dispensary supplies medicines to hospitals on requisitions and delivery notes; for which no adjustment has been made in the books. Cost of such supplies in the year was Rs. 1,20,000.
- (ii) Stock of medicine at close at dispensary was Rs. 80,000;
- (iii) Stock of medicine on 31.03.2000 at the hospital included Rs. 8000 worth of medicines belonging to patients; this has not been considered in arriving at the figure of consumption of medicines;
- (iv) Donations were received towards corpus of Trust;
- (v) One of the well- wishers donated surgery equipment, whose market value was Rs. 80,000 on 15.08.99
- (vi) The hospital is to receive a grant of 25% of the amount spent on treatment of poor patients, from the local branch of Red Cross Society. Such expenditure in the year was Rs. 1 Lakh.
- (vii) Depreciation on assets, on closing balances is to be provided on:

Surgical Equipments	20%
Buildings	5%
Furniture and fittings	10%
Ambulance	30%

Prepare only the income and expenditure statements of the dispensary, Hospital and trust for the year ended 31st March, 2000. Only relevant data may be used while preparing these statements.

**MAURYA TRUST**

**Ans 4. Income and Expenditure statement for the year ended 31st March, 2000**

<b>DISPENSARY</b>			<b>Rs.</b>	<b>Rs.</b>
	Sales of Medicines			6,20,000
	Medicines issued to Hospital			1,20,000
				<b>7,40,000</b>
<b>Less:</b>	Cost of Medicines sold/ issued:			
	Opening Stock		1,10,000	
<b>Add:</b>	Purchase		6,00,000	

			<b>7,10,000</b>	
<b>Less:</b>	Closing stock		80,000	6,30,000
	Gross income			<b>1,10,000</b>
<b>Less:</b>	Operating expenses:			
	Salaries of Assistants		30,000	
	Electricity and Power charges		4,000	34,000
	Net income Transferred to General Trust Account			<b>76,000</b>
<b>HOSPITAL</b>				
<b>Income:</b>	Fees recovered from Patients			6,00,000
	Recovery for room rent etc			5,50,000
	Recovery for food supplied			2,80,000
	Ambulance Receipts(Net)			1600
	Grant receivable from red cross society			25000
				<b>14,56,600</b>
<b>Less Expenses:</b>	Consumption of Medicines (2,40,00 + 8000+ 1,20,00)	3,68,000		
	Food stuffs	1,80,000		
	Chemicals etc	<b>60,000</b>	<b>6,08,000</b>	
	<u><b>Salaries:</b></u>			
	Doctors, Nurses etc	3,00,000		
	Administrative staff	60,000	3,60,000	
	Returns due to specialists		60,000	
	Electricity and Power charge		2,10,000	
	Subscription to Medical Journals		42000	
	Consumption to linen, bedsheets etc.		<b>1,80,000</b>	
	Depreciation:			
	Surgical equipment(20% on 910000+ 80,000)	1,98000		
	Building @ 5%	32000		
	Furnitures and fitting etc. @ 10%	16,000		
	Ambulance @ 30%	<b>18000</b>	<b>2,64,000</b>	<b>17,24000</b>
	Excess of expenditure over income transfered to General Trust A/c			<b>2,67,400</b>
	<b>General Trust A/c</b>			
	From dispensary			76,000
	Invest due on fixed deposit			1,10,000
	Net income			<b>1,86,000</b>
<b>Less:</b>	Excess of Expenditure over income 2,67,400 from Hospital		2,67,400	



	Postage, telephone charges etc.		52,000	
	Trustee's Remuneration, Expenses		42,000	3,61,400
	Net of Excess Expenditure over income			<b>1,75,400</b>

### **SECTION-C**

**Ques.1.:**

(a) What is the distinction between Job Costing and Process Costing ? Give at least two illustration to explain the distinction.

(8 Marks)

(b) Define the following terms:

(3x3 = 9 Marks)

- (i) Opportunity cost
- (ii) Direct and Indirect Costs
- (iii) Controllable cost Vs. uncontrollable costs

(c) Which method of costing is more suitable for following type of industries?

(8 Marks)

- (i) Commercial foundries
- (ii) General Engineering Industries
- (iii) Explosives
- (iv) Sugar'
- (v) Chemical
- (vi) Nursing Home
- (vii) Soap Making
- (viii) Food

**Ans 1.(a)** The main points of distinction between job costing and process costing can be put as under

(i) In job costing , costs are computed for each job; whereas in process costing, costs are computed for each process over a period of time i.e. production for a process during a given period.

(ii) In job costing, the cost unit in each case is a job, whereas cost unit in case of process costing is a process.

(iii) In job costing, each job may be different. Production is not continuous; whereas in process costing, each process for the total output is the same and generally production is continuous.

(iv) In job costing, completion of job is necessary for computation of cost of the job. Once the job is completed , all costs are added to ascertain the total cost of the job; in

process costing, completion of job is not awaited. For accounting cost per unit is computed by dividing the total cost by process output.

(v) In case of job costing, job is executed against orders. However, it is not necessary under process costing. Goods are for mass consumption and hence they may be produced on a continuing basis. Two important examples of process costing can be Food industries and chemical industries. Similarly, commercial foundries and forging units, and also shipyards/Repair yards can be illustrated as examples where job costing method can be followed.

**Ans 1. (b).**

(i) **Opportunity Cost:** The term opportunity cost refers to the advantage, in measurable terms, which has been foregone on account of not using the facilities in the manner originally planned. For example, if an owned building is proposed to be used for housing a new project plant, the likely revenue, which the building could fetch if rent out, is the opportunity cost which should be taken into account while evaluating the profitability of the project. The term opportunity cost also refers to alternative advantage foregone.

(ii) **Direct and indirect costs:** The expenses on material and labour economically and easily traceable to a product, service or job, are considered as direct costs, - material, labour employed, and certain other expenses take an active and direct part in the manufacture of a particular commodity. Hence they are called direct cost, whereas the expenses incurred on those items which are not directly chargeable to production are known as indirect costs. For examples expenses like salaries of timekeepers, storekeepers, certain expenses for running administration etc. These expenses cannot be conveniently allocated to production and hence are called indirect costs.

(iii) **Controllable Cost Vs. Uncontrollable Costs:** Controllable Costs are those costs which can be influenced by the action of a specified member of an undertaking. Costs which cannot be so influenced are termed as uncontrollable costs. The difference between controllable and uncontrollable costs is only in relation to a particular individual or level of management. An expenditure which is controllable by one individual may be uncontrollable so far as another individual is concerned.

**Ans.1 (c)**

- (i) Job Costing
- (ii) Process Costing
- (iii) Process Costing
- (iv) Process
- (v) Process
- (vi) Operating
- (vii) Process
- (viii) Process

**Ques.2**

- (a) Distinguish between 'Financial Accounting' and 'Cost Accounting'.  
(5 Marks)
- (b) Enumerate the items which can be included only in Cost Accounts and not in Financial Accounts.  
(5 Marks)
- (c) Calculate the Prime Cost, Factory Cost, Total Cost of Production and Cost of Sales from the following particulars:  
(15 Marks)

Particulars	Rs.	Rs.
Raw materials consumed		40,000
Wages paid to labourers		10,000
Directly Chargeable expenses		2,000
Oil and waste		100
Wages of Foreman		1,000
Store Keeper's wages		500
Electric Power		200
Lighting: Factory	500	
: Office	200	700
Rent : Factory	2000	
: Office	1000	3000
Repairs and Renewals:		
Factory Plant	500	
Machinery	1000	
Office Premises	200	1700
Depreciation:		
Office premises	500	
Plant and Machinery	200	700
Consumable stores		1000
Manager's Salary		2000
Director's Fees		500
Office Printing and Stationery		200
Telephone charges		50
Postage and Telegrams		100
Salesmen's Commission and Salary		500
Travelling Expenses		200
Advertising		500
Warehouse charges		200
Carriage outward		150

**Ans.2.(a)** Financial Accounting is concerned with recording, classifying and summarizing financial transactions and preparing statements relating to the business in accordance with generally accepted accounting concepts and conventions. It is mainly meant to serve all parties external to the operating responsibility of the firm such as share holders and

creditors of firm, besides providing information about the over all operational results of the business; whereas cost accounting is concerned with accounting information useful for management. It is the presentation of accounting information in such a way as to assist the management in day today operations and policy making. The main difference in financial accounting and cost accounting arise in their objectives, mode of presentation, recording , profit analysis, periodicity of reporting , degree of accuracy etc. In financial accounting, periodicity is fixed but not in cost accounting. In financial accounting, degree of accuracy required is more as compared to requirement in cost accounting as it is for management only Financial Accounts are presented according to some accepted accounting concepts and conventions with certain statutory obligations to follow; whereas there are no statutory forms regarding presentation of cost accounts. In case of financial accounts, stress is on ascertainment and exhibition of profits earned or losses incurred in business; in cost accounts, stress is more on aspects of planning and control.

Financial Accounting reveals the profits of the business as a whole , while cost accounting shows the profit made on each product, job or process. This helps management to eliminate less profitable product lines.

**Ans. 2.(b).** The following terms are included only in cost accounts.

- (i) Charge in lieu of rent where premises are owned
- (ii) Depreciation on an asset even when the book value of the asset is reduced to a negligible figure.
- (iii) Interest on capital employed in production but upon which no interest is actually paid (Case where firms decides to include interest in the overheads)

**Ans.2.(c).**

### **COST SHEET**

	<b>Rs</b>	<b>Rs</b>	<b>Rs</b>
Direct Material: Raw material consumed		40000	
Direct labour: Wages paid to labourers		10000	
Direct expenses: Directly Chargeable expense		2000	
<b>Prime Cost</b>			<b>52000</b>
<b>Add Factory overheads:</b>			
Indirect material: Consumable stores	1000		
Oil and waste	100	1100	
Indirect labour: Wages of foreman	1000		
Storekeeper's	500	1500	
Indirect expenses: Electric Power	200		
Factory lightings	500		
Factory rent	2000		
<b>Repairs and renewals:</b>			
Plant and Machinery	1500		

<b>Depreciation:</b>			
Plant and Machinery	200	4400	7000
Factory or works cost			<b>59000</b>
<b>Add Office and Administrative overheads:</b>			
Indirect Material: office printing and stationery		200	
Indirect labour: manager's salary	2000		
Director's Fees	500	2500	
Indirect expenses: Office lighting	200		
Office rent	1000		
Repairs and Renewals office premises	200		
Dep. on office premises	500		
Telephone charges	50		
Postage and Telegrams	100	2050	<b>4750</b>
Total cost of Production			<b>63750</b>
<b>Add: Selling and distribution overheads:</b>			
Indirect labour: Salesmen's commission and salary		500	
Indirect expenses: Travelling expenses	200		
Advertising	500		
Warehouse Charges	200		
Carriage outward	150	1050	1550
<b>Cost of Sales</b>			<b>65300</b>

**Ques. 3.**

(a) Briefly explain comparative advantage of Time Wages System and Piece Wage System of payment.

(8 Marks)

(b) How would you treat overtime wages in Cost Accounts? What is effect of overtime on productivity ?

(5+4 = 9 Marks)

(c) Define the term Idle Time. Explain its causes.

(4+4 = 8 Marks)

**Ans.3. (a)** Time wage system is a system under which the payment is made to the workers according to the time for which they work. The time rate is fixed before hand and the workers are remunerated for the hours of work done by them. The payment can be made according to the rate per hour, per day, week fortnight or month. The worker is guaranteed for payment to him a fixed minimum for a specified period of time. In this method, no account is taken of quality and quantity of work done. The following advances flow from the system.

1. It is simple. No tedious mathematical calculations.
2. Stability in wages and sense of security to workers.
3. Quality production: Since wages are fixed, the worker is not in haste. Thus quality is not sacrificed for quantity.
4. Unity in labour. No hardline of distinction is drawn between an efficient and inefficient worker on the basis of production.
5. Economy: This method results in economy of administrative overheads. They use materials and plant very carefully, which also results in considerable economy.

Besides the above advantages, this method also has some disadvantages:

1. No distinction between efficient and inefficient worker. Thus no inducement for hard work.
2. Worker become lazy, dull and try to avoid work, and thus production suffers.
3. Soldiering. The workers try to make the work last as long as possible. Thus, labour per unit is more.
4. Discontentment among efficient workers. It results in employer-employee trouble.
5. It leads to increase in idle time and waste of time when a group of labourers is employed on the identical wage.
6. Since close supervision is needed, cost of manufacture increase due to appointment of additional supervisions.

As far as piece wage system is concerned, the payment is made in proportion to the work done, without regard to time taken. The rate is fixed per unit of output, per article, per commodity etc. Thus this system is output-oriented. This system takes into account quantity of work done. Payments made for those units which are accepted, not for rejected ones. The fixation of per piece rate depends upon many factors.

Advantages:

- (i) Piece rate system is more equitable than time wage system.
- (ii) The workers are induced to work hard, thus enhancing production, reducing overhead expenses per unit and cost of production.
- (iii) Accurate ascertainment of total labour cost per unit or job.
- (iv) Benefit to workers on account of payment of more wages.

- (v) Improvement in methods of production due to care by workers to remove the deficiency of material and plant.

**Disadvantages:**

- (i) Workers take no precaution to improve quality of products.
- (ii) The employees handle the tools and equipment very roughly and carelessly to achieve a high output, causing thereby losses to firm or industry.
- (iii) Speedy and excessive work can prove injurious to health of workers.
- (iv) Disatisfaction among workers who work slowly and gradually.
- (v) Fixing equitable rate is a difficult task.
- (vi) No guarantee is given for the day's wages even if workers fail to work efficiently for a particular period.
- (vii) The system requires a vigorous system of inspection of the quality of output.

Thus time rate and piece-rate wage payment system have their relative advantages and disadvantages. The adoption of any such system depends largely on nature of business and management.

**Ans. 3.(b)** Treatment of overtime wages in cost Accounts

- (i) The overtime wages can be taken as direct or indirect labour depending upon its identifiability with specific jobs or products.
- (ii) In case overtime is paid to increase general output of factory, the cost of such overtime should be taken as works overhead charge.
- (iii) Where overtime is payable on account of some special request of the customer for completion of work within specified period, such overtime should be taken as direct charge and recovered from the job only.
- (iv) The overtime which is necessitated by abnormal factors such as breakdown of machinery, abnormal idle time etc. should be treated as an abnormal expense and charged to costing profit and loss A/c.

**Effect of overtime on productivity:** Overtime payment involves extra cost over and above the normal cost. Hence, it should be resorted to only in case of absolute necessity. overtime payment increases the cost of production due to following reasons.

- (i) The overtime premium is an extra payment over and above the normal rate
- (ii) The efficiency of workers working overtime may be less than normal efficiency due to stress and exertion

- (iii) The workers may not work to their efficiency during normal time to earn overtime premium. Thus, productivity during normal hours may fall.
- (iv) Reduced output and increase in labour cost due to overtime premium will result in increased cost of production.

**Ans 3. (c).** Idle time: In a factory where workers are paid on time basis, there is usually a difference between the time for which the workers are paid and the time actually spent by them is production. The loss of time for which the employers pays but obtains no direct benefit is term as "idle Time".

The main causes of idle time are as under:-

- (a) Productive causes
- (b) Administrative causes
- (c) Economic causes
- (d) Abnormal causes

Productive causes include (i) machine breakdown (ii) Power failures (iii) Waiting for work (iv) Waiting for tools or raw materials (v) Waiting for instructions(vi) Tea breaks, changing from one job to another.

Administrative causes like non-utilization of capacity to full extent in depression situation.

Economic causes: i.e. seasonal industries like sugar, where workers remain idle for same months.

Abnormal cause like strikes, luckouts, flood, major breakdown of machinery, fire etc. Such idle time is uncontrollable.

#### **Ques.4.**

- (a) Distinguish between 'Bin Card' and 'Stores Ledger' (5 Marks)
- (b) Explain the term " Economic Order Quantity" (5 Marks)
- (c) How do you Account for scrap in costing ?. (5 Marks)
- (d) Write short notes on the following: (5x2 =10 Marks)
  - (i) Bill of Material
  - (ii) LIFO system

**Ans 4.(a).** Bin Cards: one of the methods of maintenance of inventory records by the store keeper is a bin card. Bin card is a card placed outside each bin, meant for a particular type



of material. Whenever the materials are received or issued a notation is made on the card. Each bin card also contains particulars regarding maximum, minimum and ordering levels, code number description etc of material kept in the bin. The bin cards assist the store keeper to control the stock as they provide a continuous record of stock on each bin.

**Store ledger:** Stores ledger is a ledger maintained by the costing office. In a store ledger, a separate account is opened for each kind of material and spare parts stocked in store. It is generally maintained in the form of loose leaf cards because they can be removed and inserted in the ledger conveniently. One card is allotted to each item of material.

Entries are made from goods received reports invoices, material requisition slips and materials returned notes. Entries made in the stores ledger are identical to those on bin cards except that money values are also shown in the stores ledger.

The difference between bin card and store ledger can be summarized as under:

1. Bin cards keep only a quantitative record of different items of inventory, while stores ledger records both quantities and values of inventories.
2. Bin card is maintained by the store keeper in the stores; while stores ledger is maintained by cost clerk in the costing office.
3. In Bin card, the entry regarding issues and receipts is generally recorded immediately, while transactions of such nature in store ledger are recorded at a later stage.
4. Bin card is not a basic accounting record, while stores ledger is a basic accounting record.
5. Interdepartmental transfers of material are recorded only in the store ledger and not in the bin card.

**Ans 4.(b).** The term Economic order quantity refers to the size of the order which gives maximum economy in purchasing any material. It is also referred as optimum or standard ordering quantity. It is fixed mainly after taking into consideration ordering cost, position of inventory and inventory carrying cost.

Therefore, economic order quantity is determined at level for which the aggregate of cost of acquiring and holding cost is the minimum. The formula used for EOQ is as under.

$$Q = \sqrt{\frac{2UP}{S}}$$

Where  
 Q = Economic order quantity  
 U = Quantity purchased or used in a year  
 P = Cost of placing an order  
 S = Annual cost of storage of one unit.

**Ans 4.(c).** Accounting of Scrap: The usual methods regarding accounting of scrap are as follows:

- (i) The sale value of scrap is credited to costing profit and loss A/c as an abnormal gain.
- (ii) The second method is that net sale proceeds ( total sales proceeds from sale of scrap-selling and distribution costs) from the sale of scrap is deducted from the material cost or factory overhead. This method is suitable where several production orders are in hand and it is not possible to segregate value of scrap for each order.
- (iii) The value realized from the sale of scrap is credited to the particular job, process or operation.

**Ans. 4.(d)**

(i) **Bill of Material:** A bill of material is a schedule of materials needed for a job or unit of production. It is generally prepared by engineering or planning department as soon as an order is received. It serves as a standard list of materials required for a particular job, process or work order. Four copies of the Bill of material are prepared. One copy each is sent to the production , stores and cost Accounting Departments and the fourth is retained by planning and engineering dept.

A bill of material performs the following functions

- 1. It serves the purpose of advance intimation to all concerned of the orders to be executed.
- 2. It enables the stores dept to issue a purchase requisition so that the materials are kept ready at the time of manufacture.
- 3. It facilitates accounting of material consumed as entries in totals can be passed to the relevant jobs or processes.
- 4. It may be used as an instrument of authorization for the store keeper to issue the required material at the stated time.
- 5. It can work as a basis for cost accounting dept to prepare a material cost budget.
- 6. It can function as a controlling technique for the cost accounting dept through comparing actual materials used with the quantity as specified in the bill of materials.
- 7. The production dept can also use it as a controlling technique for materials used in the dept.

**LIFO** (Last-in First-Out) It is one of the methods of valuing material issues. The method is based on the assumption that last items of materials purchased is the first to be issued. Thus, here the price of last consignment is used for pricing material issues until it is exhausted, then the next consignment pricing is used and so on through successive consignments.

### **Advantages**

- (i) It takes into account the current market conditions while valuing materials. It also evens out the effect of rising and falling prices in profit figures of the concern as the cost of sales is largest when prices are rising and lowest when prices are falling.
- (ii) The method thus also helps in reducing the burden of income tax during the period of rising prices.
- (iii) Current costs are correlated with current sale and therefore, the management receives a more accurate picture of the business profits or losses.
- (iv) Actual cost of materials is charged to production

### **Disadvantages**

- (i) The stock in hand is valued at a price which might have become out of date when compared with current inventory prices.
- (ii) The method involves considerable amount of clerical work because of complications in calculating prices.

**DEFENCE ACCOUNTS DEPARTMENT**

**S.A.S. EXAMINATION -PART-II**

**OCTOBER-NOVEMBER, 2006**

**SUBJECT 'E'- REGULATIONS- PAPER-VII PRACTICAL (WITH BOOKS)**

**TIME ALLOWED: 3 HOURS**

**TOTAL MARKS: 100**

NOTES:

- (1) Only TWELVE questions should be attempted - EIGHT from Section-I and FOUR from Section-II,III, IV or V as the case may be as specified in Note(2) below:
- (2) Candidates permitted to answer questions from to Factories, Air Force and Navy portions should answer any FOUR alternative in questions from Sections III, IV or V respectively. The remaining candidates should answer any FOUR alternative questions from section II.
- (3) Each question in Section I carries 8 marks. Questions in Sections II, III, IV and V carry 9 marks each.
- (4) Reasons must be given in support of the answers and wherever applicable, authority must be quoted in support of the answers.

**SECTION-I**

**(Common for all Candidates)**

- Ques.1** (a) What is the difference between Special Repairs and Special Works? In What cases should Special Repairs be treated as Special Works?  
(5 Marks)
- (b) What type of special works should not be sanctioned ?  
(1 Marks)
- (c) What is the rationale of dispensing with the necessity of Administrative approval for ordinary repairs?  
(2 Marks)
- Ans.** (a) Special Repairs are those maintenance services which involve replacements and renewals costing more than Rs. 50,000 each to buildings, furniture etc and special repairs to roads.

On the other hand, special works are original works which comprise services not authorised by Govt. in regulations or separate orders or a general or specific nature.

**Authority: Para 121(b) and 122(b) of RMES Para 8(b) and 14(b) of DWP 1986**

Special Repairs which do not fall within the definition of authorised works and which are not in accordance with any scale or regulation should be treated as a special work and should be sanctioned as such by the appropriate CFA to whom powers have been delegated under "Special Works"

**Authority: CGDA letter No. 0/18527/AT-S dated 4.2.1987**

- (b) Special works which would have the effect of introducing a new practice or change of scales should not be sanctioned.

**Authority: Para 122(b) RMES and Para 14(b) of DWP 1986**

- (c) In case of ordinary repairs, the schedule of demands is the only estimate of cost. An allotment of funds given on this basis implies administrative approval to the execution of the services to that extent. That is why no further administrative approval is required for ordinary repairs.

**Authority: Para 145 RMES and Para 8(d) of DWP 1986**

- Ques.2.** (a) What are Operational Works ? Are they different from works of " Operational military necessity" under Defence Works Procedure?

(6 Marks)

- (b) Can a GE incur liability on a work for which there is neither an administrative approval nor any allotment of funds ?

(2 Marks)

- Ans.** (a) Govt. of India issues orders from time to time defining the areas constituting Operational Works Areas. Within the areas so specified, the Commanders of the field formations/sectors are empowered to order the execution of works which are of temporary nature, actually required for the execution of operations or for formations directly assisting in such operations. Such works are called Operational Works.

Defence Works Procedure 1986 is the basic procedure governing Defence Works and it lays down various stages for processing, approval and control over works. As per para 11 of DWP, 1986 if unexpected circumstances arise from operational military necessity, any Commander may order the commencement of work by furnishing an order in writing to the engineer officer concerned, subject to conditions stipulated in the said para. While a work of operational military necessity can be thus commenced, the requirements of issue of Admin Approval based on subsequently prepared AEs are not dispensed with.

Op Works and Para-11 works are thus substantially different. A few more differences- (a) Op works possible only in notified areas whereas Para-11 works possible any where; (b) Expenditure in case of Op works debit to Revenue Head while in case of DWP work, it will depend upon the value.

**Authority: Govt. letter No. 0633/Q3W-III/204/Q/D8/48 dated 23.1.1948 and Para 11 DWP**

- (b) Yes. In case of imminent danger to buildings, etc or of breakdown of installations, when delay would be seriously detrimental to public service, the local MES officer has to take immediate steps to protect life and property or to ensure that the service is maintained. But he must at once report the facts of the case to his superior engineer authority, the local military commander and CDA concerned, stating the liability he is incurring.

**Authority: Para 12 DWP 1986 and Para 15 RMES**

**Ques.3** (a) Why are departmental charges levied for work done by MES for various other Departments/bodies ?

(2 Marks)

(b) Why are these Charges levied at a different rate in case of Navy works ?

(3 Marks)

(c) What are the departmental charges levied in case of works executed by MES for (i) Defence Accounts Department and (ii) Kendriya Vidyalayas ?

(3 Marks)

**Ans.** (a) Departmental charges are levied in addition to the cost of work done and stores/material supplied with a view to cover-

Cost of normal MES supervising establishment, including storage & incidental charges

Use of tools and plants normally held by MES

Audit and any other charge that may be prescribed by Govt. e.g. pensionary charges.

**Authority: Para-310 and Table H RMES**

(b) MES has been reorganized and dedicated Zonal CE formations have been set up for Navy. The expenditure on pay and allowance of Army Officers and personnel as well as civilian officers and personnel deployed in dedicated MES formations of Navy is directly booked to the relevant heads of Navy. Similar is the case in respect of TA/outstation allowances as well as miscellaneous expenses etc. of the dedicated MES formations. In view of the direct booking of various elements of expenditure , the percentage of departmental charges recovered from Navy is restricted.

**Authority: Para 214 of RMES and Govt. letter No. 12(1)/93/D(Works-II) dated 23.8.1993**

(c) No departmental charges are to be levied on works executed by MES for DAD.

**Authority: Govt. letter No.B/45809/Q3W(Policy)/1285/SO-II/D(W-I) dt. 6.8.1974.**

Construction of buildings of Central Schools entrusted to MES at stations where it is functioning may be undertaken by MES where possible and no departmental charges shall be levied.

**Authority: Govt. letter No.3/(10)/70/DGS-II dt.25.1.1971**

**Ques.4** (a) What is the importance of the date on which commutation becomes absolute ?

(4 Marks)

(b) An Army Officer, after retirement and sanction of pension, became a naturalised citizen of USA. How will the change of nationality affect his pension ?

(4 Marks)

**Ans.** (a) The date on which commutation becomes absolute is important because (i) the age on the birthday following the date of absolute is used for determining the commuted value of pension and (b) in case the pensioner dies on or after the date of absolute, the commuted value becomes payable to the nominated heir/family.

**Authority: Rules 7 & 8 of CCS(Commutation of Pension Rules) 1981 and similar provisions in PR)**

- (b) Pension will not be affected on the change of nationality.

**Authority: Govt. letter No. PC 5169/AT-P/PC/909/A/04/D(Pension Services) dated 6.10.2004)**

**Ques.5** (a) A Defence civilian, whose date of birth was 21 August, 1946, did not receive any orders regarding his retirement and relief etc. till 31 August, 2006. He claims that he has been granted extension of service Comment on his claim.

(4 Marks)

- (b) A Defence civilian employee, who is working as a cashier, is to retire on 31 December, 2006 (Sunday). On which day will he relinquish charge and hand over cash to his successor ?

(4 Marks)

**Ans.** (a) Retirement is automatic on attaining the age of compulsory retirement (60 years in the present case) and in the absence of any specific orders to the contrary by the competent authority, the Govt. Servant must retire on the due date. So, if no specific orders granting him extension of service have been issued his claim that he has been granted extension is untenable.

**Authority: GOI decision no.3 below Rule 35 of CCS(P) Rules i.e. MHA OM No.33/6/56-Ests(A) dated 10 December, 1965)**

- (b) Since the individual will retire from service with effect from the afternoon of 31.12.2006, he should formally relinquish charge of office on that day even if it is a Sunday. Since he is a cashier and therefore, handing over of cash is involved, the cash may be made over to his successor on the close of the previous working day.

**Authority: GOI decision no. 4 below Rule 35 of CCS(P) Rules i.e. MOF OM No. 19050/8/76-E.IV(B) dated 21.2.1977)**

**Ques.6** A Defence Civilian Officer who was drawing a basic pay of Rs. 15,200 and had rendered 30 years of service, died on 15th June, 2006. His date of birth was 20 December, 1950. Calculate the family pension which his wife would be entitled to.

(8 Marks)

**Ans.** Since the officer had rendered more than 7 years service, the enhanced rate of family pension (equal to 50% of the pay last drawn or twice the normal entitlement of family pension) will be admissible for a period of 7 years. The normal entitlement of family pension is 30% of last drawn reckonable emoluments.

(ii) Since the death took place after 1.4.2004, DP @ 50% of basic pay would also reckon for calculation of family pension.

(iii) Reckonable emoluments = 15200 + 7600 = 22800

(iv) Normal rate of family pension = 30% of 22800 = 6840

(v) Enhanced rate of family pension = 50% of 22800 = 11400

(vi) Enhanced rate of FP would be payable for 7 years (15.6.2013) or till the officer would have attained the age of 67 years (20.12.2017) whichever is earlier i.e. 15.6.2013

(vii) Therefore the family pension entitlement will be (a) Rs. 11400 p.m. w.e.f. 16.6.2006 till 15.6.2013 and (b) Rs. 6840 p.m. w.e.f. 16.6.2013 onwards.

(viii) In addition, the family would be entitled to dearness relief on family pension.

**(Authority: Rule 54 CCS(P) rules and GOI decision 19 & 22 there under)**

**Ques.7** (a) At which budgetary estimation stage will Ministry of Defence get the first

assessment of requirement of funds for Defence budget for the ensuing year(2007-08) ?

(4 Marks)

- (b) What is the special significance of (i) Revised Estimates and (ii) Modified Appropriation, in the Defence budgetary process?

(2+2 = 4 Marks)

**Ans.**

- (a) The first stage at which budgetary requirements of the ensuing year are projected to MOD by the Services is Preliminary Revised Estimates for the current year and Forecast Estimates for the next year. PRE/FE is normally in November.

**(Authority: Paras 83 and 87 FR Pt. I)**

- (b) Revised Estimates constitute the principal estimates for the current year since the requirement of funds indicated therein forms the basis of the Supplementary Demands, which are normally required to be finalized by about the middle of January.

**(Authority: Note below Para 83 FR Pt.I)**

Modified Appropriation is the final estimate for the year and is to be based on the latest known actuals and the likely expenditure during the remaining period of the year. The closeness with which this estimate should correspond in total and in detail to the actual expenditure is of paramount importance because it is on the basis of this estimate that necessary re- appropriations and/or surrenders are formally sanctioned.

**(Authority: Para 91(d) FR Pt.1)**

**Ques.8**

- (a) An Army vehicle was involved in an accident with a civil vehicle and the matter was under litigation in MACT. In the meantime, Court of Inquiry held by Army did not find the MT driver responsible for the accident and the consequential loss to Army. Based on this, the loss was regularized under orders of CFA as not due to theft, fraud or gross neglect. A few months latter, MACT gave its award wherein the MT driver was held responsible for the accident. What should be done now in regard to the loss statement already finalized. ?

(5 Marks)

- (b) Some stores were issued to a contractor. Before the recovery for the value of stores could be made, contractor expired and there was litigation in his family. In the circumstances, recovery is likely to pose problems. It is proposed to regularize the stores issued as "loss of stores" Comment.

(3 Marks)

**Ans.**

- (a) In such cases where the judgement/award of the civil court/tribunal are contrary to the findings of the Court of Inquiry, the loss statements already finalized are not to be re-opened.

**(Authority: Para 160 FR Pt.I, CS No. 9/10/91)**

- (b) Cases where value of stores issued to contractors have not been recovered and where recovery would present special difficulties are to be treated as losses of public money. As such this cannot be treated as losses of public money. As such this cannot be treated as loss of stores.

**(Authority: Para 164(d) FR Pt.I)**

**Ques.9**

An LAO(Army) seeks some information/documents from an unit but the Commanding officer of the unit considers that the demand for information/documents made by the LAO is unnecessary. How will the stalemate



be resolved ?

(8 Marks)

**Ans.** In such a case, the Commanding officer should refer the matter to the PCDA/CDA concerned. If the PCDA/CDA concurs with the LAO's demand, then he should represent the matter through the Brigade/Sub-area Commander to the PCDA/CDA. If the PCDA/CDA is unable to reverse the decision he will record his opinion thereon of forward it to the Area Commander. The Area commander will refer the matter to the higher authority if he is unable to concur with PCDA/CDA

**(Authority: Para 36 FR Pt.I)**

**Ques.10** An IDAS officer in the senior time scale (10,000-325-15,200) is promoted to Junior Administrative Grade( Rs. 12,000-375-16,350). The promotion is however on adhoc basis because the officer does not fulfill the conditions laid down in the Recruitment Rules for promotion to Junior Administrative Grade. How will the pay be regulated on this adhoc promotion ?

(8 Marks)

**Ans.** In this case the pay will be fixed under FR 22(1) (a) (1) and restricted under FR 35. FR 22(I)(a)(1) applies in all those cases of pay fixation where the promoted persons fulfill the conditions of eligibility prescribed in the relevant recruitment rules. In the present case, the officer does not fulfil the prescribed conditions. Therefore, the payfixed under the said FR will have to be restricted under FR 35(which stipulates that Govt may fix pay of an officiating Govt. servant at an amount less than that admissible under the said rules).

The ceiling based on fifth pay commission scales stipulate that for employees in receipt of basic pay above Rs. 8000(which is true in the case of Senior Time scale officer), the pay under FR 35 will be restricted to 12.5% of basic pay, subject to a maximum of Rs. 1000 p.m. Thus, this celing would apply to the pay on promotion on adhoc basis to Junior Administrative Grade.

**Authority: FR 22, FR 35, GOI decisions(2) and (3) below FR (25)**

**Ques.11** What action would be required in the following cases:

(a) A Senior Auditor was placed under suspension for some serious charges. The inquiry was completed and the charges against him were proved. However, before the issue of final order imposing a major penalty, the individual died.

(4 Marks)

(b) A Govt. servant was deemed to have been suspended due to his detention by police for a few days. It later emerged that police had detained him erroneously and he was released without any prosecution having been launched.

(4 Marks)

**Ans.** (a) Since the final order imposing has not been issued, it is a case of death of a suspended govt. servant where disciplinary proceedings are not concluded. The relevant orders governing such cases stipulate that the period between the date of suspension and the date of death shall be treated as duty for all purposes and his family shall be paid full pay and allowances for that period, subject to adjustment in respect of subsistence allowance already paid.

**(Authority: FR 54-B(2))**

(b) In such cases,(i) the deemed suspension may be treated as revoked from the

date the cause of the suspension itself ceases to exist, i.e. the Govt servant is released from police custody(ii) the competent authority should apply its mind at the time of revocation of the suspension and reinstatement was wholly unjustified, full pay and allowances may be allowed.

**(Authority: Administrative Instruction 2 below FR 54)**

**Ques.12** Comment on the following:

- (a) While visiting some field formations, an LAO is provided free accommodation in tents. The LAO claims daily allowance as admissible for the station. (3 Marks)
- (b) During the inspection of a field office by HQrs. office, the head of office arranges a lunch for the inspection team at Govt. expense. The inspection team claims full DA. (2 Marks)
- (c) An officer performs journey to an expensive locality and returns to headquarters on the same day. He claims DA for expensive locality for that day. (3 Marks)

**Ans.**

- (a) Improvised accommodation provided free of charge in a tent in a locality where regular accommodation is not available is not to be treated as free lodging and the provision of such accommodation should have no effect on officer's DA. The LAO's claim is in order

**(Authority: GOI decision No.5(i) below SR 51)**

- (b) Casual hospitality such as an occasional meal as an invited guest or free lunch or tea during working hours are not to be treated as free board and therefore the claim of the inspection team to full DA is in order.

**(Authority: GOI decision No.5 (ii) below SR 51)**

- (c) If an officer returns to HQrs. on the same day, he will be entitled to draw DA at the ordinary rate, irrespective of the fact that the journey was performed to an expensive locality.

**(Authority: GOI decision No. 4 below SR 51)**

## **SECTION-II**

**(For candidates other than those from PC of A(Fys), PCDA(Navy) and PCDA(Air Force) Organisations)**

- Ques.1.**
- (a) What is the current classification of field areas for the purpose of field area allowances ? (3 Marks)
  - (b) At what rates is a Sepoy paid these allowances ? (2 Marks)
  - (c) Are there any personnel who work in the units/formations located in such field areas but are not entitled to these compensatory allowances ? (4 Marks)

**Ans.**

- (a) In the current classification of field areas, there are three types of field areas
  - Highly active field area
  - Field Area
  - Modified Field area

**Authority: Govt. letter No. 1(26)/97/XX/D(Pay/Services) dated 29.2.2000**

- (b) The rates applicable to a sepoy are
- |                          |               |
|--------------------------|---------------|
| Highly active field area | Rs. 1620 p.m. |
| Field Area               | Rs. 1000 p.m. |
| Modified Field area      | Rs. 400 p.m.  |

**(Authority: same as at(a) above)**

- (c) These allowances are not admissible to personnel working in the following units/formations even though these units/formations may fall in the field areas.
- (i) Static formations/units like MES, MFs, Recruiting offices, Trg. centres.
  - (ii) NCC Dtes and units
  - (iii) TA units unless embodied
  - (iv) Record offices and similar estts.

**Authority: Govt. letter No. 37269/AG/PS3(a)/90/D(Pay/Ser) dated 13.1.1994**

- Ques.2** (a) An individual was enrolled in the Army on 15/6/2005. He was attested on 11/7/2006 and mustered in "Y" Group on 31/8/2006. Indicate his basic pay entitlements from the date of enrolment as well as the date of his next increment. (6 Marks)
- (b) What is Extra Duty Allowance in respect of PBOR ? Which Sepoys are granted this allowance and at what rate ? (3 Marks)

- Ans.** (a) During his recruit training, stipend will be admitted from the date of recruitment. On successful completion of training , his pay will be fixed at Rs. 3250( the minimum of Sepoy Gp. Y) with effect from 15.06.2005 and stipend already paid will be adjusted against this pay.

Increment will become due only after he is mustered. Since he has been mustered within a year of attestation, his increment will become due on 1.7.2007.

**(Authority: AI 1/S/98 and Para 7 & 14 of P&A Regs(ORs))**

- (b) Sepoys, Naiks and Havildars holding some specified appointments are granted Extra Duty allowance with effect from 1.1.96. This was earlier known as Appointment Pay.
- Sepoys holding appointment of Lance Naik and equivalent are granted Extra Duty Allowance. The rate is Rs. 50 p.m.

**(Authority: AI 1/S/98)**

- Ques.3** (a) Which JCOs of Army Education Corps get Instructional Allowance and at what rate ? (3 Marks)
- (b) To whom is subsistence allowance in respect of PBOR paid and when ? (3 Marks)
- (c) Which PBOR are granted outfit allowance on promotion and at what rates ? (3 Marks)

- Ans.** (a) JCOs of AEC who are appointed as instructors in special service subjects in Cat A training establishments are entitled to Instructional Allowance. This allowance is payable at the rate of Rs. 500 p.m.

**(Authority: Govt. letter No. 1(26/97/VI/D(Pay/Ser) dated 29.2.2000)**

- (b) Subsistence is paid to the family/dependent parents of every married or unmarried PBOR when he is undergoing imprisonment in military custody or military prison without a sentence or dismissal.

**(Authority: Regn 203 P&A Regs(ORs))**

- (c) Outfit Allowance is granted to (i) NCOs granted promotion to the rank of JCO and (ii) JCOs granted Honorary rank as Commissioned Officers. The rate (w.e.f. 1.8.97) in respect of (i) is Rs. 500 and in respect of (ii) is Rs. 3200.

**(Authority: Govt letter NO. 3(4)/97/D(Pay/Ser) dated 8.1.98)**

**Ques.4**

A Colonel was drawing basic pay of Rs. 16,450 and rank pay of Rs. 2,000. His next increment is due on 1/12/2006. He was promoted as a Brigadier on 12/9/2006. He seeks your advice whether he should opt for fixation of pay on the date of promotion or on the date of his next increment in Colonel's rank. What will be your advice and why ?

(9 Marks)

**Ans.**

Pay scale of Colonel : Rs. 15100-450-17350

Pay scale of Brig : Rs. 16700-450-18050

Rank Pay of Colonel : Rs. 2000

Rank Pay of Brig. : Rs. 2400

(i) If he opts for fixation of pay on date promotion:

- From 12.9.06 his pay will be Rs. 16700 plus rank pay of Rs. 2400;
- Next increment will be due on 01.09.2007 and then basic pay will go up to Rs. 17150

(ii) If he opts for fixation of pay on date of next increment in Col rank:

- From 12.9.06 to 30.11.06, he will draw pay of Rs. 16450+2400 of rank pay
- On 01.12.06, his pay as Col will be Rs. 16900 and as Brig it will be fixed at 17150
- He will draw Rs. 17150 + 2400 rank pay from 01.12.2006
- His next increment will fall due on 01.12.2007

The details at (i) and (ii) above show that in option (ii), he gets Rs. 250 basic pay less for about 2½ months (from 12.9.06 to 30.11.06) but gets Rs. 450 more basic pay for 9 months (from 1.12.06 to 31.8.07) as compared to option(i).

Therefore, the advice will be that he should opt for fixation of pay on the date of next increment in Colonel rank.

Comment on the following :

**Ques.5**

- (a) An Artillery Officer availed of study leave of 12 months (in 1995-96) and 6 months (in 2000-01). He now wants to avail of study leave for 6 months.

(3 Marks)

- (b) An AOC officer wants to avail of study leave commencing 1 November, 2006 for a period of 24 months and he wants to combine it with annual leave for 2007 since he has already availed of annual leave for 2006.

(3 Marks)

- (c) An Infantry officer was sanctioned study leave for 20 months. After 12 months of study leave, he seeks voluntary retirement.

(3 Marks)

- Ans.**
- (a) Even though he not availed of the maximum permissible limit of 24 months, it is also to be seen that study leave is not admissible more than twice throughout the service. Since he has already availed of study leave on two occasions, his request is inadmissible under rules.
  - (b) Study leave of a maximum of 24 months can be extended by a period of 2 months, of annual leave of the year in which the study leave commences. Since he has already availed of the annual leave for 2006, his request cannot be entertained.
  - (c) The officer shall be required to refund the actual amount of leave salary , study allowance(if any) for 12 months of study leave. However, Govt may waive or reduce the amount required to be refunded.

**(Authority: AI 42/82)**

- Ques.6.**
- (a) What is the present ceiling on encashment of leave in the following cases ?
    - (i) PBOR discharged, at his own request, after service of 16 years.
    - (ii) An Officer with service of 30 years died in office.
    - (iii) An officer being invalidated out after 14 years of service.
    - (iv) An officer dismissed from service after 20 years of service.
    - (v) PBOR retiring after 16 years on completion of terms of engagement.

(5x1= 5)
  - (b) To what extent can annual leave of the year of retirement be accumulated for encashment by PBOR ?
 

(3 Marks)
  - (c) To what extent can Furlough be en cashed ?
 

(1 Marks)

- Ans.**
- (a)
    - (i) 113 days
    - (ii) 300 days
    - (iii) 225 days
    - (iv) Encashment not admissible
    - (v) 240 days

**(Authority: Govt. letter No. 14(2)/98/D(AG)-IV date 22.3.2001 for i, ii, & v; Govt. letter No. 14(2)/98/D(AG)-III dated 16.8.2001 for iii and CGDA No. AT/I/1312/X dated 3.2.99 for iv)**

- (b) Annual leave of the year of retirement can be accumulated as follows:  
 15 days for those PBOR retiring on 31 Jan  
 30 days for those PBOR retiring at the end of Feb and thereafter
- (c) Furlough cannot be encashed.

### **SECTION-III**

#### **(Factories Portion)**

**Ques.1.** Selecting suitable bases, from the following information, determine the absorption rates of overheads for the production departments of a factory.

(9 Marks)

Overhead Expenditure for the factory during a month were as follows:

<b>NAME OF DEPARTMENT</b>	<b>INDIRECT MATERIAL IN RS.</b>	<b>INDIRECT LABOUR IN RS.</b>
Production Dept P1	3,000	4,000
Production Dept P2	5,000	5,200
Production Dept. P3	1,500	5,000
Service Dept S1	1,000	3,500
Service Dept S2	1,200	1,200
Service Dept S3	500	2,000

#### **Common Overheads:**

<b>Items of Expenditure</b>	<b>Amounts in Rs.</b>
Rent	9,000
Depreciation (10%)	18,300
Power	10,000
Light and heat	5,000

#### **Other Operating Information:**

<b>Name of the Dept.</b>	<b>Nature of work</b>	<b>Area in Sq. M.</b>	<b>Book Value of Machines</b>	<b>Effective HP</b>	<b>Direct Labour in Hrs.</b>	<b>Direct Labour Charges</b>	<b>Machine Hours Utilised</b>
P1	Production	1200	40,000	60	1,00,000	40,000	50,000
P2	Production	800	80,000	25	1,20,000	35,000	40,000
P3	Production	1500	20,000		60,000	15,000	10,000
S1	Tooling	400	30,000	15	20,000	10,000	
S2	Store	800	4,000				
S3	Office Administration	300	4,000				

**1. Ans.****APPORTIONMENT.**

<b>Expenses</b>	<b>Total</b>	<b>Basis</b>	<b>S3</b>	<b>S2</b>	<b>S1</b>	<b>P1</b>	<b>P2</b>	<b>P3</b>
Ind. Material	12200	Direct	500	1200	1000	3000	5000	1500
Ind. Labour	20900	Direct	2000	1200	3500	4000	5200	5000
Rent	9000	Area	540	1440	720	2160	1440	2700
Depreciation	17800	10% of Book Value of Machines	400	400	3000	4000	8000	2000
Power	10000	HP			1500	6000	2500	
Light & Heat	5000	Area	300	800	400	1200	800	1500
	74900		3740	5040	10120	20360	22940	12700

Re- apportionment & Absorption:

<b>Basis</b>	<b>S3 Office Adm.</b>	<b>S2 Stores</b>	<b>S3 Tooling</b>	<b>P1</b>	<b>P2</b>	<b>P3</b>	
Direct Labour HQrs.	-3740		249	1247	1496	748	0
Ind. Material		-5040	480	1440	2400	720	0
MH			-10849	5424	4340	1085	0
				28471	31176	15253	
Direct Wages				40000	35000	15000	
% Levy				70%	89%	102%	

**Ques.2.(a)** Define:

(3 Marks)

- (i) Prime Cost
- (ii) Marginal Cost

How is the information of Marginal Cost useful to the management of a firm ?

**(b)** During 2005-06, 1,00,000 units of a product were produced in a factory. From the following details find out the marginal cost of the product.

(6 Marks)

<b>Nature of Expenditure</b>	<b>Amount in Rupees</b>
Cost of raw material used	25000000
Wages of Productive Labour	7500000
Pay and Allowances of Supervisors	2500000
Pay and Allowances of Administrative Staff and officers of the factory	3500000
Cost of Transportation of raw material	200000
Arrears of Pay and Allowances for 2003-04	75000
Repair and Maintenance of Machines	250000
Depreciation of Machines	450000
Repairs and Maintenance of Buildings	500000
Training of Skilled Labour in the factory	300000
Depreciation of Buildings	750000
Maintenance of Railway siding	200000
Running of Factory Dispensary	650000
Cost of power and steam for production	1000000
Incentive paid to industrial employees	300000
Loss of stock pile items	50000
Training of officers abroad	850000

**Ans.(a)** Prime Cost= Direct Material Cost + Direct Labour Cost+ Direct Expenses  
 Marginal Cost = Prime Cost + Variable Overheads

The information on Marginal Cost can be used by Management for various Purposes such as:

- (i) Selecting most profitable product mix
- (ii) For assessing Investment proposals
- (iii) Make or buy decisions when capacity exists
- (iv) Limits upto which prices can be lowered in competitive market conditions
- (v) Performance Evaluation
- (vi) Cost Control

**(b)** Prime Cost = Dir Material + Dir Labour+ Dir Expenses  
 = 25000000+ 7500000 + 200000 ( Transportation of Raw Mate)  
 = Rs 32700000



Variable Overheads:

Pay & Allow. of Supervisors	2500000
Repair & Maint. of Machines	250000
Depreciation of Machines	450000
Training of Skilled Labour	300000
Cost of Power & Steam	1000000
Incentives paid to Ind. Workers	300000
Total Var Overhead =	Rs. 4800000

Marginal Cost of the product = ( Rs 32700000 + Rs 4800000)/100000 = Rs 375

How is the information of Marginal Cost useful to the management of a firm ?

**Ques.3.(a)** As on 31-3-2006, the Cost Card of an item of production provided the following information:

Ordered Quantity	43991
Manufactured Quantity	12500
Quantity issued	10000
Quantity Rejected	2500
Material Usage Rate	7.680KG/1,000
Labour Usage Rate	108.54Hrs./1,000
Material Quantity Drawn	143.30Kg
Cost of Material	Rs. 486.5 Kg
Labour Hours booked	1660.5 Hrs.
Labour Rate	36.60/Hr.
VOH	160%
FOH	200%

Prepare a " Semi Statement" for the product as on 31-3-2006

(6 Marks)

(b) Compute the Night Duty Allowance of a piece -worker who has put in 77.5 Hrs. of Night Duty in a month. As on 31-12-1995 the piece-worker's entitlements were as follows:

(3 Marks)

Basic Pay	: Rs. 1275
DA	: 48% of Basic Pay
CCA	: Rs. 45

**Ans.3**

- (a) Material Used =  $(7.680/1000) \times 12500 = 96 \text{ Kg}$   
 Excess Material Drawn =  $143.30 - 96 = 47.30 \text{ Kg}$   
 Value of Excess Material Drawn =  $47.30 \times 486.5 = \text{Rs } 23011.45$

Labour used =  $(108.54/1000) \times 12500 = 1356.75 \text{ Hrs.}$   
 Excess Labour Booked =  $1660.5 - 1356.75 = 303.75 \text{ Hrs.}$   
 Value of Excess Labour Booked =  $303.75 \times 36.60 = \text{Rs. } 11117.25$

VOH = 160% of 11117.25 = Rs 17787.6  
 FOH = 200% of 11117.25 = Rs 22234.5

Value of Semi = Rs 23011.25 + Rs. 11117.25 + Rs 17787.60 + Rs 22234.50  
 $= \text{Rs } 74149.80 = \text{Rs } 74150$

**Ans. (b)**

Night Duty Allowance Rate =  $(BP+DP+CCA)/(195 \times 6)$   
 (All elements as on 31.12.95)  
 $= (1275+1887+45)/(195 \times 6)$   
 $= \text{Rs } 2.74 \text{ Per Hour}$

Night Duty Allowance =  $2.74 \times 77.5 = \text{Rs } 212.35 = \text{Rs } 212$

**Ques 4.(a)** Determine the piece-work profit amount of a piece worker for the month of July, 2006 having 5 Sundays and no other holidays, with the following information:

Scale of Pay: 4,000-100-6,000, Basic Pay : 4900, Dearness Pay: 50% of Basic Pay,  
 DA: 24% of (Basic Pay+DP), HRA: 15% of (BP+DP), CCA: 240, Transport  
 Allowance: 100  
 OT Hours: 35.25 Hrs.  
 Piece-rate Card Hours: 9508.845 Hrs.  
 Input Hours: 8341.75  
 E.L. : 2 days  
 The Industrial Employee was on duty for 24 days

(6 Marks)

**(b)** Describe the procedure for accounting the stores received on loan from a sister Ordnance Factory.

(3 Marks)

Ans.(a) Piecework Profit =  $(\text{Time wages} + \text{OT Wages}) \times \text{Profit \%}$   
 $= (9508.845/8341.75 - 1) \times 100$   
 $= 13.99\%$

Time Wages =  $(\text{Min of Scale/No. of working days}) \times \text{Days present}$

	$= 4000/26 \times 24 = \text{Rs } 3692.30$
OT Wages	$= \text{Min of Scale } 1200 \times \text{OT Hrs.}$
	$= 4000/200 \times 35.25 = \text{Rs. } 705$
Piecework Profit	$= (\text{Rs } 3692.30 + \text{Rs } 705) \times 13.99 \%$
	$= \text{Rs } 615$

**Ans. (b)** The stores will be accounted for by Nominal Series of Vouchers. Loan transactions are posted in Bin Card under the authority of Nominal Receipt and Nominal Issue Vouchers. These are not posted in the Priced Store Ledger as the issuing formation is still the holder of the stores. For reconciling the Ledger and Bin Card, nominal transactions are ignored. Loan items are entered in the Loan Register maintained by the factory, which is auditable.

**Ques.5** (a) The Stock Holder Inability Sheet (SHIS) of a material "M" used for producing a product "P" provided the following information:

Target for production of "P" during 2006-07 is 1,50,000 units. Provisioning will be made for the current year keeping in view the requirement of First Quarter of 2007-08 also. Usage rate of "M" is 53.25 Kg/1,000 of "P". Opening Stock of "M" as on 1-4-2006 is 1225.75 Kg. The factory has received during the year from Supply Orders placed earlier 2038.75 Kg. Quantity yet to materialize from earlier supply orders is 885 Kg. This quantity has not taken into account development order placed to the tune of 445 Kg. The estimated cost of item is Rs. 855/Kg. Find out the estimated total cost of procuring the item for provisioning during the current year.

(4 Marks)

(b) Which level TPC will consider the above procurement proposal? What is its composition?

(2 Marks)

(c) What is EMD? What is its purpose? Under what circumstances EMD can be forfeited?

(3 Marks)

<b>Ans 5.</b>	(a)	Target for 2006-07	150000 units
		25% for 1st Qtr 2007-08	37500 units
		Provisioning required for Qty of material M required	187500 units $53.25/1000 \times 187500 = 9985 \text{ Kg}$
		Opening Stock as on 1.4.2006	1225.75 kg
		Receipt during the year	2038.75 kg
		Dues in	885.00 kg
		Development Order Qty	445.00 kg
		Total	4594.50 kg
		Qty. needs to be procured	$= 9985 - 4594.5 = 5390.5 \text{ kg}$

$$\begin{aligned}\text{Estimated Cost} &= 855 \times 5390.5 = \text{Rs } 4608877.50 \\ &= \text{Rs } 4608878\end{aligned}$$

- Ans** (b) The case will be put up to level 1 TPC. Composition of Level 1 TPC is as follows:  
 GM  
 Chairman  
 Controller of Fin & Accts /JCFA  
 Member  
 AGM/Jt. GM in charge of Procurement  
 Member  
 Other Concerned Officers including QC  
 Member

- Ans** (c) EMD = Earnest Money Deposit

In case of Open Tenders EMD is called for from tenderers in order to weed out non-serious tenderers.

EMD can be forfeited if the tenderer withdraws or amends, impairs or derogates from the tender in any respect within the period of validity of his tender. If the successful tenderer fails to furnish the required Performance Security Deposit, EMD can also be forfeited.

- Ques.6** (a) How Budgetary Control is exercised by Account Office? (3 Marks)
- (b) What are Preliminary Expenses? How are these expenses accounted for ? (3 Marks)
- (c) How are the wages of an industrial Employee affected in following situations ?
- (i) A worker during the course of work fell sick at 10 a.m. was taken to Dispensary in factory premises for treatment and rejoined duty at 12.30 p.m. The sickness was arising out of work.
- (ii) A worker during the course of work fell sick at 10 a.m. was taken to Dispensary in factory premises for treatment and rejoined at 12.30 p.m. The sickness was not arising out of work
- (iii) A worker during the course of work fell sick at 10 a.m. was taken to Hospital outside factory premises for treatment and rejoined duty at 2.30 p.m. The sickness was arising out of work. (3 Marks)

- Ans.** (a) Budgetary control is exercised through the following mechanisms:

Budget proposal is vetted keeping in view last year's expenditure, current year's target, estimated cost of products, plan for capital acquisition etc.

No payment in excess of allotment under a Head is released.

Review of expenditure vis-a-vis allotment under various heads is done every month and discussed with factory authorities in meetings. Areas of under- expenditure and over expenditure are highlighted. If under a head additional funds are required, factory authorities are alerted to take

advance action for getting additional funds released from OFB.

- (b) Preliminary Expenses cover all revenue expenditure incurred on establishment of a project from project planning to commissioning stage. During "trickle production" phase, overhead expenses are charged partially to production. The unabsorbed overhead expenses during this phase are also treated as Preliminary Expenses.

The Preliminary Expenses are charged over a period of 10 years. The rate of charges may be determined on the basis of Capacity Utilisation of the plants. This should be reviewed periodically.

The amount remaining to be charged to production at the end of each year should be shown as an asset in Statement of Assets and Liabilities. For Preliminary Expenses a Ledger Account is maintained in the the Principal Ledger.

- (c) (i) Time spent in Dispensary will be treated as duty and hence eligible for wages.  
(ii) The time of 2.5 Hrs will be treated as absent and no wages for the period will be admissible  
(iii) The period of absence will be treated as special leave with wages.

## **SECTION-IV**

### **(Air Force Portion)**

**Ques.1.** State whether the following are admissible:

- (a) An AF Officer posted to Indian embassy at Moscow as military adviser was paid dearness allowance. (3 Marks)
- (b) Funeral expenses of an Indian domestic servant of an officer serving abroad whose passage has been met by the Govt. of India, was paid by the State in full. (3 Marks)
- (c) Wg. Cdr Selven who was undergoing training for more than 180 days at Bangalore was granted CEA, though the school of requisite standard was available at the training station. (3 Marks)

**Ans.**

- (a) Dearness allowances is not admissible to the officer posted ex-India to specific posts. Hence the AF officer posted to Indian embassy at Moscow as Military advisor is not eligible for D.A. (Rule 97 P& A Reg.)
- (b) The funeral expenses of an Indian domestic servant of an officer whose passage has been met by the GOI, will be met by GOI in full. Hence the payment made is in order. (RULE 134 P&A Reg.)

- (c) When the officers proceed on training in India for a period exceeding 180 days, the CEA is admissible if the schools of requisite standard are not available in the training station. Since the school of requisite standard was available at Bangalore. Wg. Cdr. Selvan is not eligible for CEA.

**(RULE 120-A & 284 P&A Reg.)**

**Ques.2.** (a) Wg. Cdr. Sunder who was not provided with garage with his accommodation at Bangalore, claimed the reimbursement of garage hire charges. Is it permissible ?

(3 Marks)

- (b) An airman who was posted to an unit located in the high altitude area was allowed to draw HAUCA during his C.L. for 15 days spent away from his HQrs. Comment.

(3 Marks)

- (c) Hair cutting/Hair cleaning allowance was continued to an airman during his sick leave. Comment.

(3 Marks)

**Ans.** (a) Yes, it is admissible. Except in New Delhi/Delhi, in other places the officer is entitled to claim the re-imbursement of garage hiring charges if not provided with the accommodation, based on a certificate issued by the Stn. Cdr.

**(RULES 446 P&A Reg.)**

- (b) It is not in order as the allowance can be paid to an airman while on C.L. away from HQrs. for not exceeding 14 days. Since the airman has spent 15 days away from HQrs. it is not admissible.

**(RULES 338 Exception below(2) P&A Reg.)**

- (c) Hair cutting/Hair clearing allowance is admissible to an airman during sick leave. Hence it is in order.

**(RULES 336 P&A Reg.)**

**Ques.3.** (a) What are the pay and allowances admissible to an airman undergoing training as Flt. Cdt. ?

(3 Marks)

- (b) The family allotment which was in issue in r/o an airman, was stopped from the date of declaring him as prisoner of war. Comment.

(3 Marks)

- (c) Expatriation allowance was continued to an airman serving ex-india when he came to India to attend a course of instruction. Comment.

(3 Marks)

**Ans.** (a) An airman undergoing training as Flt. Cdt. will draw P&A (except clothing allowance) appropriate to his substantive rank as airman.

**(RULE 233 P&A Reg.)**

- (b) Not in order. The P&A of an airman who was taken as prisoner of war will be continued and the family allotment which was in issue prior to his capture will also be continued.

**(Note-2 under Rule 259 P&A)**

- (c) Yes, it is admissible

**(RULE 320 P&A)**

**Ques.4.** (a) Are officiating appointments permissible in the following cases ?

(2x3= 6 Marks)

- (i) When an officer is on a course of instruction of 9 weeks duration. However he is going to be away from the unit for 11 weeks.

(ii) When an officer is on sick leave which is not representing annual leave.

- (b) CCA was admitted to an officer who was on sick leave for 5 months which included 1 month annual leave. Comment.

(3 Marks)

**Ans.** (a) (i) Not permissible, as the duration of the course of instruction is less than 10 weeks.

**(RULE 65(i) P&A)**

(ii) Yes, it is permissible

**(Note under RULE 65(ii) P&A)**

**Ans.** (b) CCA is admissible for the first 4 months of leave. Payment made for the fifth month is to be recorded.

**(Authority: Rule 78 (ii) P&A)**

**Ques.5** (a) An officer who has proceeded on ty. duty for a period of 4 months to a non-family area has made a claim for separation allowance. Is it admissible ?

(3 Marks)

- (b) Full pay of rank was admitted to an officer during his leave on invalidment granted under Rule 23 of Leave Rules. Comment.

(3 Marks)

- (c) Wg. Cdr. Raju was sanctioned furlough leave of 30 days of the following cycle along with 15 days of balance of furlough of current cycle. The leave commenced on 20th December of that year. Comment.

(3 Marks)

**Ans.** (a) No, separation allowance is not admissible to an officer who proceeded on ty. duty to a non-family area.

**(Note under PARA 183 P&A)**

- (b) Yes, it is admissible like in the case of sick leave

**(PARA 215 & 214(b) P&A)**

- (c) Furlough of a cycle of 3 years will not be admissible until the officer performs duty at least for 1 day in that cycle. Hence the furlough sanctioned is not in order.

**(RULE 10(b) of leave rules P&A)**

**Ques.6** (a) Wg. Cdr. Shukla was paid qualification grant for a qualification which was acquired by him prior to its inclusion in the list of qualifications eligible for such grant. Offer your audit remarks.

(3 Marks)

- (b) An officer who was on sick list concession, was declared fit for resuming duty after 35 days. How is his absence regularized ?

(3 Marks)

- (c) Wg. Cdr. Pathan has claimed CEA for his third child who was born on 5.1.1987. Comment.

(3 Marks)

**Ans.** (a) Payment towards qualification grant will be made only to those who acquire such qualifications after the issue of relevant orders. Hence payment of qualification grant made is not in order.

**(Para 175 P&A)**

- (b) The entire period of 35 days is to be regularized as sick leave.

**(Rule 22 of leave rules)**

- (c) CEA is payable to the third child also as he was born before 31.12.1987

**(Note 2 under Para 282 P&A)**

## **SECTION-V**

### **Navy Portion**

- Ques.1 (a) A Naval Officer was convicted and sentenced to imprisonment by criminal court. How should his pay and allowances be regulated ?

(5 Marks)

- (b) What is the maximum limit of Special Casual Leave granted to a Sailor for participation in his personal capacity in a Swimming Championship at National Level ?

(4 Marks)

- Ans. (a) Where an officer has been convicted and sentenced to imprisonment by a criminal court, his pay and allowances shall be withheld from the date of such conviction until the decision of the Govt. is obtained-

- (i) With regards to retention in service or otherwise of the officer and
- (ii) With regard to the pay and allowances, if any, to be allowed to him for the period pay and allowances have been withheld.

**(Auth. Reg. 12(2) of P & A Regs(Navy), Part-I)**

- Ans. (b) Special Casual Leave- shall not be allowed for participation in a national sports event in which participation of the service personnel takes place in their personnel capacity and not in a representative capacity.

**(Auth. Rule 48(2) (c) NO(Spl) 3 of 1984)**

- Ques.2 Comment on the following:

- (a) Commanding Officer disbursed advances on pay book towards pay and allowances for the month of March on 29th March, as 30th and 31st March being Sunday and holiday.

(3 Marks)

- (b) Advance of pay is paid to Naval Officers proceeding out of India on duty with their ship.

(3 Marks)

- (c) Motor car advance can be drawn up to one year from the date of sanction.

(3 Marks)

- Ans. (a) Disbursement of pay for March on 29th March is not correct as earlier disbursement of pay and allowances is not to be authorized in March.

**(Auth: Exceptions to Reg 225(a) of P&A Regs (Navy), Part-I)**

- (b) Action regarding payment of advance is incorrect, as no advance of pay shall be granted to officers proceeding out of India on duty with their ship.

**(Auth. Reg 230 (4) of P & A Regs(Navy) Part-I)**

- (c) Motor car advance is required to be drawn within two months of the date of sanction. Otherwise the same lapses to Government.

**(Auth: Reg 240(1) of P&A Regs(Navy), Part-I)**



- Ques.3** (a) Specify the conditions governing the refund of cost of training from the officer granted Short Service Commission who wants to withdraw from initial training. (5 Marks)
- (b) What is Hydrographic Survey Allowances ? Explain the term 'Survey Year' and whether allowance is admissible during leave period. (4 Marks)

**Ans.** (a) If an officer granted service commission in the Indian Navy from civil life voluntarily withdraws from initial training, he shall be required to refund the cost of training in whole or in part as may be determined by the Government and all the moneys received by him as pay and allowances from the Government together with the interest on the said moneys calculated at the rate in force for Government loans.

**(Auth: Reg 263 of P&A Regs(Navy), Part-I)**

**Ans** (b) Hydrographic survey allowance is admissible to the officers of the Survey Cadre who are actually engaged on hydrographic survey duties, both ashore and afloat from the date of their being classified as Surveyor IV class.

The expression " survey year" means period from 1st October of the year to the 30th September of the following year.

The survey pay will be admissible during leave period provided they continue to be borne on the survey cadre.

**(Auth: Reg 93(1)(a), explanation 01 under 93(2)(c) and 93(2)(a) of P&A Regs(Navy), Part-I)**

- Ques.4** (a) How will the pay and allowances of the officers deputed to undergo voluntary training course at the Himalayan Mountaineering Institute, Darjeeling be regulated ?

(5 Marks)

- (b) Comment on admissibility and rates of Sea Duty Allowances in case of Honorary Commissioned Officers.

(4 Marks)

**Ans.** (a) Officers deputed to undergo voluntary training course at Himalayan Mountaineering Institute, Darjeeling shall be treated as on duty during the period of course and the time spent on journeys. They shall continue to draw emoluments on the same scale as they would have drawn if they had not volunteered for the course. They will therefore draw full pay and allowances.

**(Auth: Explanation to Reg 8 of P&A Regs(Navy), Part-I)**

- (b) Sea duty allowance at the rate of Rs. 1800/- per month will be admissible to all Honorary Commissioned Officers serving afloat, including those attached on temporary duty, during the periods their ships are actually away from the base ports.

**(Auth: Reg 273 of P&A Regs (Navy), Part-I)**

**Ques 5.** State whether the following are 'True' or 'False'

- (a) Officer 'X' admitted in hospital on 02.01.06 and rejoined duties after discharge from hospital on 01.02.06 is granted Sick List Concession.

(3 Marks)

- (b) Officer 'X' on casual leave falls sick and is granted sick leave from the date of falling sick.

(3 Marks)

- (c) Un valid portion of 45 days Annual Leave for a particular calender year has been allowed for encashment of leave for that year.

(3 Marks)

- Ans.** (a) True- period of hospitalization is 30 days for which Sick list concession Admissible.

**(Auth: Rule 22(1) NO(Spl) 3 of 1984**

- (b) True- Sick leave can be granted which shall reckon from the date of falling sick.

**(Auth: Explanation of Rule 22 No (Spl) 3 of 1984**

- (c) False - Accumulation of unavailed annual leave be allowed to accumulate not more than 30 days in a calendar year.

**(Auth: Rule 24(1A) (a) No(Spl) 3 of 1984**

- Ques.6 (a) An Officer was allotted accommodation by MES but could not be provided with furniture. Can he buy the required furniture and claim re-imbursement ?

(5 Marks)

- (b) A sailor is promoted to commissioned rank for special duties only. Comment whether he is entitled for Qualification Pay ?

(4 Marks)

- Ans.** (a) When the MES authorities are unable to provide any furniture to an officer and he buys his own set he will not be entitled to any rebate or reimbursement from Government.

**(Auth: Explanation 2 under Reg 198(2) of P&A Regs(Navy), Part-I**

- (b) A sailor promoted to commissioned rank for special duties who has completed two or more years commissioned service and possessing prescribed qualifications is entitled for qualification pay since same is admissible to "Special Duties List" officers.

**(Auth: Reg 85 of P&A Regs(Navy), Part-I**

**DEFENCE ACCOUNTS DEPARTMENT**

**S.A.S. EXAMINATION -PART-II**

**OCTOBER-NOVEMBER, 2006**

**SUBJECT 'E'- REGULATIONS- PAPER-VIII PRACTICAL (WITHOUT BOOKS)**

**TIME ALLOWED: 3 HOURS**

**TOTAL MARKS: 100**

NOTES:

- (5) Only TWELVE questions should be attempted - EIGHT from Section-I and FOUR from Section-II,III, IV or V as the case may be as specified in Note(2) below:
- (6) Candidates permitted to answer questions relating to Factories, Air Force and Navy portions should answer any FOUR alternate questions in Sections III, IV or V respectively. The other candidates should answer any FOUR alternate questions from section II.
- (7) Each question in Section I carries 8 marks. Questions in Sections II, III, IV and V carry 9 marks each.

**SECTION-I**

**(Common for all Candidates)**

- Ques.1** (a) What do you understand by the term 'Late entrants' (2 Marks)
- (b) What are the conditions in which Commissioned officers can take commercial employment after their retirement ? (3 Marks)
- (c) What will be the minimum period of qualifying service required for a retiring pension and a retiring gratuity in respect of an infantry Colonel ? (2 Marks)
- (d) A commissioned officer was suspended for 3 months but was not brought to trial during this period. Will this period be counted for the purposes qualifying service for pension ? (1 Marks)
- Ans.** (a) Late entrant is an officer who is retired on reaching the prescribed age limit for compulsory retirement with at least 15 years' commissioned service qualifying for pension but whose qualifying service is less than twenty years.  
**(Authority- Rule 15, Pension Regulations for Army Vol-I)**
- (b) An officer of rank of Colonel and above has to obtain permission of President prior to acceptance of any commercial employment before the expiry of two years from the date his/her army services ceases. This permission is not required if the officer was permitted by the President before his retirement.  
**(Authority- Rule 18, Pension Regulations for Army Vol-I)**

- (c) The minimum period of qualifying service required will be 20 years for a retiring pension and 10 years for a retiring gratuity in respect of an Infantry Colonel. However, only completed years of qualifying service will be count.

**(Authority- Rule 25, Pension Regulations for Army Vol-I)**

- (d) Yes, it will be counted for the purposes of qualifying service for pension.

**(Authority- Rule 26(d), Pension Regulations for Army Vol-I)**

**Ques.2.** (a) What documents are required to be seen by Accounts Officer during the verification of service, where a pension/gratuity is dependent on the length of an individual's qualifying service in respect of following categories:

- (i) Commissioned Officer
- (ii) JCO
- (iii) Soldier

(3 Marks)

- (b) What is the pensioner entitled to if payment of retirement/death gratuity is delayed beyond 3 months ?

(1 Marks)

- (c) What is Anticipatory Pension ? Who sanctions it ?

(2 Marks)

- (d) When is Provisional Pension granted ? Who can sanction it ?

(2 Marks)

**Ans.**

- (a) Commissioned officer- Audited Army list  
JCO- Sheet Roll, Army List and Gazette notification wherever necessary  
Soldier- Sheet Roll and Gazette notification, wherever necessary

**(Authority: Rule-9 Pension Regulations for Army Part-II)**

- (b) He will be paid rate of interest as follows- 7% for delay beyond 3 months and up to 1 year; 10% for delay beyond one year.

**(Authority- DOP & AR O.M. No. 7/3/84-Pension Unit dated 28.7.84 quoted below Rule 22, Pension Regulations for Army Part-II)**

- (c) Anticipatory pension is given when delay is anticipated in reporting on the claim to pension of Commissioned Officer or in final sanction of a pension to a MNS officer, JCO, OR or NC(E). It is sanctioned by PCDA(Pensions), Allahabad. PCDA(P) sanctions immediate disbursement of retiring/service pension, which he believes the individual is entitled to. A declaration from individual is taken by PCDA(P) before sanctioning this pension.

**(Authority- Rule 26, Pension Regulations for Army Part-II)**

- (d) Provisional pension is granted to those Service personnel against whom any departmental or judicial proceedings are pending or instituted after retirement in respect of an event which took place not more than 4 years before such institution. The competent authority to grant provisional sanction is President for Commissioned officers and GOC-in-C( equivalent in Air Force and Navy) in consultation with PCDA(P) for PBORs.

**(Authority- MoD letter F.2(I)/73/556/S/D(Pension/Services) dated 20.7.1974 quoted below Rule 26, Pension Regulations for Army Part-II)**

- Ques.3** (a) Please calculate the qualifying service for Pension and Retirement Gratuity in respect of Shri Ashok whose service particulars are as under:
- (i) Date of birth: 3.1.1942
  - (ii) Joined Defence Accounts Department 5.6.1964
  - (iii) Date of confirmation 1.4.1972
  - (iv) Retired from service after attaining the age of superannuation
  - (v) He was under suspension from 2.3.1986 to 1.5.1987 and the Competent Authority has ordered that the period shall not count as qualifying service for pension.
  - (vi) He was on extraordinary leave for the periods (a) 1.10.1980 to 21.10.1980 (b) 1.7.1987 to 31.8.1987 and there is no specific entry available in the Service Book (c) 1.10.1988 to 5.11.1988 on medical certificate.
  - (vii) Commuted leave from 10.2.1990 to 20.7.1990
- (4 Marks)
- (b) Please calculate the retirement gratuity in respect of Shri Jagdish Marwaha who is drawing basic pay of Rs. 15,500, C.C.A. Rs. 300, Transport Allowance Rs. 800 and Dearness Allowance Rs. 6665. The officer has (i) 34 years of qualifying service, (ii) 30 years of qualifying service, (iii) 25 years of qualifying service.
- (4 Marks)

**Ans.** (a) Date of birth 3.1.1942  
 Joined Defence Accounts Department 5.6.1964  
 Date of retirement 31.1.2002

<b>Qualifying Service:</b>	<b>Y.</b>	<b>M.</b>	<b>D.</b>
Gross service from 5.6.1964 to 31.1.2002	37	07	26
Deduct non-qualifying service:			
Suspension from 2.3.1986 to 1.5.1987	01	02	25
<b>Net qualifying service</b>	<b>36</b>	<b>05</b>	<b>25</b>

Qualifying service for Pension and Retirement Gratuity is 36½ years i.e. 73 half-years limited to 33 years i.e. 66 half years.

(b) Emoluments = Basic Pay+ DA  
 = Rs. 15,500+ Rs. 6,665 = Rs. 22,165.  
 If he has 34 years of qualifying service (i.e. 68 six monthly periods), then it will be limited to 66 six monthly periods  
 Gratuity = Emoluments X  $\frac{\text{No. of six-monthly period of qualifying service (limited to 66)}}{4}$   
 = Rs. 22,165 X  $\frac{66}{4}$  = Rs 3,65,722.50  
 Ans = Restricted to Rs. 3,50,000  
 If he has 30 years of qualifying service (i.e. 60 six-monthly periods),  
 Then Gratuity = Emoluments X  $\frac{60}{4}$   
 Ans= Rs. 22,165 X  $\frac{60}{4}$  = Rs. 3,32,475.00  
 If he has 25 years of qualifying service (i.e. 50 six monthly periods)

$$\text{Gratuity} = \text{Emoluments} \times \frac{50}{4}$$

$$= \text{Rs. } 22,165 \times \frac{50}{4} = \text{Rs. } 2,77,062.50$$

**Ans= 2,77,063(Rounded)**

**Ques.4.** Write short notes on the following:

- (a) 'Retiring Pension'
- (b) 'Invalid Pension'
- (c) 'Compensation pension'
- (d) 'Compulsorily retirement pension'

(4x2=8 Marks)

**Ans.** (a) A Retiring pension is granted when a govt servant retires, or is retired by the govt, in advance of the age of compulsory retirement. It can happen in following situations-

- (a) Retiring or retired after 30 years of qualifying service.
- (b) Retiring after 20 years of qualifying service by giving notice of 3 months.
- (c) Retired after attaining the age of 50/55 years under Rule 56(j), FR.
- (d) Retiring after attaining the age of 50/55 years under Rule 56(k), FR
- (e) Voluntary retirement after being declared surplus.

**(Authority: - Rule 36, CCS Pension Rules)**

- (b) Invalid pension is given to a govt servant when he retires from the service on account of any bodily or mental infirmity which has permanently incapacitated him from the service. A medical certificate from a medical Board/Civil surgeon/DMO is needed for this purpose.

**(Authority: - Rule 38, CCS Pension Rules)**

- (c) Compensation pension is given when the person is selected for discharge due to abolition of his permanent post. Govt has to give 3 months notice for this. It is given for the service he had rendered.

**(Authority: - Rule 39, CCS Pension Rules)**

- (d) Compulsory retirement pension-when a Govt. servant is compulsorily retired, he may be granted pension at a rate not less than two thirds and not more than full compensation pension admissible to him on the date of his compulsorily retirement. It is called compulsory retirement pension.

**(Authority: - Rule 40, CCS Pension Rules)**

**Ques.5.** Distinguish between:

- (a) Acceptance of necessity and Administrative approval.
- (b) Ordinary repairs and Special repairs
- (c) Major original works and Minor original works
- (d) Authorised items of work and Special items of work.

(4x2=8 Marks)

**Ans.** (a) Acceptance of Necessity means the concurrence of competent financial authority to the expenditure proposed. Administrative approval means sanction by competent financial authority to the execution of an original work at a stated cost. While Acceptance of Necessity is the first stage, the Administrative approval is the second stage in the project for an original work. Also, Acceptance of Necessity is given on the basis of Indication of cost. On the

other hand, Administrative approval is invariably sanctioned on the basis of detailed Approximate estimates made by Engineering authorities and is thus more accurate.

**(Authority- Para 7 DWP- 86)**

- (b) (a) Ordinary repairs consist of Replacements and Renewals costing up to Rs 50,000/- while Special repairs consist of Replacements and Renewals costing more than Rs. 50,000/- each.
- (b) Ordinary repairs consist of Petty repairs and Periodical services while Special repairs do not consist of them.
- (c) Ordinary repairs are carried out in accordance with MES Standing Orders while Special repairs are carried out in accordance with MES Regulations.

**(Authority- Para-8, DWP-86)**

- (c) Major Original works are those Original works which cost more than Rs. 1 lakh. Minor Original works are those Original works which cost up to Rs 1 lakh inclusive.

**(Authority- Para 13, DWP-86)**

- (d) Authorised works can be sanctioned only for authorized services as mentioned in Govt. regulations or separate orders of a general and specific nature or for customary services provided to troops. Special items of work cannot be sanctioned for any of these factors. They can only be approved when exceptional local conditions justify the necessity or as an important experimental measure. Authorised items of work are covered by Scales of Accommodation for Defence Services, 1983 while special items of work are not.

**(Authority- Para 14, DWP-86)**

- Ques.6.**
- (a) What are the fundamental principles pertaining to the works services, as per RWP -86 ?  
(4 Marks)
  - (b) What is the role performed by IFA/CDA in according to financial concurrence in Works proposals.  
(1 Marks)
  - (c) Who vets the AEs in respect of works proposals pertaining to all the three Service HQrs. ?  
(1 Marks)
  - (d) Who accords the financial concurrence for works approved by a Station Commander?  
(1 Marks)
  - (e) What is the role performed by Regional CsDA(Army) in funds control of MES works ?  
(1 Marks)

- Ans.**
- (a) The fundamental principles of works services are:
    - (a) No works services will be executed without administrative approval, formal release of work/funds and technical sanction having first been obtained from the authority appropriate in each case and without funds being available to meet expenditure on it.
    - (b) No officer will, in the course of the financial year, exceed the aggregate budget allotment made to him on any works or under any sub head of maintenance.

(c) No officer will exceed any specific budget allotments made to him under any minor or detailed head, except in so far as he may, within his powers of transfer of funds, be able to meet excess expenditure on one item by equivalent saving on another.

(d) The final cost of any service may exceed the amount of administrative approval by not more than 10%. An officer will take no action which will commit Government to expenditure beyond 10% of Administrative approval amount without obtaining prior sanction of CFA in the form of a financial concurrence(FC), corrigendum or revised administrative approval. By exceeding the estimates by the above tolerance limits, the CFA's powers themselves will not be exceeded.

(e) A property is deemed to be abandoned when taken off on care and maintenance basis.

(f) No project will be split up merely to bring it within the powers of an approving authority.

**(Authority: Para 9, DWP-86)**

- (b) IFA/CDA vet the Approximate estimates prepared by engineering authorities and examine the proposal from necessity angle.

**(Authority: Sub-Para 2 under Para 15, DWP-86)**

- (c) IFA (Army-Q) at Army Service HQrs. vet the AEs pertaining to all the three Service HQrs.

**(Authority: Sub-Para 3 under Para 15, DWP-86)**

- (d) The powers of station commanders are exercised without the financial concurrence.

**(Authority: Sub-Para 3 under Para 15, DWP-86)**

- (e) Regional CsDA are responsible for release of funds for the new Projects for construction within the approved MWP and financial ceilings already approved and fixed for the year by MoD. They also monitor the expenditure against the funds released to ensure that the financial ceiling determined for the new works are adhered to. If they are functioning as IFAs, then they will also furnish monthly reports about the release of works to their respective IFAs at Service HQrs.

**(Authority:- Sub Para 4.1 and 6 under Para 15, DWP-86)**

**Ques.7**

- (a) What are the circumstances, when it is preferable for MES authorities to consult CDA before acceptance of tender pertaining to works contract? Mention any three of them.

(3 Marks)

- (b) A CDA asked the CE Zone to forward Price BQ for examination. CE refused to send it on the grounds of Priced BQ being a confidential document. Is the action of CE in order ?

(1 Marks)

- (c) A CDA asked the CWE to forward the analysis of star rates for examination. CWE refused to send it on the grounds of it being a confidential document. Is the action of CWE in order ?

(1 Marks)



- (d) What do you understand by the following:  
 (i) Surplus Stores  
 (ii) Salvage  
 (iii) Scrap

(3x1 Marks)

**Ans.**

- (a) CDA may be consulted by MES authorities under the following circumstances before acceptance of contract-
- (a) A situation can arise where a tenderer does not propose to modify all or any of the freak rates pointed out to him or where the revised rates quoted by him are not considered reasonable but the tender is otherwise still the most acceptable. Before rejecting such a tender, Accepting officer may consult CDA.
- (b) Advice of CDA may be taken before a tender of an unusual nature is accepted.
- (c) CDA may be consulted before entering into Single tender contracts.
- (Authority: - Para 425, 426 and 432 of RMES)**
- (b) The action of CE is in order. Priced BQ is a confidential document and is not required to be sent to CDA.
- (Authority- Para 430, RMES)**
- (c) The action of CWE is not in order. The analysis of star rates should be made available to CDA if required by them.
- (Authority: Para 439, RMES)**
- (d) (i) Surplus stores- These are stores which cannot be utilized against present or anticipated requirements over a period to be determined on the merits of each case or which are liable to deteriorate by the time they could be issued in the normal course of events.
- (ii) Salvage- These are stores which cannot be economically made suitable for use for which they were originally designed.
- (iii) Scrap- These are stores which have become unserviceable due to use or otherwise and condemned under proper authority to be of no values except as scrap.

**(Authority - Para 808 RMES)**

**Ques. 8**

- (a) What do you understand by the terms 'Competent Authority' and Competent Financial Authority' ? Is there a difference between the two ?
- (3 Marks)
- (b) Answer in yes or no whether following officials can sign the Military Receivable Order(MRO)
- (i) SO(A) in DAD
- (ii) JCO- in- Charge of a Regiment
- (2 Marks)
- (c) A CDA's office had followed a wrong interpretation of rule, which has come to light due to a decision given by CGDA. What will be the date for implementing the revised interpretation ? What action should be taken by CDA to re-audit the bills which were paid(i) 9 months ago, (ii) 14 months ago.

(3 Marks)

**Ans.**

- (a) A Competent Authority means the Government or any other authority to which relevant powers may be delegated by the Government. Competent financial Authority is the authority whose financial powers the amount at issue falls. The term Competent Authority is generally used for processing administrative

power/issues while Competent Financial Authority term is exclusively meant for processing financial powers/issues.

**(Authority- Rule- 2, FR Part-I)**

- (b) (i) SO(A) in DAD- Yes
- (ii) JCO- in - charge of a regiment- Yes

**(Authority- Rule-12, FR Part-I)**

- (c) (a) The new interpretation will be given effect from the date of issue of CGDA letter, unless the letter itself mentions the date for implementing the new instructions.

**(Authority- Rule 186(a), FR Part-I)**

- (b) 9 months ago- CDA can re-audit on its own initiative.

**(Authority- Rule 186(b), FR Part-I)**

- (c) 14 months ago- CDA will report the facts of the case to CFA for orders, and a re-audit should be carried out only if CFA so desires..

**(Authority- Rule 186(b), FR Part-I)**

**Ques.9.** (a) Apart from cash proper, mention any four types of items which can be categorized under loss of Public money.

(2 Marks)

- (b) List out three situations in which cheque is NOT required to be crossed ?

(3 Marks)

- (c) Apart from BGB, name any three forms in which Security Deposit can be accepted as a form of security from a Government servant or a contractor.

(3 Marks)

**Ans.** (a) The term 'Public Money' includes , in addition to cash proper following categories (Any four out of these will be correct)-

- a. Irrecoverable personal advances made to individuals no longer in Government Service;
- b. Overpayments of pay and allowances made to individuals no longer in Government Service;
- c. All other irrecoverable cash claims including the value of issues on payment to units or individuals the recovery of which would entail considerable hardship or present special difficulty;
- d. Value of stores issued to contractors which, for any cause, there has been a failure to recover and the recovery of which would present special difficulty;
- e. Losses due to expenditure on freight in respect of stores dispatched in error;
- f. Losses resulting from the dispatch of stores by other than the authorised procedure;
- g. Irrecoverable debts of units disbanded in accordance with demobilization orders;
- h. Irrecoverable losses due to thefts and fraudulent use of railway warrants, credit notes or railway concession vouchers;
- i. Demurrage charges incurred due to negligence on the part of consignor/consignee.

**(Authority- Rule 164, FR Part-I)**

- (b) Cheque need not be crossed in following situations(Any three out of these will be correct)-
  - (a) Cheques issued to Officers of the Government to enable them to make disbursement of Pay& Allowances of non-gazetted staff.
  - (b) Cheque issued to Officers of the Government to enable them to make contingent expenditure.
  - (c) Cheque preferable at treasury.
  - (d) If a payee specifically asks for an open cheque at his own risk.

**(Authority- Rule 300(ii) and (iii), FR Part-I)**

- (c) Security deposits can be accepted from a Govt. servant or a contractor in following forms apart from BGB(Any three out of these will be correct)-
  - a. Cash
  - b. Promissory Notes and Stock Certificates of Central Govt or State Govt.
  - c. Municipal debentures or Port Trust Bonds or Bonds and/or Debentures issued by SFCs.
  - d. Treasury Savings Deposit Certificates and National Plan Savings Certificates
  - e. Post Office Saving Bank Pass books
  - f. Post Office Cash Certificate, defence Savings Certificates and National Plan Savings Certificates
  - g. Deposit Receipts of all scheduled banks
  - h. Fidelity Bonds from LTC
  - i. 12 year National defence Certificates
  - j. Other forms of Security specifically approved by Govt

**(Authority- Rule 206, FR Part-I)**

- Ques.10**
- (a) Name the four budgetary reports required to be sent by the executive authorities to their higher authorities during a year. (2 Marks)
  - (b) An excess over modified allotment under locally controlled head has been noticed after close of the year:
    - (i) What action is required by concerned executive authority ?
    - (ii) When can CDA remove his objection to these excesses ? (4 Marks)
  - (c) An army unit has been ordered to move at less than 48 hours notice in aiding the state government for flood relief. However, the unit cannot meet anticipated expenses on services and supplies from the normal sources. How they will get money for this purpose ? (2 Marks)

**Ans.**

- (a) The four Budgetary reports are as under-
  - a. Preliminary report for the current financial year
  - b. Preliminary Revised estimates for the current financial year and Forecast Estimates for the ensuing financial year.
  - c. Revised Estimates for the current financial year and Budget Estimates for the ensuing financial year
  - d. Modified Appropriations for the current financial year

**(Authority- Rule 83, FR Part-I)**

- (b) (i) The executive authorities will report all such excesses with full explanations for the the excesses to the controlling authority at Armed Forces HQrs. through the CDA concerned.

(ii) When the above action is done CDA can remove his objection to the excesses.

**(Authority- Rule 120, FR Part-I)**

- (c) The unit can obtain the funds on a Civil Treasury or the Bank on the authority of an Emergency Cash Requisition. The authority sanctioning the move will specifically authorize this and inform CDA suitably.

**(Authority- Rule 316, FR Part-I)**

**Ques.11** (a) Explain the difference between the following:

- (i) Tenure post and Temporary post
- (ii) Substantive Grant and Substantive Pay
- (iii) Personal Pay and Special Pay

(6 Marks)

- (b) What is meant by the term 'Foreign service' under Fundamental Rules ? Can a government servant be transferred to foreign service against his will ?

(2 Marks)

**Ans.**

(i) Tenure Post means a permanent post which an individual Government servant may not hold for more than a limited period. Temporary post means a post carrying a definite rate of pay sanctioned for a limited time.

**(Authority- Rule 9 (30) and (30-A), FR SR I)**

(ii) Substantive grant means a monthly grant made to a Government servant who is not in receipt of pay or leave salary. Substantive pay means the pay other than special pay, personal pay or emoluments classified as Pay, to which a Govt. servant is entitled on account of a post to which he has been appointed substantively or by reason of his substantive position in a cadre.

**(Authority- Rule 9 (27) and (28), FRSRI)**

(iii) Personal Pay means additional pay granted to a Government servant to save him from a loss of substantive pay due to revision or reduction of pay for reasons other than the disciplinary action. Special Pay means an addition of pay granted to a Government servant in consideration of the arduous nature of duties or specific addition to the work.

**(Authority- Rule 9 (23) and (25), FRSR -I)**

- (b) Foreign service means Service in which a Government servant receives his pay with the sanction of Government from any source other than the Consolidated Fund of India or the Consolidated Fund of State/Union territory. No Govt servant can be transferred to foreign service against his will. However, he can be transferred by Govt. to the services of a body, incorporated or not, which is wholly or substantially owned or controlled by the Government.

**(Authority - Rule 9 (7) and (110-A), FR SR I)**

**Ques. 12** (a) Comment on the following:

- (i) The leave sanctioning authority can after the kind of leave due and applied for.
- (ii) Leave was granted for a continuous period of 4 years by an authority lower than President.

(2 Marks)

- (b) Explain the terms 'Leave Not Due' and 'Extraordinary Leave' bringing out the differences between the two.

(4 Marks)

- (c) What action is to be taken when a Government servant does overstayal of leave without proper sanction ?

(2 Marks)

**Ans.**

- (a) (i) The leave sanctioning authority cannot alter the kind of leave due and applied for. They can only refuse or revoke it.

**(Authority- Rule 7 (2), FRSR, Part-III)**

- (ii) It can be sanctioned by an authority lower than President provided it is competent to do so. The sanction of President is required only for cases exceeding 5 years.

**(Authority- Rule 12, FRSR, Part-III)**

- (b) Leave Not Due is granted to a permanent govt. servant when he does not have Half pay leave at credit. Extraordinary Leave is granted when no other leave is admissible or when it other leave is admissible but the govt servant applies for it in writing. Leave Not Due is sanctioned only on the basis of medical certificate while no such condition is necessary for Extraordinary Leave. Leave Not Due is restricted to 360 days during the entire service while no such restriction exists for Extraordinary Leave.

**(Authority- Rule 31 & 32, FRSR, Part-III)**

- (c) Overstayal of leave without proper sanction will be debited against the HPL account of Govt servant to the extent HPL is due and the excess treated as EOL. No Leave salary will be admissible for the Overstayal period and it will also not be counted for increment, leave and pension.

**(Authority- Rule 25(1) & Audit Instruction, FRSR, Part-III)**

## **SECTION-II**

**(For candidates other than those from PC of A (Fys), PCDA(Navy) and PCDA(Air Force) Organisation)**

- Ques.1** (a) Mention any four conditions in which the pay and allowances of rank is discontinued.

(2 Marks)

- (b) An AMC Officer had rendered 3 years service outside his own Corps. He represents that service done earlier may be counted for increments of pay. Comment.

(2 Marks)

- (c) A retired Army Officer has been re-employed in Army. Before retirement, he was drawing Rs. 16,400 as last basic pay. How will his pay be regulated ? Will it have any effect on his pension ?

(2 Marks)

- (d) After 6 months, it has come to light that the promotion given to an officer was erroneous. The orders rescinding his promotion were received in his formation HQrs. Mention the date from which his pay of higher rank should be discontinued in following circumstances:

(i) It was a substantive promotion and officer was present on duty on the date of receipt of rescinding order.

(ii) It was a substantive promotion and officer was not present on duty on the date of receipt of rescinding order.

(iii) It was an acting promotion and officer was present on duty on the date of receipt of rescinding order.

(1x3 Marks)

- Ans.** (a) (a) On the day after the death of an officer  
(b) On the day from which an officer retires or resigns  
(c) During any absence from duty without leave  
(d) From the day following that on which the decision is communicated to an officer, who is cashiered, dismissed, removed from the service, suspended for absence without leave or whose commission is cancelled.

**(Authority- Rule 10, Pay & Allowances Regulations Officers)**

- Ans.** (b) His contention is incorrect. Service rendered outside their own corps does not reckon for increments of pay based on length of service.

**(Authority- Rule 36, Pay & Allowances Regulations Officers)**

- Ans.** (c) The fixation of pay of a retired officer on re-employment is decided on each individual case by the Govt. of India when deciding the terms and conditions of service of the officer. He will cease to draw the pension during the period of re-employment.

**(Authority- Rule 53, Pay & Allowances Regulations Officers)**

- Ans.** (d) (a) From the date on which the orders rescinding the promotion reached the HQrs. of unit/formation.  
(b) From the date of order.  
(c) From the date of original erroneous promotion.

**(Authority- Rule 52, Pay & Allowances Regulations Officers)**

- Ques2** (a) A Colonel is in possession of qualifications entitling him to qualification grant both at higher and lower rates. He wants both the rates to be given to him. Comment.

(2 Marks)

- (b) What is the main difference between Technical Allowance and Specialist Allowance ?

(2 Marks)

- (c) Major X could not complete the parachute training course due to an injury occurred at parachute duties. Will he continue to get Parachute allowance ?

(2 Marks)

- (d) Mention the three categories of areas defined for the purpose for field service concessions. What allowances are given to officers serving in these areas ?

(3 Marks)

- Ans.** (a) No, he can only draw the higher rate of Qualification grant, as officers can draw only one rate of Qualification grant.

**(Authority- Rule 76, Pay & Allowances Regulations Officers)**

- Ans.** (b) Technical Allowance is given to technically qualified officers of Army like EME, Ordnance, Signals, etc but it does not include AMC/AD corps officers. Specialist Allowance is only available for AMC/AD officers, who possess necessary qualifications. This is the main difference between the two allowances.

**(Authority- Para below Rule 87 and Rule 88, Pay & Allowances Regulations Officers)**

- Ans.** (c) Major X will get full Parachute allowance will be given to him for the entire period of training. Thereafter, it will be admissible up to maximum period of 91 days or until the date from which officer is declared medically unfit for parachute duties, whichever is earlier.

**(Authority- Rule 112, Pay & Allowances Regulations Officers)**

- Ans.** (d) (a) Highly Active Field Area- Highly Active Field Area Allowance  
(b) Field Area- Field Area Allowance  
(c) Modified Field Area- Modified Field Area Allowance

**(Authority- MoD letters dated 13.1.94 and 24.5.2001)**

**Ques3** (a) A substantive promotion in excess of the authorisation establishment was made erroneously to a PBOR. How will the case be dealt with ?

(4 Marks)

- (b) What are the circumstances in which a PBOR forfeits his pay & allowances ?  
Mention any five of them.

(5 Marks)

**Ans.** (a) The promotion will be cancelled with effect from the date of issue of Part-II orders in which the cancellation is recorded and pay thereof will be discontinued from that date. For the period prior to cancellation, the promotion will be treated as an appointment to paid acting rank.

**(Authority- Rule 49, Pay & Allowances Regulations PBORs)**

**Ans.** (b) Forfeiture of pay can be done in following circumstances (Any five out of these will be correct)-

- (a) Desertion
- (b) Absence without leave
- (c) Absence as prisoner of war
- (d) Period between recovery from the enemy and dismissal from service
- (e) Imprisonment awarded by a criminal court
- (f) Field punishment awarded by a court - martial
- (g) Confinement for an offence of which convicted later
- (h) Period between dismissal, removal, discharge, release or retirement and reinstatement being cancelled.
- (i) Sickness in hospital certified by medical officer to have been caused by an offence under Army Act.

**(Authority- Rule 51, Pay & Allowance Regulations PBORs)**

**Ques4** (a) What is Air Dispatch Pay and to whom it can be given ?

(3 Marks)

(b) Distinguish between Parachute Allowance and Para Reserve Allowance.?

(3 Marks)

(c) What is Acting allowance ? What are the circumstances in which it can be given ?

(3 Marks)

**Ans.** (a) JCO/ORs of Army Service corps who are employed for dropping supplies from the air in certain specified field/concessional areas, are entitled for Air dispatch Pay. It is paid at the rate of Rs. 120 p.m. An individual has to put in minimum number of 24 sorties per year.

**(Authority- Rule 59, Pay & Allowances Regulations PBORs)**

**Ans.** (b) Operational parachutists holding such appointments in war/peace establishments of their units are entitled to Parachute Allowance. On the other hand, JCO/ORs posted as parachute reservists to non-parachute units are entitled to Para-Reserve Allowance which is 50% of Parachute Pay.

**(Authority- Rule-85 & 100, Pay & Allowance Regulations PBORs)**

**Ans.** (c) Acting Allowance is given to those JCOs, who are appointed in officer's vacancies arising as result of shortage of officers but not caused by leave, temporary duty or

course of instructions. The allowance will be admissible only so long as JCO performs the duty of an officer.

**(Authority- Rule 106, Pay & Allowances Regulations PBORs)**

- Ques5** (a) Mention two conditions in which Subsistence allowance can be paid to a soldier. ?  
(2 Marks)
- (b) Mention the conditions in which Rewards can be given to a Person by Army authorities as mentioned below:  
(i) Commanding Officer of an audit  
(ii) Commandant of an Army Camp  
(iii) Recruiting officer  
(3 Marks)
- (c) Who is entitled for receiving Retaining Fee ?  
(1 Marks)
- (d) When are following given to JCOs and ORs:  
(i) Heating concessions  
(ii) Winter allowance  
(iii) Equipment allowance  
(3 Marks)

- Ans.** (a) Conditions for Subsistence allowance  
(a) Period spent in transit and station where Pensioners and discharged personnel appear before a Re- survey Medical Board for re- assessment of their disability which is regarded as attributable to or aggravated by military service.  
(b) To relatives of deceased personnel while attending a DARBAR held by civil officials for presentation of medals and decorations.

**(Authority: Rule 197-203, Pay & Allowances, PBOR)**

- Ans.** (b) (i) To a person apprehending or Combatant or NC(E), who is in a state of desertion or absence without leave from his unit and who does not surrender himself voluntarily.  
(ii) To a person apprehending or giving information which leads to apprehension of a prisoner of war who has escaped from a prisoners of war camp or escaped while traveling.  
(iii) To a recruiter of each approved Gorkha recruit.

**(Authority- Rule 231-234, Pay & Allowance, PBOR)**

- Ans.** (c) Reservists of all groups and categories of the rank of sepoy/sowar and equivalent will get Retaining fees.

**(Authority- Rule 375, Pay & Allowance, PBOR)**

- Ans.** (d) (a) Heating concessions- when serving in Indian embassies at colder capitals.  
(b) Winter Allowance- When serving on the staff of Military Attache, Nepal  
(c) Equipment Allowance - When deputed abroad on temporary duty or training at colder capitals.

**(Authority- Rule 472, 476 & 483 - Pay & Allowances, PBOR)**

- Ques6** (a) Mention the five kinds of leave authorized to Army officers.  
(2½ Marks)
- (b) Can Forlough be sanctioned to a JCO ?  
(½ Marks)
- (c) An Army officer was sent abroad to attend a course of instruction. He wants to avail of his Annual leave. Comment.  
(2 Marks)



(d) Colonel Harshawardhan Rathore has to participate in Asian Games Shooting Championship. How his absence from the duty will be regularized for this period ?  
(2 Marks)

(e) A JCO has to undergo sterilization operation under the Family Planning Scheme. How his absence from the duty will be regularized for this period ?  
(2 Marks)

**Ans.** (a) Five kinds of leave authorised to Army officers are-  
(a) Casual leave  
(b) Annual leave  
(c) Furlough  
(d) Sick leave  
(e) Leave pending retirement/invalidment/ termination of contract/release

**(Authority- Rule 3(i), Leave rules for the Services)**

**Ans.** (b) No, it cannot be sanctioned to a JCO

**(Authority- Rule 3(ii) Leave rules for the Services)**

**Ans.** (c) Annual leave can be sanctioned but it should coincide with recognized breaks in courses of instruction.

**(Authority:- Rule-71(2), Leave rules for the Services)**

**Ans.** (d) He will be sanctioned Special Casual leave for this purpose. It will be limited to 30 days in a calendar year. The period of absence in excess of 30 days would be allowed to him by combining either casual leave or regular leave with Special casual leave.

**(Authority- Rule 72 (A) & (B), Leave rules for the Services)**

**Ans.** (e) JCO will be granted Special casual leave not exceeding 6 working days to undergo such operations and have some rest.

**(Authority- Rule 73, Leave rules for the Services)**

### **SECTION-III** **(Factories Portion)**

**Ques1.** (a) Why should the Accounts Officer visit shop floors frequently ?  
(3 Marks)

(b) Write a short note on Scale Audit.  
(3 Marks)

(c) In what type of losses, Court of Inquiry is necessary ?  
(3 Marks)

**Ans.** (a) The Accounts Officer should visit shop floors frequently for the following reasons:

Provides first- hand knowledge of the performance in important production shops, provides opportunity for familiarization with the process of manufacture, machine utilization, bottlenecks etc which helps to discharge his role as financial advisor. Understanding of the process enables him to comment on comparative costs between trade and OF.

Helps in examining the veracity of estimates vis-a-vis actual utilization. Can

ascertain accumulation of WIP and reasons thereof. Can advise on speedy completion of warrants and early liquidation of WIP.

- (b) The strength in each trade and grade in an Ordnance Factory is fixed by OFB. Any revision is also intimated to the factory. The Accounts Office checks the actual strength against the sanctioned strength and brings to the notice of the management any variation noticed for regularization. This is called Scale Audit.
- (c) Court of Inquiry is necessary in the following cases:  
All losses which require sanction of Govt. of India  
Losses due to inaccuracies in previous stock takings.  
Loss of arms, ammunitions and explosives.  
Loss due to theft, fraud, neglect, fire or due to any unusual occurrences.

**Ques2** (a) Classify the following capital assets according to the classification system followed in Ordnance Factories:

- (i) A shed located within the factory premises but used for administrative purposes.
- (ii) Main Switch Gear
- (iii) Furnaces
- (iv) Internal wirings for lights and fans
- (v) Railways wagons
- (vi) Transformers

(3 Marks)

- (b) What is Performance Security Deposit ? In case, a contractor fails to furnish Performance Security Deposit of requisite value by due date , what action can be taken by the factory management ?

(3 Marks)

- (c) Write a short note on Deposit Stock.

(3 Marks)

- Ans.** (a) (i) Industrial Building  
(ii) Building  
(iii) Machinery  
(iv) Building  
(v) Machines  
(vi) Machines

- Ans.** (b) Performance Security Deposit safeguards the interest of the Government against failure of the contractor to complete his obligations as per the contract. The contractor is required to submit Security Deposit of requisite value in the form of DD/FD/BG within 30 days from the date of contract. The Security Deposit is required to be valid till the end of contractual obligations. Govt. does not pay any interest on any deposit held in the form of Cash.

In case the contractor fails to furnish PSD, the purchaser can cancel the contract. If the contractor has given EMD ( in case of unregistered firms), the same may be forfeited. In case of Registered firms, the firm may be treated as unreliable supplier and may not be considered for award of contract for a duration of one year.

- Ans.** (c) Deposit Stocks are property of other branches of Armed Forces (Army, Navy, Air Force etc) sent to Ordnance Factories for repair, conversion, utilization or break up and disposal . These stocks are stored separately from the stock which are

property of the factory. Factory maintains an un priced ledger for them and no corresponding priced ledger is maintained by Accounts office. The factory submits to the Accounts office every month a Skelton list of receipt and issue vouchers and demand and return notes. The entries in Bin Cards are checked w.r.t. these documents.

- Ques3.** (a) Make Journal Entries for the following:  
 (i) Payments made during the year for stores not received at the end of the year.  
 (ii) Festival Advance paid during the last financial year has been recovered during the current financial year.  
 (iii) Unclaimed wages lapsed to Government. (3 Marks)
- (b) What is an Open Extract ? (3 Marks)
- (c) What is Special Casual Leave? Give four examples where Special Casual Leave can be sanctioned. (3 Marks)

- Ans.** (a) (i) Debit Outstanding Assets Acct  
 Credit Stores Cash Purchase Acct  
 (ii) Debit Wages Acct  
 Credit Outstanding Assets Acct  
 (iii) Debit Wages Acct  
 Credit Miscellaneous Credit Acct

- Ans.** (b) An open Extract is a general authority, issued by OFB, for factories to carryout certain works without specific sanction of OFB.  
 Class I, IV, V For Miscellaneous and Petty Services  
 Class II For Work of Payment Services  
 Class III For undertaking manufacturing, repair or other works for sister Ordnance Factories after receipt of Inter Factory Demands.

- Ans.** (c) An industrial employee, besides being entitled to Casual Leave, is also entitled to Special Casual Leave on full pay. The occasions where Special Casual Leave can be granted are :

For attending course of instructions, training in Territorial Army  
 For participation in sporting events and tournaments of National and International Importance/Inter departmental or Inter Ministerial tournaments.

For participation in cultural activities.  
 Undergoing I.U.C.D. insertions/sterilization operation.

- Ques4.** (a) A local purchase bill has been received in the Material Section of the Accounts Office. What points need to be seen while passing the bill ? (3 Marks)
- (b) Compare and contrast " Night Shift Bonus " and Night Duty Allowances " (3 Marks)
- (c) Define Stock Pile Items. What accounting procedure is followed in respect of these items ? (3 Marks)

**Ans.** (a) The following points are checked in the scrutiny of bills:  
 Bills are in prescribed form and in original signed in ink  
 Pre-receipted with revenue stamp  
 Quantity, rates, delivery as per the terms of Supply Order. Application of LD is checked.

Receipt of stores certified. In case of advance payment prescribed documents viz. Inspection note, railway receipt etc. have been furnished.

Prescribed Certificates on payment of Sales tax and other Govt. dues have been furnished.

Availability of Funds under appropriate Head.

Signature of officer certifying the bill tally with specimen signature.

<b>Ans.</b> (b) <u><b>Night Shift Bonus</b></u>	<u><b>Night Duty Allowance</b></u>
Admissible to Piece Workers only	Admissible to both Day and Piece Workers working in the Night Shift.
Admissible for systematic overtime work under Departmental Rules in the night shift.	Admissible for regular work performed during night shift. It is not admissible for overtime work performed in the night shift.
Extra half an hour pay is paid for every hour of systematic overtime under Departmental rules in the night shift	10 Minutes for every Hour of Night Duty.
Calculated by the formula: (BP+DP+DA+ Spl. Pay+ Pers. Pay +CCA)/400	Calculated by the Formula: (BP+DA+CCA) as on 31.12.95/(195X6)

**Ans.** (c) Strategic Items of Stores which are very difficult to procure in case of failure of normal supplies are classified as Stock Pile Items by OFB. In case of failure of normal supplies, in order to meet the demands of future production a reserve of such stores is built separately. These items, though stores, are purchased from Capital Head.

The factory maintains a separate Bin Card for each of Stockpile items. A separate Store Ledger known as Capital Store Ledger is maintained in Accounts Office. For each transaction related to Stockpile items 'R' series vouchers are operated. When Stockpile items are required to be used in production, they are first transferred to stock ledger and then issued on demand notes as usual. Losses and discrepancies of stockpile items are regularized as in the case of regular capital items. However, no depreciation is charged on these items, even though these are considered as Capital items.

**Ques5** (a) Give two examples each of fixed and variable costs which are kept out of Production. Why such expenditures are kept out of production ? (3 Marks)

- (b) Explain how the following vouchers are priced:  
(i) Issues to other factories  
(ii) Receipt voucher for Local Purchase of Stores  
(iii) Receipts on account of transfer from Stockpiles (3 Marks)
- (c) Define " Overtime". What is the difference between " Systematic Overtime" and Casual Overtime " ? (3 Marks)

**Ans.** (a) Examples of Items of Expenditure (Fixed Overheads) Kept Out of Production:

War Insurance charges.

Training in India other than in Ordnance Factories.

Idle Time beyond control.

Training of apprentice under factories act.

Loss of Stockpile items.

Examples of Items of Expenditure(Variable Overheads) Kept Out of Production:

Payment of last years arrears of pay and allowances during current year.

Payment of retrenchment compensation to surplus workers

Store losses beyond control.

Heavy expenditure for repair of furnaces/machines where the benefit would last for two or more years.

**Ans.** (b) Issue of Other Factories:

On the basis of Monthly Average Ledger Rate.

Receipt Voucher for local purchase of Stores:

Priced on the basis of rates quoted on the Supply Order including Sales Tax. excise duty but excluding railway freight charges/transportation charges.

Receipt on account of transfers from stockpiles:

Price is taken from Ledger for Stockpile items.

**Ans.** (c) Any work done under proper orders outside the normal working hours or on a Sunday or on a paid holiday is treated as overtime.

Any overtime worked by a shop or a section as a whole irrespective of the period involved or overtime worked by an individual exceeding 14 calendar days at a time(including Sundays and gazetted holidays) is classified as Systematic overtime.

Overtime worked by an individual for a period not exceeding 14 consecutive calendar days is classified as Casual Overtime.

**Ques6** (a) What are the general rules governing replacement of Plant and Machinery ? (3 Marks)

- (b) A Supply Order for supply of 98,000 nos. of an item at a total cost of Rs. 25 lakh was placed on a firm. The firm supplied 1,00,000 units on the ground of convenience in manufacturing, packing and supply. Comment on the acceptability of the full quantity and payment thereof.

(3 Marks)

- (c) How Saturday bonus will be calculated for an industrial worker who worked for 4.5 hours on a Saturday but preceding eight consecutive days was absent from duty ?

(3 Marks)

- Ans.** (a) The general rules for replacement of Plant and Machinery are as follows:  
Replacement should be on completion of expected life.  
Replacements will be on "like to like" basis taking into account improvements in design, technology and production techniques.  
Replacement has been authorized by competent authority, funds are available, and wide publicity is given.

- Ans.** (b) The value of the excess supply is within 5% of the original value. Hence the store can be accepted. The total value (including the value of excess supply) is within the financial power of the GM. Hence a covering sanction may be prepared under the signature of GM and payment released.

- Ans.** (c) The Individual worker will not get Saturday Bonus. He will get wages for only for 4.5 hours, the duration for which he has worked on Saturday.

## **SECTION -IV**

### **Air Force Portion**

- Ques1** (a) How the pay and allowance of an officer who is reported prisoner of war are regulated ?

(4 Marks)

- (b) How a compensatory allowance granted to an AF officer is regulated during :

(5 Marks)

- (i) Leave and  
(ii) Ty. Duty ?

- Ans.** (a) An officer who is reported prisoner of war will be entitled to receive full pay and allowances appropriate to his rank (including paid acting rank), subject to adjustment in r/o the pay he receives from the enemy while in captivity. Separation allowance if in issue prior to capture will continue.

**(Auth: Para 64 P & A)**

- Ans.** (b) The compensatory allowance will continue to be admissible during leave  
(i) 4 months at a time in the case of officers on A.L. or combined leave or on furlough if taken by itself:

- (ii) 4 months at a time in case of sick leave inclusive of period of A.L. In case of

TB/cancer and other prolonged ailments it is extended up to 8 months and the cases exceeding 8 months shall be decided on merits by the Govt. The Compensatory allowance is admissible while on ty. duty not exceeding 3 months.(78 P &A)

The allowance may be drawn during leave & ty. duty if

(i) The authority sanctioning the leave & ty. duty certifies that he is likely to return to duty at the station on completion of leave/ty. duty & officer certifies that he or his family resided at the station and.

(ii) The officer draws no allowance of the kind at the ty. duty station.

**(Para 78 P&A)**

**Ques2** (a) What are the circumstances in which compensation for the loss of equipment which an airman was required to replace at his own expense for AF duty is admissible ?

(4 Marks)

(b) What is subsistence allowance ?

(3 Marks)

(c) State whether honorary commissioned officers are entitled to conservancy allowance, ration allowance and washing allowance.

(2 Marks)

**Ans** (a) Compensation for the loss of equipment which an airman was required to replace at his own expenses for air force duty is payable in the following circumstances:

(i) When the loss, damage or destruction is caused by the action of enemy or insurgents.

(ii) Is due to an accident occurring when the claimant was traveling by road, rail, river, sea or air on duty.

(iii) When the loss occurred in a Govt. building or a tent in use under proper authority and for a military purpose provided the airmen had no option but to live in such accommodation for purpose of his duties.

(iv) The loss occurred while in transit provided that they were in charge & custody of Govt. at that time.

(v) Articles destroyed under the order of the CA.

(vi) Lost during the performance of his duty.

**(Para 419-A(a) P&A)**

**Ans.** (b) Subsistence allowance is paid in the following cases:

(i) To the families of married airmen except MWOs/WOs when they are undergoing imprisonment or detention in a military or AF prison or barrack without a sentences of dismissal.

(ii) It will be admitted to airmen including to MWOs/WOs (serving/discharged/prisoners) and to the relatives of deceased airmen appearing before re-survey medical board for re-assessment of their disability which is attributable to service.

(iii) To the discharged and demobilized airmen attending durbar held for presentation of medals.

(iv) To the recruits during the period of halt at the places of interview for enrolment.

**(Para 362 & 363 P&A)**

**Ans.** (c) Honorary commissioned officers are not entitled to conversancy & washing allowances. Since the ration allowances is payable to the officers the same is payable to the non-commissioned officers.

**(Para 773 P&A)**

**Ques3** (a) How is the initial outfit allowance of a cadet released ?

(3 Marks)

(b) What is special outfit/uniform allowance ?

(3 Marks)

(c) Is the separation allowance admissible to both husband and wife when they are posted to different field stations where the families are not allowed ?

(3 Marks)

**Ans.** (a) It is placed at the disposal of OC of the Academy or training establishment. The OC is responsible for providing the uniform and other items. The unexpended portion of the allowance will be handed over to the cadet if he is commissioned.

**(Para 140 P&A)**

**Ans.** (b) It is admissible to commissioned officers who are in the personal staff of CAS with a view to assist them to obtain the special uniform which they are required to wear.

**(Para 155 P&A)**

**Ans.** (c) No. Separation allowance is admissible to one spouse only even when both the spouses are posted to different field stations.

**(Authority: CGDA letter No. 1409/AT-P dt. 27/5/1980)**

**Ques4** (a) What are initial and renewal outfit allowances and to whom are they admissible. ?

(5 Marks)

(b) An AMC officer with army , when seconded to Navy for a limited period of 3 yrs. was paid outfit allowance appropriate to Navy. Comment.

(4 Marks)

**Ans.** (a) The allowance paid to Service officers for purchase of their uniform and other items that they are required to wear while on duty is called outfit allowance. When an officer is enrolled as Flt. Cdt. the outfit allowance that is kept at the disposal CO of the training Academy for providing the uniform and other items to the cadet is called initial outfit allowance. After the completion of training when the officer is commissioned he will be paid outfit allowance once in every 7 years, which is called renewal outfit allowance. This is admissible to AMC & ADC corps. officers also.



**(Rule 140 & 146 P&A)**

- Ans.** (b) When AMC & ADC officers are seconded from one Service to another for a limited period of less than 4 yrs. they are required to wear the uniform of the Service from which they were seconded. Therefore payment of outfit allowance applicable to naval officer is not in order. However the lady medical officers of the AMC will get the initial outfit allowance at specified rate.

**(Rule 156 a (ii) P &A)**

- Ques5** (a) What is qualification pay? How is it different from qualification grant ?  
(5 Marks)
- (b) What will happen when a qualification is shifted from the list of qualifications eligible for qualification pay to the list of qualifications eligible for grant ?

(4 Marks)

- Ans.** (a) Pay admissible to the officers of the rank of wg. cdr. and below who have completed 2 years or more of commissioned service, When they acquire certain qualification specified in the list is called qualification pay. While the qualification pay is paid every month, the qualification grant is of non-recurring nature & paid in one lump sum in the beginning.

**(Rule 174 & 175 P&A)**

- Ans.** (b) Qualification pay is ceased to be admissible from the date of downgrading the qualification for which only grant is admissible. The amount if any by which the total of the qualification pay drawn falls short of lump sum grant will be paid as a grant to the officer.

- Ques6** (a) What is gallantry award ? How is it paid to Gorkha airmen of Nepalese domicile ? Is it admissible to the widow of an airman . Who remarries ?

(5 Marks)

- (b) What is sick list concession? How is it different from sick leave ?

(4 Marks)

- Ans.** (a) (i) Monetary allowance per month or lump sum monetary reward given for the gallantry decorations is called gallantry award.

(ii) Gorkha airmen of Nepalese domicile will get their gallantry award in the form of lump sum monetary reward.

(iii) It is admissible only when the widow remarries late husband's brother.

**(Rule 406, 408(A) & 411 P&A)**

- Ans.** (b) When an officer falls sick while on duty or on casual leave which is due to causes beyond the officer's control he would be retained on sick list for a maximum period of 30 days which is treated as on duty. This would be called "sick list concession". This concession will not be available if the period of Sickness exceeds 30 days. In such cases the entire period will be treated as Sick Leave. Sick leave on MC will be admissible for a period upto 6 months in the first instance which will include the AL due. Sick leave is admissible to airment also.

**(Rule 22.21 & 40 Leave Rules)**

**SECTION-V**  
**NAVY PORTION**

- Ques1** (a) How are the pay and allowances of AMC/ADC Officers seconded to Navy regulated ?  
(5 Marks)
- (b) To whom is short hand allowance admissible and under what conditions. ?  
(4 Marks)

- Ans** (a) Pay and allowances of officers of AMC/ADC seconded to Navy are regulated as under:
- a. Pay, Rank pay and allowances as per AMC/ADC Rules.
  - b. Service in the Navy will count for promotion, increments.
  - c. They are entitled for Hard lying money and CCA.
  - d. They are entitled to free accommodation and allied services while afloat.
  - e. Submarine allowance.

**(Authorise: Reg(2) of 2 and Appendix I of P & A Regs(Navy), Part-I)**

- Ans** (b) Short hand allowance is admissible to the following:
- (a) One L.dg. wtr/wtr when performing the duties of Stenographer in Ships commanded by Captains and in Leaders of Squadrons.

(b) C.P.O. wtr/PO wtr on the staff of the Flag Officer Commanding, Indian Fleet when performing the duties of Stenographer.

Conditions-

(i) If the individual is adjudged as qualified stenographer and passes the prescribed trade test.

(ii) It is only admissible while serving afloat, when civilian stenographers are not available.

**(Auth: Reg 176 B of P& A Regs(Navy),Part-I)**

- Ques2** Comment on the following
- (a) Officer 'X' retiring on superannuation on 31.12.2006 has asked for portion of his encashment of leave in August, 2006. The reason being given is purchase of flat for getting settled after retirement and that encashment of leave has been earned by him.  
(5 Marks)
- (b) Officer 'Y' retired on 31.7.2006 asked for CCA being drawn on the last day of retirement to be added in his encashment of leave.  
(4 Marks)

- Ans** (a) The request of the officer cannot be acceptable as the encashment of leave will become payable on retirement and will be paid in lump sum as one time settlement.

**(Authority: Para 24 (1A)(d)(i) Navy Order(Spl.) 3**

**Ans** (b) The request of the officer cannot be considered as no city compensatory allowance is payable with encashment of leave.

**(Auth. Rule 24 (1A)(d)(ii)No(Spl) 3/84)**

**Ques3** What is interpreter's allowance ? Under what conditions is it admissible ?

(9 Marks)

**Ans** An officer appointed official interpreter in a non- Indian language will receive an interpreters allowance of Rs. 100/- per month.

This will be drawn on the authority of a Navy order notifying the appointment and its duration.

The number of officers entitled to the allowance at any one time is three

The allowance will not be admissible when the officer is out of India on leave, deputation etc.

**(Reg. 66 P&A Regs. (Navy) Part-I)**

**Ques4** Describe the procedure for regularization of overstayal of leave by Officers.  
(9 Marks)

**Ans** If an officer overstays his leave ( except casual leave) no pay and allowances shall be admissible for the period of overstayal unless an extension has been granted by the competent authority. Overstayal of casual leave is sanctioned by the Naval HQrs. provided casual leave does not exceed his entitlement. If it exceeds the maximum period of leave, then the entire period will be debited to annual leave or furlough for that year, if due. If an officer is forced to overstay on account of natural calamities, overstayal upto 30 days, in excess of leave admissible may be regularized by Naval HQrs.

**Ques5** State whether the following statements are **TRUE** or **FALSE**. Give reasons:

(a) The rank pay of the acting rank is admissible if the officer has completed 18 days of service in the rank

(3 Marks)

(b) While on " Sick List Concession " an officer continues to draw full pay and allowances.

(3 Marks)

(c) Special increment for small family norms continues to be admissible even after re-employment.

(3 Marks)

**Ans** (a) False rank pay is admissible only after rendering 21 days of consecutive service.

**(Auth. Reg 4 (2) of P&A Regs(Navy), Part-I)**

**Ans** (b) True - full pay and allowances are admissible during the period of sick list concession.

**(Auth. Reg 8(c) of P&A Regs(Navy), Part-I)**

**Ans** (c) False -not admissible after re-employment

**(Auth. Reg. 21(B) 16 of P & A Reg(Navy) Part I)**

**Ques6** Can a commanding Officer of a ship direct withholding of a Sailor increment at his discretion ? Explain.

(9 Marks)

**Ans**

The Commanding Officer(CO) of a ship can direct withholding of increment at his discretion in respect of a sailor whose efficiency or competency is, in his opinion, moderate or inferior, for a period of 3, 6,9 or 12 months, as the case may be, depending on the circumstances in each case, from the date on which such increment becomes due. The CO at the time of imposing such penalty shall give orders in writing as to whether the withholding shall have the effect of postponing future increments.

**(Auth. Para 130 P& A Regs.(Navy), Part-I)**

**MODEL ANSWER**

**SAS PART - II EXAMINATION  
OCTOBER-NOVEMBER, 2006**

# **INDEX**

## **MODEL ANSWER**

### **SAS PART - II EXAMINATION OCTOBER-NOVEMBER, 2006**

<b>PAPERS</b>	<b>Page Numbers</b>
<b>PAPER -V</b>	<b>1-27</b>
<b>PAPER-VI</b>	<b>28-51</b>
<b>PAPER -VII</b>	<b>52-74</b>
<b>PAPER -VIII</b>	<b>75-100</b>