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Model Answer

SAS PART-I EXAMINATION **APRIL, 2009**

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DEFENCE ACCOUNTS DEPARTMENT

S.A.S. EXAMINATION -PART-I (NEW SYLLABUS)

APRIL, 2009

SUBJECT: - PAPER-I (ORGANISATION AND FUNDAMENTALS OF AUDIT AND ACCOUNTS)

(THEORY - WITHOUT BOOKS)

TIME ALLOWED: 3 HOURS

MAX. MARKS: 100

Note:-

- (1) **Out of 16 questions, only 12 questions should be attempted by the candidates.**
 - (2) **Each question carries EIGHT marks. FOUR marks are reserved for general excellence.**
 - (3) **Answers to all part questions should be written in one place only.**
 - (4) **Only question number shall be indicated in the Answer Books. Reproduction of complete question in the Answer Books should be avoided.**
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Ques.1. (a) Write the functions of any two branches of Army Head Quarters out of the following: (2 Marks Each)

- (i) Quartermaster Generals' Branch
- (ii) Engineer-in-Chiefs' Branch
- (iii) Master General of the Ordnance Branch

(b) In how many Commands the army is organized ? (2 Marks)

(c) Army is organized into different Arms and Services. Write any four services of the Army. (2 Marks)

Ans.1 (a) (i) Quartermaster General's Branch: Movement of personnel stores and equipment, provision, storage, inspection and issue of fuel, foodstuffs and storage, works, policy, military farms, remount and veterinary services and technical examination of MES works bills.

(ii) Engineer-in-Chief's Branch: All matter relating to Engineer units including Transportation, Bomb disposal and Mine Clearing and Engineer stores, administration of personnel of the Corps. of Engineers and the MES; design, provision, construction and maintenance of all accommodation and works for the Defence services; work study of specific projects and cantonment planning.

(iii) Master General of the Ordnance Branch: All aspects of procurement policy, provision, storage recovery, repair, maintenance and issue of all store

and equipment of Ordnance Supply including MT Vehicles, armaments and ammunition, signal equipment, general stores and clothing as well as supply of common -user items to the Navy and Air Force.

(Authority: Appendix A Defence Services Estimates)

(b) Army is organised in Seven Commands

(Authority: Appendix A Defence Services Estimates)

(c) ASC, AMC, AOC, AD Corps, MNS, EME, RVC, AEC, INTC, CMP, PNRC

Ques.2. Describe briefly the duties and powers of Comptroller and Auditor General of India regarding Audit of Accounts of the Union of India.

(8 Marks)

Ans.2 The duties and powers of C&AG regarding audit of accounts of units of India are as under:

(i) to audit all receipts which are payable into the Consolidated Fund of India and to satisfy himself that the rules and procedures in that behalf are designed to secure an effective check on the assessment, collection and proper allocation of revenue and are being duly observed and to make for this purpose such examination of the accounts as he think fit;

(ii) to audit all expenditure from the Consolidated Fund of India to ascertain whether the money shown in the accounts as having been disbursed were legally available for the applicable to the service or purpose to which they have been applied or charged and whether the expenditure conforms to the authority which governs it .

(iii) to audit all transactions of the Union relating to Contingency Fund and Public Accounts;

(iv) to audit all trading, manufacturing, profit and loss accounts and balance sheets and other subsidiary accounts kept in any department of the Union, and

(v) to audit the accounts of stores and stock kept in any office or department of the Union and in each case to report on the expenditure, transactions or accounts so audited by him.

(Authority: Para-2.13 Introduction to Indian Government Accounts and Audit)

Ques.3. Please state whether the following statements are True or False:

(i) A Controller of Defence Accounts can overrule the decision taken by the previous Controller.

(ii) PCDA(Pension) post audits the Pay and TA bills of the DAD officials of his own office.

(iii) Controller of Defence Accounts(O) acts as a Financial Advisor to Command Headquarters on matter of Pay and TA of Army Officers.

(iv) The expenditure of the Controller of Defence Accounts, Border Roads Organisation is debitable to Ministry of Defence.

(6 Marks)

Ans.3 (i) False

(Authority: Para - 50 OM Part-I)

(ii) False

(Authority: Para - 29 OM Part-I)

(iii) True

(Authority: Para - 34 OM Part-I)

(iv) False.

(Authority: Para - 4 OM XIII)

- Ques.4. (a) Distinguish between Censure and Warning. (6 Marks)
- (b) Disciplinary action was initiated against Sh. Sharma, Clerk working in a AAO (Pay) under Rule 16 of C.C.S. (C.C.A.) Rules. The Jt. CDA Incharge AAO(Pay) as Disciplinary Authority closed the case by issuing a recorded warning . Comment. (2 Marks)
- Ans.4 (a) Censure is an order of punishment imposed on a Govt. servant after following the prescribed procedure if the person concerned is to be guilty of some blameworthy act or omission for it has been found necessary to award him a formal punishment.
- Warning, a n administrative action, Is an advise criticism of the work or conduct of an official by its superior officer when it is felt that the matter is not serious enough to justify initiation of disciplinary proceedings for imposition of formal punishment of censure it calls for some Informal action such as the communication of written Warning.
- Authority: Govt. of India decision No. 6 below Rule 11 of CCS(CCA) Rules**
- (b) Action of the Joint CDA -in- charge of the AAO(Pay) is not in order. Warning should not be issued as a result of departmental proceedings if it is found that some blame attaches to the individual, then a penalty of censure at least should be imposed.
- (Authority: Govt. of India Decision No. 7, Rule 11 of CCS(CCA) Rules)**
- Ques.5. (a) (i) What types of penalties are there as per C.C.S.(C.C.A) Rules ? (2 Marks)
- (ii) List out any two penalties in each type.
- (b) Offer your comments on the following with reference to C.C.S.(C.C.A) Rules:
- (i) Can a decision taken by the disciplinary authority on conclusion of departmental proceedings be varied by that authority or its successor before it is communicated to the Govt. servant concerned ? (2 Marks)
- (ii) In case a formal enquiry considered necessary by the disciplinary authority, but request of the accused officer for inspection of documents relied upon is denied by the disciplinary authority. (2 Marks)
- Ans.5 (a) (i) There are two types of penalties as per CCS, CCA rules i.e. minor penalties and major penalties.
- (ii) Minor penalties - censure ; withholding of his promotions; recovery form his pay, reduction to lower stage in the time scale of pay by one stage without cumulative effect.
- Major penalties - reduction to a lower stage of time scale of pay for a specified period, with directions that the Govt. servant will earn increments & weather on the expiry of such period, the reduction will not have the effect of postponing the future increments;
- reduction to lower time-scale of pay grade, post of service which shall ordinary be a bar to the promotion, with further direction regarding restoration to the grade or post or service from which the Govt. servant was reduced and his seniority and pay on such restoration;

- compulsory retirement;
- removal from service;
- dismissal from service

(Authority: Rule 11 of CCS (CCA) Rules

- (b) Decision recorded is final and cannot be varied by the authority itself by its successor before it is formally communicated to the Govt. servant concerned. It is a judicial and ones it is arrived at, it is final.

(Authority: Govt. of India Decision No. below rule 17 of CCS (CCA) Rules)

- (ii) The action disciplinary authority is not judicious. The accused officer has to provide with all the documents based on which the charged were framed.

(Authority: Govt. of India Decision No. 18 & 20 below rule 14 of CCS (CCA) Rules

Ques.6. (a) Explain briefly the audit against propriety. (4 Marks)

(b) What are the main standards of propriety ? (4 Marks)

Ans.6 (a) It is an essential and inherent function of Audit to bring to light not only case of clear irregularity but also every matter in which in its judgement appears to involve improper, expenditure or waste of public money or stores even though the accounts themselves may be in order and no obvious irregularity has occurred. Such audit, often called 'Propriety Audit'. It is thus not sufficient to see that rules or orders etc. have been observed but equally important that the broad principles of orthodox finance are borne in mind by disbursing as well as by sectioning authority.

(b) No precise rules can be laid down for regulating the course of audit against propriety . Audit Officers in the performance of their duties should in any case apply the following general principles of recognized as standards of financial propriety.

(i) The expenditure should not be prima facie more than the occasion demands. Every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money.

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

(iii) Public moneys should not be utilized for the benefit of a particular person or section of the community unless:

- (a) the amount of expenditure involved is insignificant, or
- (b) a claim for the amount could be enforced in a court of law, or
- (c) the expenditure is in pursuance of a recognized policy or custom.

(Authority: Para 16.17 & 16.18 Introduction to Indian Govt. Accounts & Audit)

Ques.7. (a) Who is responsible to prepare the Appropriation Accounts of Defence Services and to whom it is submitted ? (2 Marks)

(b) What object does it serve? (2 Marks)

(c) What does it deal with ? (4 Marks)

Ans.7 (a) The Secretary (Defence/Finance) and FADS is responsible for the preparation of the Appropriation Accounts of the Defence Services and their

submission to the Comptroller and Auditor General of India and the DGADS on the 15th January of the year following to which they relate.

(Authority: Para 532, Defence Audit Code)

- (b) The object of the Appropriation Accounts is to present the audited accounts of expenditure from the appropriation of the year with full explanations of all the important variation between the final appropriation and the actual expenditure

(Authority: Para 533, Defence Audit Code)

- (c) The Appropriation Accounts deal with:
- (i) A general review of expenditure on the Defence Services;
 - (ii) Change in form and description in the accounts;
 - (iii) Miscellaneous observations;
 - (iv) Appropriation Accounts with explanations for variations between the final appropriations and the actual expenditure;
 - (v) Review of Military Engineer Services Expenditure.

(Authority: Para 532 Defence Audit Code)

- Ques.8. (a) Write short note on "Scale Audit" (4 Marks)
- (b) Who maintains the Pay Accounts of Army Officers serving in the establishment of High Commission of UK ? (4 Marks)
- (c) How the Date of birth of an officer in the following cases is fixed where the exact date of birth is not known:
- (i) Where year of birth is known
 - (ii) Where year and month of birth is known. (2 Marks)

- Ans.8 (a) **Scale Audit**
(154) The scale audit is conducted to see that the effective (paid) strength of Army Officers in a Unit/formation as shown in the nominal roll is within the number authorised in the relative peace/war/interim establishment, and that the number of officers paid in different ranks in each unit agrees with the number shown in the nominal roll. It may be conducted on the basis of the total number of officers in the ranks of Lieutenant to Major (Lt Col. in the case of AMC) in each unit/formation without regard to the actual ranks authorised in the unit's establishments.

The scale check of units/formations where the appointments are generally military but certain of which are classified as tenable either by military officers of a certain rank or civilian Gazetted Officers of a corresponding status will also be done by the CDA(O)

(Authority: Para 154 Defence Audit Code)

- (b) The pay accounts of Officers attached to or serving on the establishment of the High Commissioner for India in the U.K. are maintained by the High Commissioner and last pay certificates in respect of such Officers will be issued by the CDA(Officers).

(Authority: Para 161 Defence Audit Code)

- (c) (i) 1st of July of that Year.
(ii) 16th of the month.

(Authority: Note below Para 195 of Defence Audit Code)

- Ques.9. (a) How many Major Heads are given in Classification Hand Book for Revenue Expenditure ? (2 Marks)

- (b) Which are the Major Heads for Revenue Expenditure ? (6 Marks)
- Ans.9 (a) On the expenditure side there are six Major Heads.
 (b) The Major Heads are (i) Army 2076, (ii) Navy 2077 (iii) Air force 2078 (iv) Defence Ordnance Factories 2079 (v) Defence R&D- 2080 and (vi) Capital Outlay- Defence Services - 4076
(Authority: An Overview of CHB, CHB, Defence Service Receipt and Charges)
- Ques.10 (a) What is the period of Accounts in Defence Services ? (2 Marks)
 (b) Name the Accounts through which accounting beyond the normal period of Accounts is used to give effect to adjustments. (2 Marks)
 (c) Who lays down the periodicity for such transaction ? (2 Marks)
 (d) The pay and allowances of Defence Civilian Officers are payable on the last working day of the month to which it pertains. Is there any exception to it? (2 Marks)
- Ans.10 (a) 1st April to 31st March.
 (b) March (Supplementary); March (supplementary Corrections), March (Supplementary)
 (c) CGDA
 (d) Yes, the pay for the month of March is paid in April.
(Authority: Para 25 Defence Account Code)
- Ques.11 (a) Why are the Transfer Entries necessary? (4 Marks)
 (b) What is 'Vote on Account'? (2 Marks)
 (c) Distinguish between Revenue and Capital Expenditure. (2 Marks)
- Ans.11 (a) Transfer entries are necessary, in order;
 (i) To correct an error of classification in the original accounts or to revise classification provisionally made as matter of convenience in the first instance.
 Sometimes, it is more convenient to classify items pertaining to more than one head of account under a single head of account in the first instance, then to classify them under each head of account from the beginning, in such cases transfer entries are necessary to bring the amounts under the proper head of accounts.
 (ii) To adjust, by debit or credit to its proper head on item outstanding under debt heads.
 (iii) To adjust inter-departmental and other transactions which do not involve the receipts or payment of cash.
(Authority: Para 55(I) Defence Audit Code)
 (b) To enable the government to carry on its normal activities from 1st April till such time as the Appropriation Bill is enacted, a Vote on Account is obtained from Parliament through an appropriation (Vote on Account) Bill. This generally represents the sum required for meeting expenditure during April and May i.e. broadly one-sixth of the estimated gross expenditure included in the Demand for Grants.
(Authority: Para 180 Defence Audit Code)

- (c) Revenue or operating expenditure is met from allocations under revenue expenditure while capital expenditure provisions are used for creation of durable capital assets (having a unit price of Rs. 10 lacks and above and a life of 7 years or more).

(Authority: Para 177 Defence Account Code)

- Ques.12 (a) Explain the term "Fees" and "Honorarium". Bring out clearly the difference between the two. (4 Marks)
- (b) Write short notes on any TWO of the following: (2 Marks Each)
- (i) Cash Assignment
(ii) Charged Expenditure
(iii) Disbursing Officer

- Ans.12 (a) Fee is a recurring or non- recurring payment to a government as remuneration for service done by him for a private person or for a public body including a body administering a local fund, from a source other than the Consolidated Fund of India or State or a Union Territory, whether made directly or indirectly through the intermediary of the government. It does not include: (a) unearned income such as income form property, dividends and interest on securities and (b) income from literary, cultural, artistic etc. efforts and income from participation in sports activities as an amateur.

Honorarium is a recurring or non- recurring payment granted to a government servant from the Consolidated Fund or India/State Union Territory as remuneration for a special work of an occasional intermittent character.

Thus, the main difference between Fee and Honorarium is the source from which payment is made. If the source is Consolidated Fund of India /State/Union Territory, it is classified as Honorarium, otherwise it should be classified as fee.

(Authority: Rule 2 (Definitions) FR-I)

- (b) (i) Cash Assignment: In the case of Defence Disbursing Officers who are allowed to draw funds by cheques for their own disbursements, assignments of funds are arranged with specified treasuries by the Controllers of Defence Accounts in favour of such officers. These are called cash assignments. Payments are made by the treasuries or banks against such assignments provided the disbursements do not exceed the amount for which provision has been made.

(Authority: Para 310 & 311 FR Pt. I)

(ii) Charged Expenditure: Means expenditure charged on the Consolidated Fund of India which does not require submission for vote by Parliament and comprises items like interest on specified items and repayment of loans raised by the Government and payments made in satisfaction of a Judgment, decree of Court or awards by Arbitral Tribunal.

(Authority: Rule 2 (Definition) FR Pt. I)

(iii) Disbursing Officer: Means a head of office or any other Gazetted Officer designated by a Department of the Central Government, a Head of Department or an Administrator, to draw bills and make payments on behalf of the Central Government.

(Authority: Rule 2 (Definitions) FR-I)

- Ques.13 (a) Is a contract entered in by a minor or on behalf of a minor valid? (4 Marks)

- (b) An ASC contractor died during the validity of a contract. Is his legal heir, who is a minor, bound by the terms of contract ?
(4 Marks)
- Ans.13 (a) A contract cannot be made by or on behalf of a minor.
(b) Yes
(Authority: Para 236 FR Pt. I Vol.I)
- Ques14. (a) A special need for additional expenditure has arisen in Ministry of Defence and the sanctioned budget is found to be insufficient. What is required to be done ?
(4 Marks)
(b) Whose responsibility is to ensure that expenditure does not exceed the allotment ?
(2 Marks)
(c) What type of expenditure is compiled to "Centrally controlled Heads" ?
(2 Marks)
- Ans.14 (a) In such a situation, Demand for Supplementary Grant has to be presented to the Parliament for special sanction.
(Authority: Rule 121 FR Pt.I)
(b) It is the responsibility of the authorities to whom allotments are made.
(Authority: Rule 112 FR Pt.I)
(c) The expenditure that represents obligatory charges and unavoidable commitments, is compiled to "Centrally Controlled Heads"
(Authority: Rule 107 FR Pt.I)
- Ques.15 (a) Explain Last Pay Certificate. What does it contain ?
(4 Marks)
(b) Is LPC necessary in the following cases ?
(i) A soldier transferred from one unit to another whose accounts are maintained on IRLA
(ii) A JCO promoted to officer's rank.
(iii) An army officer transferred to Air Force.
(iv) A civilian officer transferred to pension establishment.
(1 Marks each)
- Ans. 15 (a) All First payments are required to be supported by last pay certificate except in the case of first appointment. If, however, a last pay certificate is not forthcoming, pay may be drawn provisionally on a certificate from the individual to the effect that upto which date and what rate of pay and allowances he has been paid along with demands outstanding against him. The last pay certificate contains-
(i) The rate of pay & allowances to which the individual is entitled and up to which date he has been paid.
(ii) The fund deductions and the advances drawn.
(iii) The particular authority by which he has been paid.
(Authority: Rule 75 FR Pt.II)
(b) (i) No.
(ii) Yes
(iii) Yes
(iv) Yes
(Authority: Rule 76, FR Pt.II)

- Ques.16 (a) How are the recoveries from the Govt. servant effected ? (2 Marks)
- (b) A CDA discovers that excess recovery of Income Tax has been made in respect of a Sr. AO and detected in the month of January, 2008 of the same financial year. The Sr. AO requested for refund through the pay bill of February, 2008 . Comment. (2 Marks)
- (c) Is advance of salary received in February, 2008 taxable in Assessment year 2008-09 ? (2 Marks)
- (d) Can monthly subscription to Regimental Fund be recovered from the Pay and Allowances ? (2 Marks)
- Ans. 16 (a) All recoveries due to Government from its employees shall, except where otherwise laid down, be effected by the disbursing/pay accounting officers through pay bills/individual running ledger accounts supported by prescribed vouchers. (Authority: Rule 18 FR Pt.II)
- (b) No. Cash refund of Income Tax excess recovered during the financial year shall be made except when so authorized by Income Tax Officer. The senior AO can claim a refund of excess recovery from the Income Tax Office. (Authority: Rule 20(ii) FR Pt.II)
- (c) No, An advance of salary is deemed to be salary due on the date when the advance is received. Therefore the amount is to be included in the income for assessing the Income Tax in the Assessment Year in which the advance is drawn. (Authority: Note 1 below Rule 20(iii) FR Pt.II)
- (d) No. The regimental fund is to be paid direct by the concerned government servant. (Authority: Rule 29 FR Pt. II)

DEFENCE ACCOUNTS DEPARTMENT

S.A.S. EXAMINATION -PART-I (NEW SYLLABUS)

APRIL, 2009

SUBJECT: - PAPER-II (ORGANISATION AND FUNDAMENTALS OF AUDIT AND ACCOUNTS)

(PRACTICAL - WITH BOOK)

TIME ALLOWED: 3 HOURS

MAX. MARKS: 100

Note:-

- (1) **Out of 16 questions, only 12 questions should be attempted by the candidates.**
 - (2) **Each question carries EIGHT marks. FOUR marks are reserved for general excellence.**
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 - (5) **Reason must be given in support of the answers. Authority must be quoted in support of the answers.**
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- Ques.1. (a) What are the responsibilities of Imprest Holder? (4 Marks)
- (b) An AAO(GE) has placed a bill for Running Account Receipt (RAR) payment under objection. The GE has over ruled the objection and released the payment. Please comment. (2 Marks)
- (c) Who will be responsible for Government property in case an officer in whose charge the property is held dies or is admitted to the hospital ? (2 Marks)
- Ans.1 (a) An Imprest holder will personally operate the imprest account. It is permissible for him to delegate the responsibility for operation of funds to another person except in the case of Indian Navy where the imprest holder may authorize his supply, officer to operate the account.

He is personally responsible for amounts drawn by him until they have been fully and correctly accounted for to the satisfaction of the Controller of Defence Accounts concerned or his representative. He will, therefore, ensure that the imprest account, duly supported by the prescribed vouchers, is promptly submitted to the Controller of Defence Accounts or his representative on the prescribed date and that no loss occurs through the non- submission or incorrect preparation of the imprest account,

acquittance rolls or other vouchers. He is liable to make good to Government any loss resulting from any lapse on his part in these respects. Imprest holder will, in no circumstances, keep large cash balances in excess of their actual and immediate requirements.

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

- (b) The action of the GE is not in order. When an Unit Accountant has challenged the expenditure, no expenditure should be incurred by the C.O. of the unit without the previous written consent of the Controller of Defence Accounts concerned on the same item.

(Authority: Rule - 34 of FR Part-I Vol.I)

- (c) In such eventualities, the senior officer present will provide for the security of the Government property and will at once take over the cash and/or stores himself or detail a suitable officer to do so.

(Authority: Rule 32 of FR Part -I Vol.I)

- Ques.2. (a) What is a Punching Medium ?
(2 Marks)
- (b) Describe briefly the classes of vouchers being operated by the Defence Accounts Department for compilation of accounts of Defence services.
(4 Marks)
- (c) Which is the compilation printed by EDP Centre, Delhi to show the current and progressive figures separately for each Controller and under each classification code head?
(2 Marks)

- Ans.2** (a) A Punching Medium is a codified document in which necessary data available in the original vouchers etc. are entered in the codified form for mechanical compilations of accounts of receipts and expenditure of the Defence Services through computers,

(Authority: Para 134 of Defence Account Code)

- (b) There are eight classes of vouchers operated by Defence Accounts Department for compilation of accounts of Defence Services, a brief of which is given below:-
- (i) Class 1 Vouchers: Cash vouchers prepared simultaneously during passing of bills/vouchers
 - (ii) Class 2 Vouchers: Transfer Entries
 - (iii) Class 3 Vouchers: I.D. Schedules (Civil) used for adjusting items originating in the books of Civil Accounts
 - (iv) Class 4 Vouchers: Used for Abstract of Receipts and Charges
 - (v) Class 5 Vouchers: Used for Cash Accounts through which cheques drawn against Cash Assignments by formations are adjusted
 - (vi) Class 6 Vouchers: Used to adjust Railway Bills and Punching Media
 - (vii) Class 8 Vouchers: Used to adjust I.D. Schedules (Defence) for Defence Exchange Accounts
 - (viii) Class 9 Vouchers: Used to adjust MES Bills for adjustment of payments made by cheques by the Main office of the Controller.

(Authority: Para 135 of Defence Account Code)

- (c) Consolidated compilation of all India Defence Services Receipts and Charges is printed by EDP Centre, New Delhi to show current and progressive figures separately for each Controller and under each classification code head

(Authority: Para 137(c) of Defence Account Code)

- Ques.3. (a) What is a bill and what purpose does it serve ?
(2 Marks)
- (b) How are bills prepared and what are the instructions to be observed?
(6 Marks)

Ans.3 (a) A bill is a statement of claims against the Government containing specification of the nature and amount of the claim, either in gross or by items and includes such a statement presented in the form of simple receipt. The "Bill" is the only medium through which money may be withdrawn from the Government Account unless otherwise directed by Ministry of Finance(Department of Expenditure) Govt. of India.

(Authority: Rule 28 of Central Government Account (Receipts and Payments) Rules 1983.

(b) Following instructions should be observed for preparation of bills:-

(i) Printed forms of bills as prescribed under the Receipt and Payments Rules or other departmental regulation should, as far as possible, be used. Bill for all debt-head items should be drawn in separate forms printed in red ink on white paper.

(ii) If, in any case, the use of a bill purely in any regional language becomes unavoidable, a brief abstract should be endorsed in English under the signature of the preferring officer stating the amount, the name of payee and the nature of the payment.

(iii) All bills must be filled in and signed in ink; entries and signature with ball-point pens are also permissible, provided the same are clear and legible. The amount of each bill should , as far as whole rupees are concerned be written in words as well as in figures. The fraction of a rupee may, however, be written in figures after the words stating then number of rupees, but in the event of there being no fraction of a rupee, the word only must be inserted after the number of whole rupees and care should be taken to leave no space for interpolation as in the following examples Rupees twenty-six only Rupees twenty five and 25 paise.

(iv) All corrections and alterations in the total of a bill whether made in words or figures should be attested by the full signature, with date, of the person signing the receipt as may times as such corrections and alterations are made. Erasures and over-writing in any bill are absolutely forbidden and must be avoided ; if any correction be necessary, the incorrect entry should be cancelled neatly in red ink and correct entry inserted. Each such correction or any interpolation deemed necessary should be authenticated by the Drawing Officer setting his full signature with date against each.

(v) The full accounts classification must be recorded on each bill by the Drawing Officer, the classification in the Budget being taken as a guide. The classification should also show whether the expenditure is voted or charged; and as far as practicable, its allocation between departments or between Central Government and State Governments, where necessary.

(vi) Charges against two or more major heads should not be included in one bill. This does not apply to the allowance of the Government servant drawn with pay, as in such case, the whole of the allowances, even if belonging to two or more major heads of accounts should be drawn on a single bill, if debitable wholly to the Government.

(vii) When bills are presented on account of charges incurred under any special orders, the order sanctioning the charge should be quoted and the sanction attached to the bill.

(viii) Dates of payment should, when possible, be noted by the payees in

their acknowledgements in sub-vouchers and acquittance rolls. If, for any reason (such as illiteracy or the presentation of receipts in anticipation of payment) it is not possible for the dates of payment to be noted by the payees, the dates of actual payment should be noted by Disbursing Officers on the documents under their initials either separately for each payment or groups as may be found convenient.

(ix) When payment is desired wholly or partly by a bank draft (wherever payment by bank draft is permissible) or by cheques in favour of another payee, formal application for the draft or cheque should accompany the bill and the manner in which the payment is desired should also be indicated in the drawer's receipt on the bill.

(x) A note to the effect that the amount of the bill is below a specified amount expressed in whole rupees, which is slightly in excess of the total amount of the bill, should invariably be recorded in the body of the bill in red ink.

(Authority: Rule - 33 of Central Government Account (Receipts and Payments) Rules 1983.

- Ques.4. (a) Define 'information' under Right to Information (RTI) Act, 2005 (2 Marks)
- (b) Enumerate the types of information in which Government is not obliged to disclose the same under RTI Act. (4 marks)
- (c) What is the composition of Central Information Commission (CIC) ? (2 Marks)

Ans.4 (a) "Information" means any material in any form, including records, documents, memos, e-mails, opinions, advices, press releases, circulars, orders, logbooks, contracts, reports, papers, models, data material held in any electronic form and information relating to any private body which can be accessed by a public authority under any other law for the time being in force.

(Authority: Article 2(f) of Right to Information Act, 2005)

- (b) (a) Information, disclosure of which would prejudicially affect the sovereignty and integrity of India, the security, strategic, scientific or economic interests of the State, relation with foreign State or lead to incitement of an offence.
- (b) Information which has been expressly forbidden to be published by any court of law or tribunal or the disclosure of which may constitute contempt of court.
- (c) Information, the disclosure of which would cause a breach of privilege of Parliament or the State Legislature;
- (d) Information including commercial confidence, trade secrets or intellectual property, the disclosure of which would harm the competitive position of a third party, unless the competent authority is satisfied that larger public interest warrants the disclosure of such information.
- (e) Information available to a person in his fiduciary relationship, unless the competent authority is satisfied that the larger public interest warrants the disclosure of such information.
- (f) Information received in confidence from foreign Governments.
- (g) Information, the disclosure of which would endanger the life or physical safety of any person or identify the source of information or assistance given in confidence for law enforcement or security purposes.

- (h) Information which would impede the process of investigation or apprehension or prosecution of offenders;
- (i) Cabinet papers including records of deliberations of the Council of Ministers, Secretaries and other officers.
- (j) Information which relates to personal information the disclosure of which has no relationship to any public activity or interest or which would cause unwarranted invasion of the privacy of the individual unless the Central Public Information Officer or the State Public Information Officer or the appellate authority as the case may be is satisfied that the larger public interest justifies the disclosure of such information.

(Authority: Article 8 of Right to Information Act, 2005)

- (c) The Central Information Commission Consists of:
 - (a) The Chief Information Commissioner and
 - (b) Such number of Central Information Commissioners, not exceeding ten, as may be deemed necessary.

(Authority: Article 12(2) of Right to Information Act, 2005)

- Ques.5. (a) How is suspension of a person to be regulated during pendency of criminal proceedings, arrests or detentions? (4 Marks)
- (b) What are the orders under CCS(CCA) Rules, 1965 against which no appeal to the higher authority lies ? (2 Marks)
- (c) What are the list of documents forwarded to the Inquiring Authority under Rule 14 of CCS(CCA) Rules ? (2 Marks)

- Ans.5. (a) The case of suspension during pendency of criminal proceedings or proceedings for arrest, for debt or during detention under a law providing for preventive detention, shall be dealt with in the following manner:
 - (a) A Government servant who is detained in custody under any law providing for preventive detention or a result of a proceeding either on a criminal charge or for his arrest for debt shall if the period of detention exceeds 48 hours and unless he is already under suspension, be deemed to be under suspension from the date of detention until further orders.
 - (b) A Government servant against whom a proceeding has been taken on a criminal charge but who is not actually detained in custody may be placed under suspension by an order of the competent authority.
 - (c) A Government servant against whom a proceeding has been taken for arrest for debt but who is not actually detained in custody may be placed under suspension only if a disciplinary proceedings against him its contemplated.
 - (d) When a Government servant who is deemed to be under suspension or who is suspended is re- instated without taking disciplinary proceedings against him, his pay and allowances for the period of suspension will be regulated under FR 54.

(Authority: Govt. of India Decision No. under Rule 10, CCS(CCA) Rules & Ministry of Finance No. F. 15(8)/E-IV/57 dated 28.03.1959)

- (b) (i) Any order made by the President
- (ii) Any order of an interlocutory nature or of the nature of step - in aid of final disposal of a disciplinary proceeding, other than an order of suspension;
- (iii) Any order passed by an inquiring authority in the course of an inquiry under Rule- 14

(Authority: Rule 22 of Central Civil Services (Classification, Control and Appeal Rule, 1965)

- (c) (a) A Copy of the articles of charge and the statement of the imputations of misconduct or misbehavior
- (b) A copy of the written statement of the defence, if any, submitted by the Government servant.
- (c) A copy of the statements of witnesses, if any.
- (d) Evidence providing the delivery of the documents referred to in sub-rule (3) to the Government servant
- (e) A copy of the order appointing the " Presenting Officer"

(Authority: Rule 14 (6) of CCS (CCA) Rules. 1965)

Ques.6.

Write short notes on:

- (a) Erroneous Payment not challenged for a considerable time. (2 Marks)
- (b) Procedure for recovery of over payments (2 Marks)
- (c) Limitation of claims (2 Marks)
- (d) Definition of 'Public money' in terms of loss to Government. (2 Marks)

Ans.6

- (a) (a) When a wrong interpretation of a financial rule has been followed in an audit office, the new interpretation should in the absence of special instructions to the contrary, given effect to from the date of issue by the C&AG or the CGDA of the orders stating the correct interpretation.

(b) When erroneous payments have been left unchallenged owing to oversight, the audit office should not on its own initiative, undertake a re-audit of bills paid more than twelve months previously but should report the facts of the case to the Competent Financial Authority for orders, and a re-audit should be undertaken only if the Competent Financial Authority so desires.

(Authority: Rule 186 of FR Pt.I Vol.I)

- (b) Before recovery of an overpayment detected within twelve months from the date of payments, the individual against whom the claim is preferred will be fully informed of its nature and of the method by which it is proposed that recovery shall be made to afford him an opportunity to prefer an appeal. In the case of over- payments which have not been challenged within twelve months from the date of payment, the CDA will call upon the individual concerned, through the competent financial authority to show cause why recovery should not be enforced. On receipt of the reply, the CFA will decide whether or not recovery should be effected and inform the CDA accordingly. Where the CFA remits an overpayment, his reasons should be recorded.

(Authority: Rule 179 of FR Pt.I Vol.I)

- (c) All claims to pay and other pecuniary advantages must be preferred as soon as they arise and officers are personally responsible for avoidable delay. For the purpose of determining the period of 24 months within which a claim is normally required to be preferred, only the period from the date the claim fell due to the date on which the claim is received in the audit office will be taken into account. Claims preferred within 24 months will be dealt with in the usual way and those preferred in respect of any period not more than six years antecedent to the date of claim shall ordinarily be deemed to be forfeited but may be admitted by the competent authorities prescribed

for the purpose; In respect of claims preferred after six years including those which cannot be investigated by the Audit authorities due to non-availability of records, delegation of powers to various competent authorities exist for admittance of such claims.

(Authority:Rule 188 of FR Pt.I Vol.I)

- (d) The term ' Public Money' includes in addition to cash proper:
- (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 authorized 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 cosigner/consignee.

(Authority: Rule 164 of FR Part-I Vol.I)

- Ques.7. (a) How is the internal audit of Individual Running Ledger Accounts (IRLAs) maintained in the Pay Accounts Offices of the Defence Accounts Department conducted ?
(2 Marks)
- (b) Can the Principal Controller/Controller correspond directly with the Government of India and Service Headquarters ? Are these any exceptions?
(2 Marks)
- (c) How are hypothetical cases referred to Principal Controllers/Controllers for audit decisions dealt with ?
(2 Marks)
- (d) The Annual Confidential Report(ACR) of an Assistant Accounts Officer(AAO), Garrison Engineer(GE) is written by the Garrison Engineer (GE) Concerned. Is it in order?
(2 Marks)

- Ans.7 (a) The internal audit of IRLAs maintained in the Pay Accounts Offices is conducted in the form of review by the Review Groups, which work directly under the heads of PAOs.

(Authority: Para 28 of OM Part-I)

- (b) Principal Controllers/Controllers may correspond direct with the Government of India and Service Headquarters on routine matters and others which do not affect personnel of the Department. References relating to interpretation of rules or the rectification of anomalies in the existing rules will under no circumstances be made by Principal Controllers/Controllers to Services HeadQuarters or Deputy Financial

Advisers, either officially or Demi officially. Such references will invariably be addressed to the CGDA with a statement of the reasons where necessary.

(Authority: Para 41 of OM Part-I)

- (c) Principal Controllers/Controllers will not give any audit decision on a hypothetical case. They will take particular care to ensure that an audit decision is given only after full particulars of the specific case, which gave rise to the question referred to the audit office, have been obtained.

(Authority: Para 48 of OM Part-I)

- (d) No. Not in order. The ACRs of AAO GE should be written by LAO/RAO concerned who will take into consideration any recommendations or complaints on the work or conduct of the individuals made by their GEs, Commanding Officers etc and ACRs should not be written by the GE concerned themselves.

(Authority: Para- 192 of OM Part-I)

- Ques.8. (a) How are services rendered by the Army to the Air Force and Navy treated ?
(2 Marks)
- (b) How are bulk issues of stores and equipment from one service to another adjusted ? (For instance, between Army, Navy and Air Force)
(2 Marks)
- (c) Through which class of vouchers are original DID Scheduled pertaining to Military Engineering Services (MES) transaction responded?
(2 Marks)
- (d) Which document serves the purpose of a Progress Register for the information of the Controller regarding progress of clearance of the Defence Exchange Account items?
(2 Marks)

- Ans.8 (a) Service rendered by Army to the Air Force and the Navy and vice versa are treated as free.
(Authority: Para Note-6 under Para 109 Defence Account Code)
- (b) Adjustment of account of bulk issue of stores and equipment from one Service to another will be made by the controller of the receiving service in his books. Such inter-service transactions will be adjusted "deductions" from expenditure under the relevant "deduct head" regardless of the year of transaction.
(Authority: Para Note-2 under Para 109 Defence Account Code)
- (c) Original DID schedules pertaining to MES transactions are responded through Class 4 Vouchers.
(Authority: Para 117 of Defence Account Code)
- (d) A summary of unpaid items (originating as well as responding) prepared by EDP Centre, Meerut which are received in the Controller's office thrice in a year serves the purpose of a progress register for Controllers for their information regarding the progress of clearance of the Defence Exchange Account.

(Authority: Para - 120(b) of Defence Account Code)

- Ques.9. (a) What is MFAI ? What is its periodicity ?
(2 Marks)
- (b) What are the type of irregularities included in the Report ?
(4 Marks)
- (c) How are items in the MFAI Report which are subsequently included in the CGDA's certificate appended to the printed Appropriation Accounts located?

- (2 Marks)
- Ans.9 (a) The Controllers will prepare quarterly reports on the Major Financial & Accounting Irregularities (Short form MFAI report) dealing with the matters relating to units and formations for the Command as a whole, for the quarters ending June, September, December and March each year, by the 20th of the month following the quarter. The periodicity of this report is quarterly.
- (Authority: Para 523 of Defence Audit Code)**
- (b) The following types of irregularities will be included in the report:-
- (a) (i) Cases involving irregular maintenance or non maintenance of accounts which, in the personal opinion of the CDA, have serious implications.
- (ii) Cases in which the value of financial irregularities or loss involved is Rs. 5 Lakhs or more in each case. Besides, Controllers may at their discretion include cases which disclose loopholes for fraud, defalcation etc. regardless of the financial limit referred to above.
- (iii) Cases of serious irregularities which can not be translated into financial terms but which, in the personal opinion of the Controller, should be brought to the notice of Army Commanders/Air Headquarters/Naval Headquarters, D.G.O.F. (in the case of factories) and Administrative Heads of Departments/Organisation (in other cases)
- (b) Apart from cases of financial irregularities coming to the notice of Controllers through audit processes in the main office and local audit offices/sub offices and reports from the administrative authorities, special attention should be paid to the following items:
- (i) Utilisation of plant and machinery for the purpose for which it was purchased and installed.
- (ii) Identification of slow moving and non moving items of stores in Depots/Stores holding formations.
- (iii) Deterioration in the condition of stores due to unduly long, inadequate storage.
- (iv) Defective planning and implementation of projects involving significant investments highlighting in particular in particular major deviations from original time and cost targets.
- (Authority: Para 523 of Defence Audit Code)**
- (c) Items in the MFAI Reports which are subsequently included in the CGDA's Certificate appended to the printed Appropriation Accounts will be formally taken out of the MFAI Reports, but pursued to a finality in the normal course.
- (Authority: Note under Para - 527 of Defence Audit Code)**
- Ques.10 (a) What are provisional Payments ? Under what circumstances are they made?
(1+3 Marks)
- (b) A recommendation by an administrative authority for exceptional treatment outside the rule has been received in a Controller's office. Please indicate the action to be taken by the Controller's office.
(2 Marks)
- (c) Distinguish Between ' responding financial advise' and 'original financial advise.'
(2 Marks)
- Ans.10 (a) Payments made in exceptional circumstances in anticipation of the receipt of the sanction of the appropriate authority or of additional allotments of

funds to cover the expenditure are known as 'Provisional Payments'. Provisional Payments will be made only under the personal orders and discretion of the Controller of Defence Accounts.

Provisional Payments are made under the following circumstances:

(i) Cases where sanction of the appropriate authority exists and funds are available but where payments could not be released due to lack of documentation, or lack of time for verification of the particulars or for the completion of necessary audit requirements.

(ii) In cases of lack of budget provision, if there is evidence that some action has been taken for obtaining additional allotments, provisional payments can be released at the discretion of the Controllers. More leniency will be shown where third parties are involved where there is a definite legal liability to pay.

(iii) In the matter of pay and allowance of persons who are kept on in service or in a particular establishment beyond the date of expiry of the sanction, a greater latitude may be shown by the Controllers on the merit of each case.

(iv) However, provisional payments should not be made where there is no authority.

(Authority: Para 53 to 57 of Defence Audit Code)

- (b) Any recommendation by an administrative authority for exceptional treatment, outside the rule, should be addressed to the higher administrative authority concerned, through the controller, and not to the Controller. Hence, in the instant case, the recommendation will be forwarded to the appropriate higher administrative authority with audit report of the Controller's office.

(Authority: Note -1 under Para 68 of Defence Audit Code)

- (c) Responding financial advice are advices on definite points referred to Controllers and as the result of investigations into facts which are normally accepted on the statement of commanding and administrative officers. Original financial advice are advising the administration of any method by which equal efficiency can be obtained with less expenditure.

(Authority: Para 74 of Defence Audit Code)

Ques 11 Write short notes on:

- (a) ATG (2 Marks)
- (b) ETG (2 Marks)
- (c) TTIEG (2 Marks)
- (d) SWSG (2 Marks)

Ans. (a) Annual Training Grant(ATG) is a grant made to the Deputy Chief of the Army Staff in the Defence Services Estimates to enable the General staff to exercise administrative control over training and its expenditure. Against this grant are debited expenses connected with training camps maneuvers, tactical exercises with or without troops, staff exercises and training conferences, weapon training, range courses and other forms of training of the regular Army held under the direction of the Deputy Chief of the Army staff or any Army Commander.

(Authority: Para -1 of A.I. 26/79 reproduced as Appendix - 1 to FR Part-II)

- (b) The Educational Training Grant (ETG) is an annual grant intended to cover the expenditure connected with the educational training of the Armed Forces Personnel of the rank of JCOs/ORs. The Station Central Classes Grant has also been merged into this grant.

(Authority: Para -1 of Appendix 6 to FR Part-II)

- (c) The Technical Training and Instructional Equipment Grant (TTIEG) is a grant made available to the Signal Officer- in Chief in the Defence Services Estimates, to enable him to exercise administrative control over training of the Corps of signals and its expenditure. The total allotment in bulk to the Signal. Officer- in - Chief at the beginning of each financial year.

(Authority: Para -1 of Appendix 3 to FR Part-II)

- (d) The Signal Works Services Grant (SWSG) is a grant made to the Signal Officer in Chief to improve and maintain the efficiency of Army Static Signal Installations including Public Address Section of No.1 Army HQ Signal Regt., which is responsible for installation and maintenance of PA equipment provided to it for the various National functions like Republic Day parade, Independence Day Ceremony, Investiture Ceremony at Rashtrapati Bhawan, Martyrs Day and so on. Allotment of funds will be made by the Signal Officer - in chief to Chief Signal Officers, Commands, Comdts Army HQ Signal and NCTE and Director of Signals Intelligence in accordance with their estimated requirements as far as possible.

(Authority: Para -1 of Appendix - 5 to FR Part - II)

- Ques.12. (a) Can Daily Payment (DP) Sheets be returned by Disbursement (D) Section to concerned Audit Sections ? If so, when ?

(2+1 Marks)

- (b) How are Free and Payment Issue rates in respect of Meat fresh worked out in a Controller's office?

(2 Marks)

- (c) When a cheque is cancelled and no fresh cheque is issued in lieu, what is the accounting procedure to be adopted to regulate the transaction? What is the procedure if a fresh cheque has to be issued in lieu?

(2+1 Marks)

- Ans.12 (a) Daily Payment Sheets are sheets in which all bills passed for payment by the Gazetted Officers of an audit section will be entered with consecutive disbursement voucher numbers. These sheets are prepared by the audit sections which serve as the authority for the "D" Section for processing these bills for issue of cheques.

The Daily Payment sheets should be returned to the audit section concerned by the "D" Section only after completion, i.e. when the necessary agreement between the totals of Schedule III and the daily payment sheet is signed by the Officer- in- charge, Disbursement Section. They cannot be removed from Disbursement Section during the course of the day before they are completed.

(Authority: Para 324 & 340 of OM Part-II Vol.I)

- (b) Free and Payment Issue Rates in respect of Meat Fresh are worked out by the CDA and published annually or more frequently in Area Orders as in the case of other locally purchased articles. The payment issue rates will be based on the actual contract rates plus 10 percent to cover the cost of establishment and other miscellaneous expenses. While fixing the payment issue rate for meat fresh, the financial effect of cutting up allowance of 5 percent will also be taken into account.

(Authority: Para - 571 of OM Part-II Vol.I)

- (c) When a cheque is cancelled and no fresh cheque is issued in lieu, the amount will be adjusted by debiting (minus credit) the Head " Cheques and Bills" the relevant head affected being credited in the usual manner in the account of the month in which the cheque is cancelled. In case the cheque pertains to a previous financial year and the relevant head is a locally controlled one, the amount will be taken as a defence services miscellaneous receipts.

When a cheque is cancelled and a fresh cheque is issued in lieu, the amounts will be adjusted by credit to the head " Cheques and Bills" for the cheque drawn and debit (minus credit) to the Head " Cheques and Bills" which was credited at the time the cancelled cheque was drawn.

(Authority: Note under Para 188 of O.M. Part-II Vol.I)

- Ques.13. (a) What are the circumstances under which sanction of Government of India is required to effect re appropriation ?
(2 Marks)
- (b) What action should be taken where excesses over modified allotments under 'locally controlled heads' are noticed after the close of the year?
(2 Marks)
- (c) What is the role of the Controller of Defence Accounts (CDA) in watching expenditure against allotments?
(4 Marks)

- Ans.13 (a) (a) Savings due to non- expenditure of provision for a specific measure
(b) An error in estimates.
(c) Re- appropriations to meet expenditure on any new activity.

(Authority: Rule - 118 (xi) of FR Part.I Vol.I)

- (b) Such excesses should be brought to the notice of the local authorities by the Controller of Defence Accounts concerned. Local authorities will report all such excesses with full explanations for the excesses to the controlling authority at Armed Forces Headquarters through the Controller of Defence Accounts concerned. When this has been done, the Controller of Defence Accounts can remove his objection to the excesses.

(Authority: Rule 120 of FR Pt. I Vol.I)

- (c) In order to help the controlling authorities to exercise proper control over expenditure against allotments, the Controllers of Defence Accounts will, excepting in the case of Military Engineering Service, render to the allottees monthly statements showing the serial numbers of claims admitted in audit and the amounts debited against the allotment by the 25th of the month following that to which they relate. In the case of Military Engineer Services, the instructions laid down in the Regulations for the MES will be followed. The Controlling officers will reconcile the figures made available by the spending officers with those intimated by the Controllers of Defence Accounts. The Officer in charge, EDP Centre, CDA(R&D) New Delhi will also furnish relevant extracts of compiled actuals from the printed All India Compilation for Service Heads in the third week after the end of the month to which the actuals relate to the administrative branches of Armed Forces Headquarters and the Ministry of Defence (Finance). Further Controllers of Defence Accounts are also entrusted with the duty of keeping a watch on the progress of expenditure against sanctioned allotments and to bring to the notice of the allottees and the immediate higher authorities cases in which the progress of expenditure is in the opinion of the Accounts authorities, abnormally heavy or unusually low.

(Authority: - Rule 112 - 114 of FR Pt. Vol.I)

- Ques.14. Difference between:
- (a) Observations and objections (2 Marks)
- (b) Schedule III and DP Sheet (2 Marks)
- (c) Regular Pay Bills and Supplementary Pay Bills (2 Marks)
- (d) 'Non-Payment Certificate' and 'No Demand Certificate' (2 Marks)

Ans.14

(a)	Sl. No.	Observations	Objections
	1.	Instructions, enquiries of the following nature are classified as observations in which money value need not be entered.	Irregularities of the following nature are classified as objections in which money value should be quoted wherever feasible
	2.	Demands for information not received, enquiries and remarks on doubtful points, remarks calling attention to minor errors of procedure, want to vouchers, etc.	Over- payments and short recoveries, Stores issued in excess of prescribed scale, want of appropriation etc.
(Authority: Para 706 & 707 of OM Part-II Vol.I)			
(b)	Sl. No.	Schedule - III	D.P. Sheets
	1.	The Schedule of monthly drawings is called Schedule III	D.P. Sheets serve as the authority for issuing cheques by "D" Section in which all bills passed for payment by the gazetted officers of an audit section will be entered with consecutive disbursement voucher numbers
	2.	Prepared by "D" Section	Prepared by Audit Sections
	3.	Copy will be sent by "D" section to Accounts Section	Should be returned to audit sections after reconciling with Schedule -III
(Authority: Para 350 & 324 of OM Part-II Vol.I)			
(c)	Sl. No.	Regular Pay Bills	Supplementary Pay Bills
	1.	Regular Pay Bills are preferred to draw monthly pay & allowances of an establishment.	Supplementary Pay Bills are preferred for drawal of arrears of pay etc.
	2.	Variation between the total of the present month pay bill and the previous month pay bill should be reconciled.	No such reconciliation is required. However, due- drawn may be necessary in cases of drawal of arrears of pay, etc.
(Authority: Para 361 of OM Part-II Vol.I)			
(d)	Sl. No.	Non Payment Certificate	No Demand Certificate

	1	Non Payment Certificate is meant to verify and certify that a cheque purported to have been lost has not been encashed by verification of debit scrolls received from banks.	No Demand Certificate is meant to verify and certify that there is no amount outstanding as Government dues against an individual in Government employment.
	2	Non Payment Certificates are issued by Accounts Section on receipt of acknowledgement of "Stop Order" from the bank concerned and indemnity bond from the individual concerned through the audit concerned wherever required.	No Demand Certificates, will be received in and dealt with by the audit section dealing with the pay accounts of the individuals concerned.
(Authority: Para - 773 & 189 of OM Part-II Vol.I)			

- Ques.15. (a) When shall a Government servant be deemed to have been placed under suspension by an order of the Appointing Authority ? (2 Marks)
- (b) Enumerate the major and minor penalties. (4 Marks)
- (c) Distinguish between censure and warning. (2 Marks)

- Ans.15 (a) A Government servant shall be deemed to have been placed under suspension by an order of appointing authority:
- (a) with effect from the date of his detention, if he is detained in custody, whether on a criminal charge or otherwise, for a period exceeding forty eight hours;
- (b) with effect from the date of his conviction, if, in the event of a conviction for an offence, he is sentenced to a term of imprisonment exceeding forty eight hours and is not forthwith dismissed or removed or compulsorily retired consequent to such conviction
- (Authority: Rule 10(2) of Central Civil Services (Classification, Control and Appeal Rules, 1965)**

(b) **Minor Penalties:**

- (i) Censure
- (ii) Withholding of his promotion
- (iii) Recovery from his pay of the whole or part of any pecuniary loss caused by him to the Government by negligence or breach of orders;
- (iii)(a) Reduction to a lower stage in the time - scale of pay by one stage for a period not exceeding three years, without cumulative effect and not adversely affecting his pension.
- (iv) Withholding of increments of pay.

Major Penalties:

- (v) Save as provided for in clause (iii)(a), reduction to a lower stage in the time-scale of pay for a specified period, with further directions as to whether or not the Government servant will earn increments of pay during the period of such reduction and whether on the expiry of such period, the reduction will or will not have the effect of postponing the future increments of his pay.
- (vi) Reduction to lower time-scale of pay, grade, post or Service which shall ordinarily be a bar to the promotion of the Government servant to the

time-scale of pay, grade, post or Service from which he was reduced, with or without further directions regarding conditions of restoration to the grade, or post or Service from which the Government servant was reduced and his seniority and pay on such restoration to that grade, post or Service;

(vii) Compulsory retirement:

(viii) Removal from service which shall not be a disqualification for future employment under the Government

(ix) Dismissal from service which shall ordinarily be a disqualification for future employment under the Government.

(Authority: Rule 11 of Central Civil Services(Classification, Control and Appeal Rules, 1965)

(c) An order of "Censure" is a formal and public act intended to convey that the person concerned has been guilty of some blameworthy act or omission for which it has been found necessary to award him a formal punishment, and nothing can mount to a "Censure" unless it is intended to be such a formal punishment and imposed for "good and sufficient reason" after following the prescribed procedure. A record of the punishment so imposed is kept on the officer's confidential roll and the fact that he has been 'censured' will have its bearing on the assessment of his merit or suitability for promotion to higher posts.

There may be occasions, on the other hand, when a superior officer may find it necessary to criticize adversely the work of an officer working under (e.g. point out negligence, carelessness, lack of thoroughness, delay etc.) or he may call for an explanation for some act or omission and taking all circumstance into consideration, it may be felt that, while the matter is not serious enough to justify the imposition of the formal punishment of 'censure' it calls for some informal action such as the communication of a written warning, admonition or reprimand, if the circumstances justify it, a mention may also be made of such a warning etc. in the officer's confidential roll.

(Authority: GID 1 under Rule - 11 of Central Civil Services (Classification, Control and Appeal) Rules, 1965/MHA OM No. 39/21/56- Ests.(A) dated the 13.12.1956

Ques.16. Comment on the following:

- (a) Acquisition of movable property by a Government servant in his own name or in the name of a member of his family. (2 Marks)
- (b) Availing of free transport by a Government servant from persons with whom he/she has official dealings. (2 Marks)
- (c) Sub- letting of Government accommodation by a Government servant to whom it has been issued. (2 Marks)
- (d) Investment by a Government servant in stocks/shares. (2 Marks)

Ans.16 (a) Within one month from the date of such transaction, the Government should report the same to the prescribed authority, if the value of such property exceeds twenty thousand rupees in the case of a Government servant holding any Group 'A' or Group 'B' post or fifteen thousand rupees in the case of a Government servant holding any Group 'C' or Group 'D' post. However, previous sanction of the prescribed authority should be obtained by Government servant, if any such transaction is with a person having

official dealings with him.

(Authority: Rule 18(3) of Central Civil Services (Conduct) Rules, 1964)

- (b) Availing of free transport by a Government servant from persons with whom he/she has official dealings would tantamount to receiving " Gifts" which a Government shall not accept as per Rule-13 of CCS (Conduct) Rules

(Authority: Rule 13(1) Central Civil Services(Conduct) Rules, 1964)

- (c) Save as otherwise provided in any other law for the time being in force, no government servant shall sub- let, lease or otherwise allow occupation by any other person of Government accommodation which has been allotted to him

(Authority: Rule - 15 A of Central Civil Services(Conduct) Rules, 1964)

- (d) No Government servant is permitted to speculate in any stock, share or other investment. However occasional investments made through stock brokers or duly authorized and licensed persons or who have obtained a certificate of registration under the relevant law. However, frequent purchase or sale or both, of shares, securities or other investments shall be deemed to be speculation.

(Authority: Rule 16(1) of Central Civil Services(Conduct) Rules, 1964)

DEFENCE ACCOUNTS DEPARTMENT

S.A.S. EXAMINATION -PART-I (New Syllabus)

APRIL, 2009

SUBJECT : PAPER III - ACCOUNTANCY

TIME ALLOWED: 3 HOURS

MAX. MARKS: 150

Notes:-

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

SECTION-I

Ques. 1: Mr. Dixit gives you the following Trial Balance as on 31-3-2008. Please prepare the Manufacturing Account, the Trading and Profit and Loss Account and a Balance Sheet as on 31-3-2008 after making necessary adjustments.

TRIAL BALANCE

Particulars	Dr. Rs.	Particulars	Cr. Rs.
Plant and Machinery	60,000	Dixit's Capital Account	50,000
Furniture & Fixture (for office)	2,400	Dixit's Current Account	2,500
Stock as on 1-4-07		Sundry Creditors	22,300
Raw Material	16,300	Loan at 18% from Indian Bank	20,000
Finished goods	25,400	Sales	2,50,600
Purchases	93,100	Sales of Scrap	3,600
Wages	51,300		
Other manufacturing expenses	16,200		
Office expenses	18,700		
Selling expenses	15,000		

Sundry Debtors	26,000		
Cash at Bank	6,600		
Patents	18,000		
Total	3,49,000	Total	3,49,000

Adjustments:

- (1) On 31-3-08 the stock of Raw Material was Rs. 13,300
- (2) Depreciation on assets was provided as below:
 - (i) Plant & Machinery @ 15%
 - (ii) Fixture & Fittings @ 10%
- (3) Patents have two more years to run and concern a vital production process.
- (4) Manufactured goods were transferred to the selling department at a value of Rs. 2,00,000
- (5) The value of finished goods (at transfer price) on hand on 31-3-08 Rs. 30,000, the value of finished goods as on 1-4-07 was at cost.

(40 Marks)

Ans.

MR. DIXIT

MANUFACTURING ACCOUNT FOR THE YEAR ENDED 31.03.2008

Dr.	Rs.	Rs.	Cr.	Rs.	Rs.
To Material Consumed			By sales of Scrap		3600
Opening Stock	16300		By Transfer to Selling Department (Transfer Price)		2,00,000
Add: Purchase	93100				
	1,09,400				
Less: Closing Stock	13,300				
		96100			
To wages		51,300			
To Manufacturing expenses		16200			
To Depreciation on Plants		9000			
To Depreciation on Patents		6000			
To Manufacturing Profit transferred to Profit & Loss A/c (Note-1)		25,000			
		2,03,600			2,03,600

TRADING AND PROFIT & LOSS A/C FOR THE YEAR ENDED 31.03.08

Dr.	Rs.	Rs.		Rs.	Cr.
To opening Stock of Finished goods		25,400	By Sales		2,50,600
To Transfer from manufacturing Department		2,00,000	By Stock of Finished goods		30,000
To Gross Profit c/d		55200			
		2,80,600			2,80,600
To office expenses		18700	By Gross Profit c/d		55200
To Selling expenses		15000	By Manufacturing profit		25000
To Interest on loan outstanding (Note-2)		3600			
To Depreciation on Furniture & Fixture		240			
To Stock Reserve (Note - 3)		3750			
To Net Profit transferred to Current account		38910			
		80,200			80,200

MR. DIXIT

BALANCE SHEET AS ON 31.3.2008

Liabilities	Rs.	Rs.	Assets	Rs.	Rs.
Capital Account		50,000	Fixed Assets:		
Current Account	2500		Plant & Machinery	60,000	
Add. Net Profit	38910		Less: Depreciation @ 15%	9,000	
		41,410			51,000
Loan @ 18%	20,000		Fixture & Fittings	2400	
Add: Interest outstanding	3,600	23,600	Less: Depreciation @ 10%	240	
Sundry Creditors		22,300			2160
			Patents	18000	
			Less: Depreciation (1/3 of Book Value)	6000	
					12000
			Current Assets:		
			Closing Stock		
			Raw Material		13,300

			Finished goods	30,000	
			Less: Stock Reserve	3750	
					26,250
			Sundry Debtors		26,000
			Cash at Bank		6,600
		1,37,310			1,37,310

WORKING NOTES:

Note 1: The profit (Manufacturing department) on transfer price comes to 12½ %

Note 2: It has been assumed that loan has remained outstanding throughout the year and interest for the year is now due.

Note 3: A Stock Reserve equal to 12½ % on transfer price of the closing stock of finished goods must be created to bring it at cost price. The amount is Rs.3750

SECTION-II (COSTING)

- Ques.2. (a) Within the methods of costing, different techniques may be used for ascertaining cost. State those techniques in brief. (10 Marks)
- (b) (i) What do you mean by Direct Cost & Indirect Cost?
- (ii) State the cases where Direct Cost is treated as Indirect Cost. (5+5 = 10 Marks)
- (c) What method of costing you would recommend in the following industries ?
- (i) Road Transport Company
 - (ii) Ship building
 - (iii) Coal mining
 - (iv) Oil Refinery
 - (v) Cement manufacturing

- Ans.2. Within the methods of Costing different techniques may be used for ascertaining cost. These techniques may be grouped under following heads. (5 Marks)
- (i) **Historical or Absorption Costing:** Costs which are ascertained before they have been incurred are historical costs. This is the traditional costing and does not bear much value as regards cost control.
- (ii) **Predetermined Costs:** Costs which are ascertained before they have been actually incurred are predetermined costs. The actual cost, after it is incurred, is compared with the corresponding predetermined Cost and the difference is analyzed with reasons, So that management may take remedial measures in time.

- (iii) **Marginal Costing:** Under this costing technique, Costs are classified into two types, (i) Fixed Costs and (ii) Variable Costs. Total variable costs of a unit is called Marginal Cost. Fixed Costs are recovered from contribution which is the excess of selling price over marginal cost. Marginal Cost is very useful for managerial decision like (i) whether to make or buy (ii) to select appropriate product mix, to take shut down decision etc.
- (iv) **Uniform Costing:** Costing principles and or practices being uniformly followed by a number of undertakings under common control may be known as uniform Costing. Different factories under Central management use the same principles and or practices of Costing so as to facilitate rational comparison of efficiency. Uniform Costing is therefore, a technique for studying comparative efficiency and for promoting efficiency.
- (v) **Opportunity Costs:** Men, material, finance, etc may be used in different ways. When used in a particular way they given a particular return. If the some are used in different way they may give the same or different return. The original returns which is no longer obtainable is the opportunity Cost.
- (vi) **Incremental or Differential Cost:** When a change is made in the level of output or in product mix or in pattern of production or in method of production, the resulting increase in total cost is called incremental cost. It is important to ascertain incremental cost in order to judge the desirability of effecting the change from the point of view of cost, revenue and profit.
- (vii) **Standard Costing:** Standard costing is a technique of costing whereby definite standards or targets are set for a costing period in advance of production and those are used for managerial control purpose. Under this technique, (a) the standards are established for Costs and revenue for a costing period, (b) actual performance are measured (c) Comparison is made between actual and standard (d) Variances are analyzed and (e) remedial actions are taken.

Ans.2 (b) (i) Direct Cost means the Cost which can be Conveniently identified with or allocated to a particular cost centre or cost unit, i.e. job, product, contract, process or department. Examples are, cost of raw material, wages of machine operations, etc.

Indirect Cost means the Cost which cannot be Conveniently identified with a particular cost centre or cost unit but is incurred generally or commonly for a number of Cost Centres or Cost units in total. It is the joint cost or Common cost of a number of cost centres and So distributed or apportioned to these cost centres on some equitable or scientific basis. Examples are; Cost of consumable stores, wages of foreman, factory rent, office expenses, etc.

- (ii) There is no clear cut procedure for identification of direct costs and indirect costs in every factory. A Cost may be direct to a Cost unit or cost Centre, but indirect to another. Sometimes the process of identifying is so costly, time consuming and laborious that some cost are treated as indirect cost instead of taking as direct cost. For example thread used in a particular shirt in tailoring company, nails/screws used in shoes in shoe company, glue / Colour used in carpentry shop, etc. are although of direct nature but normally are treated as indirect cost. Again if an item of cost is of negligible amount, then instead of charging it as direct cost, it is generally taken as indirect cost.

- Ans. 2 (c) The following Costing System may be recommended:
- | | |
|----------------------------|------------------------|
| (1) Road Transport Company | Operating Costing |
| (2) Ship building | Contract Costing |
| (3) Coal Mining | Unit or Output Costing |
| (4) Oil Refinery | Process Costing |
| (5) Cement Manufacturing | Process Costing |

OR

- Ques.2. (a) What do you understand by Material Control ?
 (b) What are the objectives of a good material Control System ?
 (c) The following details are available in respect of Consignment of 1250 Kgs. of Material 'X' :
- (i) Invoice price - Rs. 20 per kg.
 - (ii) Excise duty - 25% on invoice price
 - (iii) Sales Tax - 8% on invoice price including excise duty
 - (iv) Trade Discount - 10% on invoice price
 - (v) Insurance - 1% of average net price
 - (vi) Delivery charges - Rs. 250
 - (vii) Cost of containers @ Rs. 60 per container per 50 kg. Rebate is allowed @ Rs. 40 per container if returned within six weeks, which is a normal feature.
 - (viii) One container load of material was rejected on inspection and not accepted.
 - (ix) Cost of unloading and handling @ 0.25% of the cost of material ultimately accepted. On the basis of the above information, find out the landed cost per kg. of material.

(5+10+10 = 25 Marks)

- Ans.2 (a) Material Control is defined as a systematized control and regulation of procurement, storage and usage of different materials so as to maintain an even flow of production and other activities and at the same time avoiding excessive investment in inventories. It is a system which ensures the provision of the required quantity of materials of the required quality at the required time with the minimum amount of investment in provisioning. So material control is the function of directing the movement of different types

and items of materials through the entire working Capital cycle. Starting from the requisitions of the raw material, stores etc and ending with the sending of finished goods to the warehouse, to meet the objectives of maximum customers service with minimum investment and efficiency plant operation. The material Control function includes through control over (i) Scheduling and requirements, (ii) Purchasing or procurement (iii) receiving (iv) inspecting, (vi) Storing, (vi) recording (vii) issuing, (vii) issuing (viii) accounting etc for the items of different categories of material.

Ans.2 (b) The main objectives of material Control system may be expressed as follows:

(i) Availability of material: Material Control can ensure the availability of desired quality and quantity of material as and when needed for smooth and uninterrupted production.

(ii) Proper purchasing and Stocking: It helps the concern to maintain intact the minimum , maximum, average, reordering levels for every materials as and when required and to purchase at an optimum lot size which is economic ordering quantity. It also creates a proper material handling system in the concern.

(iii) Quality of Materials: It ensures proper quality of different materials which is the most beneficial to the productions. As a result the quality of the output can also be maintained.

(iv) Minimum Investment: It avoids over- stocking and under stocking at the same time and minimize the amount of investment in inventories at all levels.

(v) Cost minimization: It optimises the purchase cost, ordering cost, carrying cost and other related charges on material's and as a result minimizes the total material cost of the concern.

(vi) Proper use of Resources: It assists the concern by using different elements or resources of production in rational way and as a result loss due to wastage, pilferage, obsolescence, damage, deterioration etc of materials can be minimized.

(vii) Decision making and budgetary: It helps the management by providing suitable information regarding materials, material Cost, processing, timing etc. which are very helpful for decision making. It also help in budgeting by providing proper data relating to materials.

Ans.2	(c)	Statement Showing Computation of Landed Cost per Kg. of Material 'X'		
		Particulars	Total Cost Rs.	Cost per kg Rs.
		Invoice Price (1250 kg. @ Rs. 20 per kg)	25000.00	20.00
		Less: Trade Discount @ 10% on invoice Price of Rs. 25000 Net invoice Price	2500.00	2.00
			22500.00	18.00
		Add: Excise duty @ 25% on invoice Price of Rs. 25000	6250.00	5.00
			28750.00	23.00
		Add: Sales Tax @ 8% on invoice Price including Excise duty of Rs. 31250	2500.00	2.00
		Aggregate Net Price	31,250.00	25.00
		Add: (i) Insurance charge @ 1% on Rs. 31250	312.50	0.25
		(ii) Delivery charges	250.00	0.20
		(iii) Cost charged for Returnable Containers [60 x $\frac{1250}{50}$]	1500.00	1.20
		Total Cost of Materials	33,312.50	26.65
		Less: Cost of one container containing 50 kg returned [Rs. 33,312.50 x $\frac{50}{1250}$]	1,332.50	
		Total Cost of Material accepted	31,980.00	26.65
		Add: cost of unloading and handling [0.25% on Rs. 31,980]	79.95	0.07
		Total landed cost	32,059.95	26.72
		Less: Provision for deduction of Cost for 24 Containers to be returned (24x Rs 40)	960.00	0.80
		Effective landed cost	31,099.95	25.92

- Ques.3 (a) What do you mean by Cost allocation and Cost apportionment ?
(5 Marks)
- (b) Calcutta Engineering Co. has three production departments X, Y, Z and one service department 'S' from the following particulars calculate labour hour rate of each of the department X,Y & Z.

Expenses:	Rs.			
Rent	34,000			
Power	18,400			
Depreciation on machinery	22,000			

Indirect wages	5,300			
Canteen expenses	5,700			
Electricity	4,600			
Further Information				
	X	Y	Z	S
Floor space (Sq.m.)	2,000	3,000	2,500	1,000
Light points	18	12	10	6
Cost of machines (Rs.)	80,000	50,000	60,000	10,000
Horse power hours ratio	3	2	4	1
No. of workers	7	5	5	2
Direct Wages(Rs.)	15,000	16,000	18,000	4,000

There were 125 working days of 8 hours each. Services rendered by the service department are to be apportioned to the production departments as X 50%, Y 25% and Z 25%.

(20 Marks)

Ans.3 (a) **Cost Allocation:** Allocation of Cost means the allotment of whole items of cost to Cost Centres or Cost units. Allocation, therefore, means charging to a department or cost centre that expenses which has been incurred exclusively for that department or Cost Centre. In other words, overhead expenses identifiable to a department is charged to that department only and this is called allocation. When any expenses is allocated to a department the question of sharing that expenses by other departments does not arise. For example where separate electric meters are provided, the cost of electricity shown by electric bills for any department is allocated to that department only.

Cost Apportionment : Apportionment of expenses means the allotment to two or more departments or cost centres of proportions of common items of cost on estimated basis of benefit received. Apportionment is, therefore, charging to a cost centre or a department a fair share of an overhead expenses. For example, in case of electricity Cost. If the departments are not provided with separate meters, there will be one electricity bill, the amount of which must be shared by all the departments on some reasonable basis. Charging of the reasonable share of the bill to Cost Centers or departments is known as apportionment

Ans. 3 (b) CALCUTTA ENGINEERING CO. OVERHEAD DISTRIBUTION SHEET

Item of Expenses	Basis of Apportionment	Total (Rs.)	Production Department			Service Deptts. Rs.
			X (Rs.)	Y (Rs.)	Z (Rs.)	
Direct wages	Actual	4,000				4,000
Rent	Floor space (4:6:5:2)	34000	8000	12000	10000	4000
Power	H.P. Hours ratio (3:2:4:1)	18400	5520	3680	7360	1840
Depreciation	Cost of Machine (8:5:6:1)	22000	8800	5500	6600	1100
Indirect wages (Note 1)	(Direct wages) (15:16:18:4)	5300	1500	1600	1800	400
Canteen expenses	No. of Workers (7:5:5:2)	5700	2100	1500	1500	600
Electricity	Light Points (9:6:5:3)	4600	1800	1200	1000	600
		94000	27720	25480	28260	12540
Apportionment of Service Department expenses	% of service rendered	-	6270	3135	3135	(-)12540
(a) Total		94000	33990	28615	31395	-
(b) Labour hours worked (Note - 2)			7000	5000	5000	-
Labour Hour rate (a/b)			4.856	5.723	6.279	

Notes:

(1) Indirect wages may be apportioned on any other suitable basis:

(2) Labour Hours worked: Deptt. X = 125x8x7 = 7000

Deptt. Y = 125x8x5 = 5000

Deptt. Z = 125x8x5 = 5000

i.e. No. of working days x hours of daily work X No. of workers.

Ques.4. The accounts of 31-12-2008 of P.K. Manufactures Ltd. for year ending 31-12-2008 show the following:

	Rs.
Stock of Material on 1-1-2008	67,200
Material purchased	2,59,000
Bad Debt written off	9,100
Traveller's salary and commission	10,780
Depreciation written off on office	420

furniture	
Rent, rates, taxes and insurance(factory)	11,900
Productive Wages	1,76,400
Directors' fee	8,400
General expenses	4,760
Gas & Water(factory)	1,680
Travelling expenses	2,940
Sales	6,00,000
Manager's Salary (2/3 factory & 1/3 office)	15,000
Depreciation on Plant & Machinery	18,200
Cash discount allowed	4,060
Repairs to Plant & Machinery	6,230
Carriage & Cartage outwards	6,020
Direct expenses	10,010
Rent, rates and insurance (Office)	2,800
Gas and Water(Office)	560
Stock of Materials as on 31-12-2008	87,920
Prepare a Cost Statement giving the following information:	
(i)	Material Consumed
(ii)	Prime Cost
(iii)	Factory Cost
(iv)	Cost of Production
(v)	Cost of Sales
(vi)	Net Profit

Ans.4.

P.K. Manufactures Statement of Cost

Period: Year ended 31.12.2008

Material Consumed:		
Opening Stock	67,200	
Purchase	2,59,000	
	3,26,200	
Less closing stock	87,920	
		2,38,280
Productive wages		1,76,400
Direct expenses		10,010
PRIME COST		4,24,690
Factory Expenses:		
Rent, Rates, Taxes & Insurance	11,900	
Gas and water	1,680	
Manager's Salary (2/3 x 1500)	10,000	
Depreciation on Plant & Machinery	18,200	
Repairs to Plant and Machinery	6,230	
		48,010
FACTORY COST		4,72,700

Office and Administration Expenses:		
Director's fees	8,400	
General expenses	4,760	
Manager's Salary (1/3 x 1500)	5,000	
Rent, rates & Insurance	2,800	
Gas & Water	560	
Depreciation on furniture	420	
		21,940
COST OF PRODUCTION		4,94,640
Selling and Distribution Expenses:		
Travellers salaries and commission	10,780	
Travelling expenses (See Note 1)	2,940	
Bad Debts	9,100	
Carriage and Cartage outwards	6,020	
		28,840
COST OF SALES		5,23,480
Net Profit (Balancing figure)		76,520
SALES		6,00,000

Note: (1) Assumed that travelling expenses have been incurred in connection with Sales.

(2) Cash discount has been treated as financial charge and excluded from cost accounts.

Ques.5. (a) What are the main features of Marginal Costing ?

(4 Marks)

(b) What do you understand by the term "Contribution" and "Profit/Volume Ratio(P/V ratio)" in context of Marginal Costing?

(3+3 = 6 Marks)

(c) The following figures relate to a manufacturing company:

	(1)	(2)
Activity level(units)	4,000	14,000
Total Cost(Rs.)	20,000	60,000

You are required to calculate:

(i) Variable cost per unit, and

(ii) Estimated fixed cost per unit

(8 Marks)

(d) You are given the following information in respect of a company:

	Rs.
(i) Fixed Cost	13,000
(ii) Variable Cost	14,000
(iii) Total Cost	27,000
(iv) Net Sales	30,000

You are required to calculate:

- (a) Profit/Volume Ratio(P/V ratio)
- (b) Break- even- Point (B.E.P.)
- (c) Forecast profit for Sales Volume Rs. 50,000

(2+2+3= 7 Marks)

Ans.5. (a) The main features of Marginal Costing are the following:

- (i) Costs are classified into fixed costs and variable costs. Semi fixed or semi - variable costs are also further analyzed into fixed and variable elements.
- (ii) Only variable elements of Costs (Which constitute Marginal Cost) are attached to products
- (iii) Price is fixed after taking into consideration the marginal cost and marginal contribution.
- (iv) Marginal contribution decides the profitability of a department or product.
- (v) Fixed costs of any period are deducted from total in contribution for the period.
- (vi) Work in Progress and finished stock are valued at variable production cost.

Ans (b). Contribution is a term which defines the surplus remaining after deducting the variable cost of Sales from sales revenue as indicated below.

Contribution = Sales revenue - Variable cost of sales.

As such when selling price of a product exceeds its variable cost it may be said that such a product is making a contribution (a) towards the fixed costs of the firm and once these have been covered (b) towards the profit of the firm.

Specific uses of contribution are;

- (i) Determining Break even- point
- (ii) Assessing the profitability of Products
- (iii) Determining selling price
- (iv) Determining the optimum Sales -mix

Profit/Volume Ration

Profit/volume ratio or P/v ratio is the ratio of Contribution to Sales. The ratio may be expressed with the following formula:

$$\begin{aligned} \text{P/V ratio} &= \frac{\text{Contribution}}{\text{Sales}} \\ &= \frac{\text{Sales} - \text{Variable Cost}}{\text{Sales}} \\ \text{Or, P/V ratio} &= \frac{\text{Fixed cost} + \text{Profit}}{\text{Sales}} \end{aligned}$$

The ratio may be expressed in terms of percentage.

The P/V ratio is an invaluable tool in the hands of management for business analysis, Some of its uses are,

- i) Determining profitability of a line of product and overall profitability of a number of products.
- ii) Comparing profitability of different lines of products, Sales areas, Companies, Factories , etc.
- iii) Calculating break- even Sales, profit at different levels of output, turnover required for a desired output or to meet increased expenditure or to offset price - reduction.

Ans.(c)	Units	Rs.
Total Cost for	4000	20,000
Total Cost for	<u>14000</u>	<u>60,000</u>
Difference	10,000	40,000

The difference in Total Cost represents variable cost for 10,000 units

$$\begin{aligned} \text{Hence variable cost per unit} &= \text{Rs. } 40,000 \\ &\quad \text{-----} \\ &\quad \quad \quad 10,000 \\ &= \text{Rs. } 4 \end{aligned}$$

$$\begin{aligned} \text{Fixed Cost} &= \text{Total Cost} - \text{Variable Cost} \\ \text{For level (1)} &= \text{Rs. } 20,000 - (4000 \times 4) \\ &= \text{Rs. } 20000 - 16000 = \text{Rs } 4000 \end{aligned}$$

$$\text{For level(2)} = \text{Rs } 60000 - (14000 \times 4) = \text{Rs } 4000$$

So, Fixed Cost per unit:

$$\begin{aligned} \text{At activity level 4000 units} &= \text{Rs. } 4000 \\ &\quad \text{-----} \\ &\quad \quad \quad 4000 &= \text{Rs.1.00 per unit} \end{aligned}$$

$$\begin{aligned} \text{At activity level 14000 units} &= \text{Rs. } 4000 \\ &\quad \text{-----} \\ &\quad \quad \quad 14000 &= \text{Rs. 0.286 (approx) per unit} \end{aligned}$$

Ans.(d) (a) Calculation of P/V ratio:

$$\begin{aligned} \text{Contribution} &= \text{Sales} - \text{variable Cost.} \\ &= \text{Rs } (30,000 - 14000) = \text{Rs } 16000 \end{aligned}$$

$$\begin{aligned} \text{So P/V ratio} &= \frac{\text{Contribution} \times 100}{\text{Sales}} \\ &= \frac{16000 \times 100}{30,000} \\ &= 53 \frac{1}{3}\% \end{aligned}$$

- (b) Calculation of :
Break - even point (B.E.P.)

$$\begin{aligned} \text{B.E.P.} &= \frac{\text{Fixed Cost}}{\text{P/V Ratio}} \\ &= \frac{13000}{53\frac{1}{3}\%} = \text{Rs. } 24,375 \end{aligned}$$

- (c) Estimated Profit for Sales Volume Rs. 50,000

$$\begin{aligned} \text{Profit} &= (\text{Sales X P/V ratio}) - \text{Fixed Cost} \\ &= (50000 \times 53\frac{1}{3}\%) - 13000 \\ &= 26667 - 13000 \\ &= \text{Rs. } 13667 \end{aligned}$$

SECTION -III (Q. No. 6 Theoretical - Compulsory)

- Ques.6. (a) What are the types of Joint Stock Companies ? Name each type with definition in brief. (6 Marks)
- (b) As per Companies Act, state four conditions when a company can issue share at a discount. (4 Marks)
- (c) Why is the cash book defined as a Journal -cum- Ledger. (6 Marks)
- (d) What is the object of making provision for depreciation in respect of fixed assets. (4 Marks)

Ans. (a) As per companies Act, this following types of joint Stock Company may exists:

(i) **Statutory Companies** - Formed by Special Acts passed by the Central or State Govt. and Controlled by the Government, e.g. Life Insurance Companies, Reserve Bank of India, etc.

(ii) **Registered companies** - Companies registered under the companies Act and broadly subdivided as:

(a) **Unlimited company:** Where the creditors cannot file any suit against the any members but the latter has unlimited liability for making good the deficiency to the Creditors.

(b) **Company limited by Shares:** Where the liability of the members is limited to the amount remaining unpaid on the shares held by him. He remains liable to pay that unpaid amount during the tenure of the company or during its winding up.

(c) **Companies limited by guarantee:** Where the liability of a member is limited to the amount which he voluntary agrees to contribute towards meeting the deficiency of the assets of the company in case of winding up.

Apart from this there may be,

(i) **Private Company:** Such a company (i) restricts the right of its of member to transfer its share, (ii) limits the number of its members to fifty excluding past or present employee members of the company and, (iii) prohibits any invitation to the public to subscribe for its shares or debentures

(ii) **Public Company:** Which is not a private company, whose minimum numbers of members is seven but has no limit regarding the maximum number of members.

Ans.(b) As per companies Act, a Company can issue shares at a discount if the following conditions are complied with,

- (1) A special resolution passed in the General meeting of the company
- (2) The rate of discount is specified by the Resolution
- (3) At least one year must have elapsed since the Company's receiving certificate of Commencement.

(4) The share now being issued at a discount should belong to the class already issued.

Ans. (c) It is said that a Cash Book has the qualities of both journal and ledger.

A Cash Book closely resembles a journal as --

(1) Cash transactions are recorded here in a chronological order as found in journals.

(2) Narrations are given here

(3) Cash transactions are recorded here primarily from which postings are made to the ledger accounts concerned

It also closely resembles as ledger account as

(1) It bears the same form as that of a Ledger Account

(2) It serves the purpose of the cash account and Bank Account as these need not be opened in the ledger separately.

(3) Like ledger Account Cash Book is balanced. The balance is taken to Trial Balance.

In view of the explanation above, a Cash Book is commonly called as a Journal - cum - Ledger.

Ans. (d) The objects of charging depreciation are the following:

(1) **Correct Calculation of Cost of Production:** Depreciation is an allocated cost of a fixed asset. It is to be calculated and charged correctly against the revenue of an accounting period. It must be correctly included within the cost of Production.

(2) **Correct Calculation of Profits:** Costs incurred for earning revenues must be charged properly for correct calculation of profits. Depreciation has to be provided for correct matching of revenues with expenses.

(3) **Correct disclosure of fixed assets at reasonable value:** Unless depreciation is charged, the depreciable assets cannot be correctly valued and presented in the Balance Sheet. Depreciation is charged. So that this Balance sheet exhibits a true and fair view of the affairs of the business.

(4) **Provision of replacement Cost:** Depreciation is a non- cash expenditure. But net profit is calculated after charging it. Through annual depreciation cash resources are saved and accumulated to provide replacement cost at the end of the useful life of an asset.

Ques7.	(a)	There are certain errors which are not disclosed by the Trial Balance. Which are those errors? (10 Marks)
	(b)	From the following Ledger Accounts Balances prepare a Trial Balance: (10 Marks)

	Rs.
Capital	60,000
Opening Stock	5,000
Discount allowed	5,00
Commission Received	7,00
Fixed Assets	60,000
Sales	85,000
Purchase	45,000
Return Outward	1,000
Return Inward	2,000
Carriage Outward	700
Carriage Inward	600
Wages & Salaries	25,000
Bills Receivable	7,000
Debtors	9,000
Bills Payable	7,000
Rent	3,000
Interest paid	2,000
Cash	800
Creditors	6,900
Closing Stock	33,800

Ans. 7(a). Following classes of errors are not disclosed by the Trial Balance:

(i) **Errors of omission:** If a particular transaction is altogether omitted from the books of original entry, it will not disturb the agreement of the Trial Balance. For example, if a sum of Rs. 100 paid to X, is not recorded either in the cash book or in the account of X, there will be no difference in debit or Credit of total of Trial Balance.

(ii) **Errors of Principle:** These errors arise because of incorrect application of principles of accounting, i.e. failure to differentiate between capital and Revenue expenditure. Examples are;

- (a) Wages paid for installation of machinery being debited to wage Account.
- (b) Repairs to building debited to Building Account.

(iii) **Compensating errors:** These are a group of errors, the total effect of which is not reflected in Trial Balance. These errors are neutralizing nature. One error is compensated by other error or by errors of opposite nature. For example, extra debit

in Salary Account for Rs. 100 may be compensated by an extra credit of Rs. 100 in Sales Account.

(iv) **Recording wrong amount in the Book of original Entry:** If a transaction is wrongly recorded in the Books of original entry and thereafter carried through the ledgers, it will not cause disagreement in Trial Balance. For example, if Stationery purchased for cash Rs. 175 is recorded in the cash Book for Rs. 751 and posted in stationery Account in the ledger as Rs. 751, the trial Balance will not disagree.

(v) **Recording both aspects of a transaction more than once in the Books of Account:** Trial Balance will agree if both aspects of a transactions is recorded twice in the Books of original entry. For example, if a credit purchase of Rs. 4000 from Tata Chemical Ltd. is entered in the purchase Day Book twice, the error will not cause disagreement in the totals of Trial Balance.

(vi) **Errors in recording a transaction on the Correct side of a wrong account:** If a transaction is recorded on the correct side of a wrong account, it will not affect the Trial Balance. For example, if cash paid to Ram Rs. 500 is wrongly debited to Raman Account, and it will not affected the agreement of the Trial Balance.

Ans.(b) Trial Balance as at

	LF	Debit Balance Rs.	Credit Balance Rs.
Capital			60,000
Opening Stock		5000	
Discount Allowed		500	
Commission Received			700
Fixed Assets		60,000	
Sales			85,000
Purchases		45,000	
Return outward			1,000
Return inward		2000	
Carriage outward		700	
Carriage inward		600	
Wages & Salaries		25000	
Bills Receivable		7000	
Debtors		9000	
Bills Payable			7000
Rent		3000	
Interest paid		2000	
Cash		800	

Creditors			6,900
Total		1,60,600	1,60,600

Ques.8. Mr. Tripathi could not maintain proper books of Accounts. The following balances are presented to you. You are asked to prepare:

- (i) A statement of profit & loss for the year ended 31-12-2008 and
- (ii) A statement of affairs as on that date

	As on 31-12-2007	As on 31-12-2008
Cash in hand	10,800	15,800
Bank Overdraft	20,000	15,000
Stock in trade	22,000	27,000
Sundry Debtors	15,000	21,000
Sundry Creditors	9,000	6,000
Bills Receivable	7,000	9,000
Bills Payable	4,000	3,000
Furniture & Fittings	2,500	2,500
Land & Building	25,000	25,000

Additional Information:

- (1) Drawing during the year were Rs. 18,000 in cash and Rs. 2,000 in goods.
- (2) Depreciation is to be calculated on Land & Building at 2% p.a. and on Furniture & Fittings 10% p.a.
- (3) Provision for Bad Debt is to be made at 5%
- (4) Provision on Bills Receivable to be made at 2 ½ %

(20 Marks)

Ans. 8.

Mr. Tripathi

Statement of Profit & Loss for the year ended 31.12.2008

Liabilities	Amount as on 31.12.07 Rs.	Amount as on 31.12.07 Rs.	Assets	Amount as on 31.12.07 Rs.	Amount as on 31.12.07 Rs.
Bank overdraft	20,000	15,000	Cash	10,800	15800
Sundry Creditor	9,000	6,000	Stock	22,000	27000
Bills Payable	4,000	3,000	Sundry Debtors	15,000	21,000
Capital (Balance Fig.) c/d	49,300	76,300	Bills Receivable	7,000	9,000

			Furniture & Fittings	2,500	2,500
			Land & Building	25,000	25,000
	82,300	1,00,300		82,300	1,00,300
Opening Capital b/d		49,300	Closing Capital b/d		76,300
Trading Profit c/d		47,000	Drawings cash goods	18000 2000	
		96,300			96,300
Depreciation on:			Trading Profit b/d		47,000
Land & Building (2% of Rs. 25000)	500				
Furniture & Fittings (10% of Rs. 2500)	250				
		750			
Provision for Bad Debt (5% on Rs 21,000)		1050			
Provision on Bills Received (2 ½ of on 9000)		225			
Net Profit		44975			
		47000			47000

Statement of Affairs as on 31.12.2008

Liabilities	Amount Rs.	Amount Rs.	Assets	Amount Rs.	Amount Rs.
Bank overdraft		15000	Cash in hand		15800
Bill Payable		3000	Bills Receivable	9000	
Sundry Creditors		6000	Less: Provision	225	
					8775
Capital:			Sundry Debtors	21000	
Opening Capital	49300		Less: Provision	1,050	
Add: Net Profit	44975				19950
	94275				
Less: Drawings	20,000		Stock in trade		27000
		74275	Furniture&Fixture	2500	
			Less:Depreciation	250	
					2250
			Land & Buildings	25000	
			Less: Depreciation	500	
					24500
		98275			98275

Ques. 9. Rectify the following errors, by passing journal entries, detected after preparation of Trial Balance:

- (i) Rs. 6000 being cash paid to Mr. Binoy was debited to Mr. Shyam as Rs. 5200. (4 Marks)
- (ii) A purchase made for 6000 was posted to Purchase Account as Rs. 60 (2 Marks)
- (iii) Goods purchased for proprietor's use for 2000 was debited to Purchase Accounts. (2 Marks)
- (iv) Rs. 400 received for Raghu has been debited to Sunder. (2 Marks)
- (v) Purchase return worth Rs. 1,000 to Sri Swapan were not recorded in the books (2 Marks)
- (vi) Return inward book for December was undercast by Rs. 400. (2 Marks)
- (vii) Rs. 1,500 worth of furniture purchased on credit was debited to Purchase Account. (2 Marks)
- (viii) Wages paid for erection of machinery amounting to Rs. 500 was debited to Wages Account. (2 Marks)

Ans. 9.

Journal Entries

	Particulars	Dr.(Rs.)	Cr.(Rs.)
(i)	Binoy's A/c Dr. To Shyam's A/c To Suspense A/c (Being Cash Rs. 6000 paid in Mr. Binoy was wrongly debited to Mr. Sharma as Rs. 5200, now rectified)	6000	5200 800
(ii)	Purchase A/c Dr. To Suspense A/c (Being purchase for Rs. 600 wrongly posted as Rs. 60 to purchase A/c, now rectified)	540	540
(iii)	Drawing A/c Dr. To Purchase A/c (Being the goods purchased for personal use was wrongly debited to Purchase A/c, now rectified)	2000	2000
(iv)	Suspense A/c Dr. To Sundar A/c To Raghu A/c (Being Rs 400 received from Raghu was wrongly debited to Sunder's A/c now rectified)	800	400 400

(v)	Swapan's A/c To Purchase Return A/c (Being purchase Return to Shri Swapan not recorded in the books)	Dr. 1000	1000
(vi)	Return Inward A/c To Suspense A/c (Being Return Inward Book was undercast by Rs. 400, now rectified)	400	400
(vii)	Furniture A/c To Purchase A/c (Being purchase of furniture was wrongly debited to Purchase A/c now rectified)	1500	1500
(viii)	Machinery A/c To wages A/c (Being wages paid for erection of machinery was wrongly debited to wages A/c)	500	500

Ques.10. Prepare the Bank Reconciliation Statement as on 31-12-2008, from the following information:

- (i) Overdraft balance as per Pass Book as on 31-12-2008 Rs. 20,000.
- (ii) On 5-12-2008, a cheque deposited for Rs. 1,000 but not appeared in Pass Book.
- (iii) Cheques issued to parties but not collected by banker till 31-12-2008 for Rs. 525, Rs. 835 and Rs. 900.
- (iv) Cheques deposited for collection but not collected by the bankers till 31-12-2008 for Rs. 8,760 and Rs. 410.
- (v) Interest on investment collected by the bankers on 30-12-86 Rs. 955 entered in the Cash Book on 4-1-2009.
- (vi) Bank charges for Rs. 90 not entered in Cash Book.
- (vii) Cheque deposited for collection on 30-12-2008 but returned dishonoured on 6-1-2009 of Rs. 945.
- (viii) Bankers have made a mistake in balancing by showing overdrawn balance in excess by Rs. 1,000 on 31-12-2008.

(20 Marks)

Ans. 10. Bank Reconciliation Statement as on 31.12.2008

	Particulars	Rs.	Rs.
	Bank overdraft as per the pass book		20,000
Add: (iii)	Cheque issued to parties but not presented for payment till 31.12.2008 (Rs. 525 + Rs. 835 + Rs. 900)	2260	
(v)	Interest on investment collected by bankers on 30.12.2008 but not entered in Cash Book	955	
			3215
			23215
Less:(ii)	Cheque deposited on 5.12.2008 to the bank was not entered in the Pass Book	1000	
(iv)	Cheque deposited for collection but not collected by the bank till 31.12.2008 (Rs. 8760 + Rs. 410)	9170	
(vi)	Bank charges not entered in Cash Book	90	
(vii)	Cheque deposited for collection but returned dishonored	945	
(viii)	Error made by the bank by showing overdraft balance in excess	1000	12205
			11010

DEFENCE ACCOUNTS DEPARTMENT

S.A.S. EXAMINATION -PART-I (New Syllabus)

(SECOND & LAST SPECIAL CHANCE)

APRIL, 2009

SUBJECT : SERVICE REGULATIONS

(PRACTICAL -WITH BOOKS)

TIME ALLOWED: 3 HOURS

TOTAL MARKS: 100

Note:-

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

SECTION-I

[Pay & Allowances (Civil)]
(Common to All)

Ques.1.

- (a) Do the following cases constitute an anomaly for stepping up of pay with reference to junior:
 - (i) A junior gets more pay due to additional increments earned on acquiring higher qualifications.

(1 Marks)

(ii) A senior joins the higher post later than the junior, whereby he draws less pay than the junior.

(1 Marks)

(b) Under what circumstances can a Government servant be granted an advance for purchase of a conveyance, who has already purchased the conveyance and paid for it?

(4 Marks)

(c) Shri 'J' and his wife Smt. 'K' are both Government servants working in different departments with different scales of pay. The husband has higher rate of increment. The wife undergoes sterilization and is eligible for 'special increment' in the form of personal pay. Comment on the admissibility of 'special increment' to the husband.

(3 Marks)

Ans.1 (a) (i) No

(ii) No

(Authority: Para 2(f) and 2 (c) of GID(27) below FR-22 of FRSR Pt-I /G.I DOPT OM No. 4/7/92-Esst(Pay-I) dt. 04.11.93)

(b) When the conveyance has been purchased within a period of three months commencing from the date the advance was applied for, and has been paid for by raising a temporary loan. He should have obtained prior permission from the prescribed authority under the relevant Conduct Rules for raising temporary loan for the purpose and also informed the sanctioning authority of such permission obtained.

(Authority:Rule 18 and Note thereunder in Compendium of Rules on Advances to Government Servants/Rules 196 of Old GFR - 1963)

(c) Can be drawn by either the husband or the wife. They can choose the higher of increments available to them. In this case, the husband can be granted special increment instead of the wife
(Authority:Para (j) of G.I.M.F. OM No. 7 (39)-E III/79 dt. 25.04.81 and 09.01.93 below Rule 27 FRSR Part-I)

Ques.2. (a) Comment on admissibility of 'study leave' in the following cases:

(i) Mr. 'A' is due to retire on 31-05-2012 and has applied for study leave from 01-01-2009 to 31-12-2009

(2 Marks)

(ii) Mr. 'B' has successfully completed the period of two years prescribed for probation and total six years regular continuous service including the probation period under the Government.

(2 Marks)

(b) Comment on admissibility of HRA in the following cases:

(i) An unmarried Government servant Ms 'A' resides with her father, who is not a Government servant. The rent for the accommodation is paid by her father. Will she be eligible for House Rent Allowance, if otherwise admissible?

(2 Marks)

- (ii) A temporary Government servant posted at place 'A' is sent on training to place 'B' in India and his period of training is being treated as duty. He wants to draw HRA at the rate of place 'A' being more favorable to him.
(2 Marks)
- (c) Which is the competent Ministry to clarify doubts regarding interpretation of Central Civil Services (Leave) Rules?
(1 Marks)
- Ans.2 (a)(i) Not admissible
[Authority: Rule 50(5) (ii) - Leave Rules]
- (ii) Admissible
[Authority: Rule 50(5)(i) -Leave Rules]
- (b)(i) Yes, admissible
[Authority: Rule 6 (i) - HRA Rules]
- (ii) Yes, admissible
[Authority: Rule 6(e)- HRA Rules]
- (c) Ministry of Personnel, Public Grievances and Pensions.
[Authority: Rule 64 - Leave Rules]
- Ques.3. (a) To whom shall the amount of traveling allowance and cost of transportation of personal effects be given, in case the only surviving members in the family of the deceased Government servant are one 12 year old son and one 15 year old daughter?
(2 Marks)
- (b) Comment on admissibility of 'study leave' in the following cases:
- (i) The competent authority is of the view that grant of leave to Mr. 'C' will cause cadre difficulties owing to his absence on leave.
(2 Marks)
- (ii) Mr. 'D' has applied for study leave for the third time in his career now for 3 months. He has earlier availed study leave for one year on the first occasion and for six months on the second occasion.
(2 Marks)
- (c) A State Government servant is posted on deputation to the Centre and is allowed to retain the scale of pay admissible to him in his parent Government plus Deputation Allowance. What will be the admissibility of Dearness allowance to him?
(2 Marks)
- Ans.3 (a) Any person, who in the opinion of the Head of Office, is fit to receive payment on behalf of the minors, subject to execution of requisite bond by such person indemnifying Govt. against any subsequent claim. Such bond may be dispensed with when payment is made to a legal guardian.
[Authority:Sub- Para (iii) of Govt. of India's Orders(2) below SR 148(TA Rules)]
- (b) (i) Not admissible (Rule 50(6) - Leave Rules]
(ii) Admissible
[Authority: Govt. of India's Decision below Rule 51 - Leave Rules]

- (c) He shall be allowed DA under the rules of the parent Government.
[Authority: Para (vi) of Chapter 1 General Orders (1) /G.I. M.F. O.M. No. 13011/1-E.II(B)/76 dt. 21.11.77 read with OM No. 1(13)/97-EII(B) dt. 03.10.97]
- Ques.4. (a) Comment on admissibility of HRA in the following cases:
- (i) A Government servant 'Z' stands transferred from place 'A' to place 'B'. He is claiming HRA at the rate prescribed for place 'B', during his joining time.
(2 Marks)
- (ii) The husband and wife both are Government servants and living together in a hired accommodation
(2 Marks)
- (iii) A Government servant resides in accommodation allotted to her father by a Nationalized Bank.
(2 Marks)
- (b) At the time of death of Shri 'X' a Government servant, his wife, who is not a Government servant, happened to be away at a place 'P' other than his normal place of residence. What will be the admissibility of her travelling allowance and cost of transportation of personal effects?
(3 Marks)
- Ans.4 (a)(i) Not admissible
[Authority: Rule 6(b) - HRA Rules]
- (ii) Yes, admissible
[Authority: Clarification below Rule -5/GIM.F. OM No. 11015/2/87-E.11(B) dt. 8.11.1988-HRA Rules]
- (iii) No. Not admissible
[Authority: Rule 5(c) (ii) - HRA Rules]
- (b) Actual fare for the journey made by rail or steamer, road mileage for the actual distance of the road journey and the cost of transport of personal effects from the place where she was at the time of the Government servant's death to the place to which she actually travelled, provided that the total expenses claimed shall not exceed the total mileage allowance and cost of transportation of personal effects up to the prescribed limit that would have been admissible had such member travelled from the headquarters of the Government servant to the normal/selected place of residence.
[Authority: Para 4, Govt. of India's Orders(1) below SR 148(TA Rules)]
- Ques.5. (a) In what circumstances, can accommodation of a higher class than that suited to the status of a Government servant be allotted to him for his treatment in a hospital ?
(2 Marks)

- (b) Comment on admissibility of LTC in the following cases:
- (i) Shri 'A' is a Government servant under suspension -
 (1) To Shri 'A'
 (2) To the family of Shri 'A'
 (1+1=2 Marks)
- (ii) To Shri 'B' who is Government servant working in Defence Accounts Department and his wife is working in "Indian"(erstwhile Indian Airlines)
 (1 Mark)
- (iii) To Shri 'C', who is Government servant employed in the Railway Board.
 (1 Mark)
- (c) How is the subscription of CGEGIS to be recovered in respect of an employee, who is on extra-ordinary leave during which no payment of salary /wages is to be made to him?
 (3 Marks)
- Ans.5 (a) Provided it can be certified by the Medical Superintendent of the hospital -
- (i) That accommodation of the appropriate class was not available at the time of admission of the patient; and
- (ii) That the admission of the patient into the hospital could not be delayed without danger of his /her health until accommodation of the appropriate class became available.
[Authority: Note 1 below Rule 2 (h) (iv) of CS (MA) Rules]
- (b)(i) (1) Not admissible
 (2) Yes, Admissible
[Authority: Rule 7, GID(21) LTC Rules]
- (ii) Not admissible
[Authority: Rule 1 GID LTC Rules]
- (iii) Not admissible
[Authority: Rule 1(4) LTC Rules]
- (c) Subscription shall be recovered with interest rounded to the nearest whole rupee admissible under the 'Scheme' on the accretions to the Savings Fund in the not more than three installments commencing from his salary for the months following the month in which he resumes duty after leave.
[Authority: Para 9.7 of Annexure to CGEGIS, 1980]
- Ques.6. (a) A Government servant got his first installment of HBA released on 1-5-1998. He underwent sterilization operation on 18-11-1998. What will be the quantum of rebate in interest on HBA and its date of effect in his case?
 (2 Marks)
- (b) Comment on admissibility of LTC in the following cases:-
- (i) Shri 'D' who is a Government servant, wants to avail LTC to visit "any place in India" while his family wants to avail LTC to visit home town in the same block of two years.
 (2 Marks)

- (ii) Shri 'E' who is a Government servant, proceeds on leave to hometown to get married and returns to his headquarters station with his wife.
(2 Marks)
- (c) Can Central Government employees avail of medical attendance and treatment in Railway Hospital ? How are such medical claims to be regulated?
(2 Marks)
- Ans.6 (a) He will be entitled to 0.5 rebate with effect from 18.11.1998
[Authority: GIO below Rule 6/Chapter III(4) HBA Rules/OM No. 1/17015/13/79-H-III dt. 21.5.1990]
- (b) (i) Yes, they can, if otherwise eligible
(Authority: Rule 9 GID LTC Rules)
- (ii) The wife will be entitled to only return journey reimbursement, while the husband will get both onward and return journey reimbursement.
(Authority: Rule 7 GID (5) LTC Rules)
- (c) Yes, subject to availability of accommodation and on payment of charges prescribed for outsiders. Their medical claims are required to be supported by the prescribed Essentiality Certificate and all related vouchers duly countersigned by the Doctor of the hospital.
[Authority: GID (14) below Rule 2 of CS (MA) Rules. GIMH. O.M. No. F. 29/5/74-MA dt. 16.07.75]

SECTION -II
Provident Fund and Pension
(Common to All)

- Ques.1 (a) Name the categories/types of personnel who subscribe to AFPP Fund?
(3 Marks)
- (b) Comment on the admissibility of advance from AFPPF in the following situations:
(2 Marks)
- (i) To subscriber who institutes legal proceedings in a court of law against Government in respect of penalty imposed on him.
- (ii) To a subscriber, who engages a legal practitioner to defend himself in an enquiry in respect of an alleged official misconduct on his part
- (c) Who is the authority competent to authorize withdrawal from AFPP Fund? What document is the base for such authorization?
(3 Marks)
- Ans.1 (a) All personnel (other than officers, boys and civilians) of the Regular Indian Armed Forces including re-employed/re-enrolled personnel, members of the Defence Security Corps.
(Authority: Rule 3(ii) of AFPPF Rules)
- (b) (i) Not admissible
[Authority: Rule 7(1) (d) of AFPPF Rules]
(ii) Admissible
[Authority: 7(1) (e) of AFPPF Rules]
- (c) Actual withdrawal from AFPPF shall be made only on receipt of authorization from the Accounts officer concerned. He will arrange this authorization on the basis of formal sanction of the sanctioning authority.
[Authority: Rule 8(2) of AFPPF Rules]
- Ques.2 (a) Shri 'T' is retiring on superannuation on 30-04-2009. He has submitted an application to the competent authority on 01-04-2008 that his rate of GPF subscription may not be changed and the subscription may continue to be recovered till his last pay bill i.e. April 2009 . Is it in order to accede to his request? Explain why?
(3 Marks)
- (b) Comment on whether the family pension, where, admissible to parents, can be paid to mother when the father is also alive?
(2 Marks)
- (c) Shri 'A' to whom the amount of gratuity is payable, is certified by a Magistrate to be lunatic. How will the amount payable be dealt with?
(3 Marks)

- Ans.2 (a) No. Subscription can be recovered only up to pay of Jan 2009 and not in last three months.
[Authority: GID (1) below Rule 7 GPF (CS) Rules]
- (b) Yes. The mother will receive the pension first, and after her death , the father will receive the family pension.
[Authority: Clarification(i) (d) under GID (20) below Rule 54 CCS (Pension Rules/G.I Dept. of P& PW OM No. 45/51/97-P&PW(E) dt. 21.7.99]
- (c) The Government Officer under whose authority such sum would be payable, if the payee were not a lunatic, may pay so much of the said sum as he thinks fit to the person having charge of the lunatic and may pay the surplus , if any, or such part thereof, as he thinks fit for the maintenance of such members of the lunatic's family as are dependent on him for maintenance.
[Authority: GID(1) below Rule 54 CCS (Pension) Rules]
- Ques. 3 (a) Which day will be reckoned as the last working day of the individual in terms of CCS(Pension) Rules, in the following cases:
- (i) A Government servant died on 30-10-2008 in the forenoon in office
- (ii) A Government servant is retired prematurely with effect from 30-10-2008
- (b) A pensioner refuses in writing to pay the amount owed by him to Government. How will the case be dealt with? Can action be taken against him treating his refusal as 'misconduct'?
- (c) Can advance from GPF be granted to a Government employee after the expenditure is incurred ? If so, in what circumstances?
- Ans.3 (a) (i) 30.10.2008
[Authority: Rule 5(2) CCS (Pension) Rules]
- (ii) 29.10.2008
[Authority: Rule 5(2) CCS (Pension) Rules]
- (b) The possible way of recovering/demanding Government dues from a retiring officer who refuses to agree in writing, to such dues being recovered from his pension is either to delay the final sanction of his pension for some time which will have the desired effect for persuading him to agree to recovery being made there from or take recourse to Court of Law. The refusal cannot be said to be misconduct within the meaning of Art. 351 of the CSR.
(Authority: GID(6) below Rule 73 CCS(Pension)Rules)
- (c) Yes. In contingencies which can not be foreseen, provided the application is not submitted unreasonably long after the event. In cases, where the even is foreseen and expenditure has been incurred, concurrence of Ministry of Finance is required.
[Authority: Ar. GI. 3146-NGE II/Kw 63-49 dt. 28.09.49 and GID (9) below Rule 12 of GPF (CS) Rules and Note thereunder/G.I.M.F.U.O. No. 3672, P&T 1/63 dt. 19.07.63]

- Ques. 4 (a) Under what situation can the benefits under Army Regulations be allowed in relaxation of the provisions of the civil extraordinary pension rules in respect of an individual loaned for civil Government employment?
(2 Marks)
- (b) How are cases, where compensation is paid from public revenues for death in which a special family pension is admissible, regulated?
(3 Marks)
- (c) In what circumstances can previous civilian service rendered by an officer of the Military Nursing Service Quality of pension?
(3 Marks)
- Ans.4 (a) Such benefits can be allowed, if these are more advantageous than those admissible under the civil rules.
(Authority: Regn 6(a) of Pension Regulation Pt.-I)
- (b) In such cases, pension equivalent of compensation paid shall be deducted from special pensionary awards admissible, but in no case, the residual pensionary awards shall be less than the ordinary family pension.
(Authority: Regn. 11 of Pen. Pt.I)
- (c) Any period of civil service, if followed by military service without a break, and subject to the condition that gratuity, if any, received in respect of such service being refunded to the Government in the prescribed manner.
(Authority: Regn: 37 (f) Pen Regn Pt.-I)
- Ques.5 (a) What rank is counted for the purpose of assessment of 'service element' of disability pension in respect of an Army Officer?
(4 Marks)
- (b) An Officer's death is caused due to his serious negligence. What will be the impact on the admissibility of special family pensionary award, otherwise admissible, in his case?
(2 Marks)
- (c) In what circumstances shall ordinary family pension be payable to a son for life?
(2 Marks)
- Ans.5 (a) It is the substantive rank or higher paid acting rank, if any, held by the officer on any of the following dates, whichever is most favorable:
(i) the date of retirement/invalidment from service or
(ii) the date on which he/she sustained the wound or injury or was first removed from duty on account of the disease causing his/her disablement, or
(iii) if he/she rendered further service, and during and as a result of such service, suffered aggravation of his disability, the date of later removal from duty on account of the disability.
[Authority: Regn 59 of Pens. Regn Pt-I]
- (b) It shall not be reduced.
[Authority: Regn 83 of Pen Regn Pt-I]

- (c) In case he is suffering from any disorder or disability of mind or is physically crippled or disabled so as to render him unable to earn a living even after attaining the age of 25 years.

(Authority: Para 7 of MoD letter No. A/49601/ AG/PS4 (e)3363/ B/D (Pens/Serv) dt. 7.8.87 below Regn 85 of Pens.Reg. Pt.-I

SECTION -III (Optional)

Sub- Section(A) - Army

- Ques.1 (i) Is 'specialist pay' treated as pay for the purpose of recoveries related to pay?
(2 Marks)
- (ii) An officer of the Army Medical Corps is included in the pool of specialists for the Medical Service, but the nature of duties assigned to him are not related to his specialization. Comment on admissibility of 'specialist pay' to him.
(2 Marks)
- (b) A JCO has drawn the outfit allowance in anticipation of his proceeding abroad and subsequently, his transfer abroad is cancelled for administrative reasons and in public interest. How will the amount drawn by him be dealt with?
(3 Marks)
- (c) In respect of what kind of qualifications is an officer not eligible for qualification pay/grant?
(3 Marks)
- Ans.1 (a) (i) Yes.
[Authority: Note below Rule 89 P&A(Regs) officers- Army]
(ii) Admissible.
[Authority: Rule 90(a) P&A (Regs) officers- Army]
- (b) If there is a likelihood of the individual being posted aboard again within a year the amount drawn will not be recovered but adjusted against his entitlement of outfit allowance, on his next posting aboard. If there is no likelihood of his being reposted aboard within a year the amount drawn by him will be recovered in monthly installments not exceeding six in number;
[Authority: Para 474(9) (i) (c) P&A Reg(ORs)]
- (c) (i) Qualification which was the minimum required for entry in commissioned rank, or
(ii) Qualification acquired before being commissioned in consideration of which a concession in the form of antedate of seniority, accelerated promotion or special rate of pay/allowance is given.
[Authority: Para 77, Chapter III, P&A Regs(Officers)]
- Ques.2 (a) How is grant of Air Dispatch pay regulated in case of an individual who dies during a year and has consequently not completed the prescribed minimum number of sorties?
(2 Marks)

- (b) What is the authority/document on the basis of which High Altitude Allowance is paid to an officer? Is this allowance admissible to an officer serving in the specified area during his absence on (i) annual leave(ii) casual leave for 5 days (iii) temporary duty for 10 days (iv) sick leave
(1+2= 3 Marks)
- (c) (i) An officer is sanctioned annual leave for a certain period. He fails to return and rejoin duty on the stipulated date, and is not granted extension of leave. How will his leave allowance be regulated?
(2 Marks)
- (ii) Is Kit Maintenance Allowance treated as part of pay for regulating leave pay?
(1 Marks)
- (d) An officer is temporarily attached to Army Headquarters under Para 92 of Regulation for the Army, 1962(i) Can he retain his acting rank and corresponding pay and allowances held by him prior to his attachment? (ii) Will the unit be provided his replacement during the period of his attachment?
(1+1= 2 Marks)
- Ans.2 (a) Air Dispatch Pay will be credited in his IRLA, provided that during the period of his service in that year before death he had put in the proportionate number of sorties calculated at the rate of two per month.
[Authority: Para 60 (b) P&A Regs(ORs)]
- (b) Part II order
(i) No (ii) Yes (iii) Yes (iv) No.
{Authority: Para 1 of AO 67/79 and Rule 173(3) P&A Regs(Officers) Army
- (c) (i) He will forfeit his leave allowances for the period of overstayal.
(Authority: Para 187 Chapter IV, P & A Regs(officers)
- (ii) Yes,
(Authority: Para III of AI-12/S/65 below Para 184 of P&A Regs(Officers)
- (d) (i) Yes, (ii) No.
(Authority: Para 17 of Appendix 'A' to SAI-I /I/S/74 P&A Regs(Officers) Army]
- Ques.3 (a) How are cases of overstayal of casual leave upto 60 days' and beyond 60 days for reasons other than on sickness and natural calamities in excess of maximum amount of such leave admissible in a year, where annual leave has been availed of earlier, regularized in respect of JCOs?
(4 Marks)
- (b) A regular commissioned officer of AMC has applied for combining annual leave with study leave granted to him. Comment on its admissibility.
(2 Marks)

- (c)(i) What is the minimum period of service required for an OR for grant of annual leave in the first year of engagement?
(2 Marks)
- (ii) How are cases involving grant of annual leave before completion of the prescribed minimum period of service regularized?
(2 Marks)
- Ans.3 (a) Will be regularized by Headquarters Command as under:
(i) CL plus overstayal up to 30 days. Against following year's annual leave entitlement.
(ii) Balance up to 30 days. As EOL without pay and allowance
(iii) Case of overstayal beyond 60 days will be submitted to Government for orders.
(Authority: Rule 6(c) (v) and (vi) of Leave Rules Vol-I(Army)
- (b) Not admissible.
[Authority: Rule 28 (e) of Leave Rules Vol. I (Army)]
- (c) (i) At least six months including service as a recruit
(ii) Such cases are regularized by Headquarters Command by adjustment against the AL entitlement of the same calendar year, if the individual subsequently qualifies for it. In cases where the individual completes six month's service in the next year , the leave granted will be adjusted against that year's AL account.
[Authority: Note - 1 and 2 below Rule 33 (d) of Leave Rules Vol.I (Army)]
- Ques.4 (i) What kinds of leave are admissible to Recruits and Boys of Army?
(2 Marks)
- (ii) Who is the competent authority to regularize cases of overstayal of 60 days beyond the sanctioned annual leave in respect of Boys and Recruits?
(2 Marks)
- (b) A JCO has applied for casual leave from 30 December, 2008 to 2 January, 2009. He has 4 days balance in his casual leave account of the year 2008. How will the leave sanctioned for the above period be debited against his entitlement?
(2 Marks)
- (c) How is the period spent in a recognized civil hospital treated in respect of a JCO , who falls sick whilst on duty?
(2 Marks)
- (d) Comment on the admissibility of:
(i) 'Study Leave' to a non- regular officer of Remount and Veterinary Corps.
(1 Marks)

- (ii) 'Casual Leave' to a temporary Nursing Officer during probationary period?
(1 Marks)
- Ans.4 (a) (i) Casual leave, Annual leave, Sick leave.
[Authority: Rule 3 of leave Rules Vol I (Army)]
(ii) Such cases are regularized under orders of the Government
[Authority: Note 1 below Rule 42 of Leave Rules (Vol I Army)]
- (b) 2 days will be debited against the leave entitlement for 2008 and remaining 2 days will be debited against the leave account of 2009
(Authority: Rule 10 of Leave Rules Vol.I (Army))
- (c) It is treated as on duty
(Authority: Rule 35 (a) Leave Rules Vol.I (Army))
- (d) (i) Not admissible
[Authority: Rule 50 of Leave Rules Vol.I (Army)]
(ii) Admissible.
[Authority: Rule 59 of Leave Rules Vol. I (Army)]
- Ques.5 (a) Which Group in a computerized PAO handles the following work
(1+1+1+1+1 = 5 Marks)
- (i) Scrutiny of Abstract of Receipts and Charges printed by the Computer and reconciling the figures
(ii) Work connected with cases of change in the rate of AFPP Fund subscription
(iii) Preparation of AFPP Fund Debit voucher and ACR batches and their transmission to EDP.
(iv) Action on post discharge complaints
(v) Verification of advances as recorded in closed pay books with those debited in IRLAs.
- (b) What are the circumstances when Imprest Accounts are required to be closed?
(2 Marks)
- (c) What action is required to be taken on acquittance rolls intended for other PAOs?
(3 Marks)
- Ans.5 (a) (i) Central Control Group
(Authority : Para 8.3 of OM-X Vol.III)
(ii) Fund Group
(Authority: Para 8.5 (3) of OM-X Vol.III)
(iii) Imprest Section,
(Authority: Para 8.4 (1) of OM - X Vol.III)
(iv) NE Group,
(Authority: Para 8.6(1) of OM-X Vol.III)
(v) Ledger Group,
(Authority: Para 8.2 (6) of OM -X Vol.III)
- (b) (i) On the disbandment/re- organisation of the unit/formation.
(ii) When the necessity for the continuous of the Imprest ceases to exist
(Authority: Para 213 of OM - X Vol.I)

- (c) The acquittance rolls intended for other PAOs will be sent under a forwarding memo. (I.A.F.F. 3017). The forwarding memo along with the Acquittance Rolls relating to out-station PAOs will invariably be sent by registered post every alternate day. On the 6th of each month, an intimation on IAFF- 3018 (Monthly Acknowledgement of Acquittance Rolls) giving full particulars of all acquittance rolls transmitted between the sixth of the previous month and the fifth of the current month and also indicating therein the total value of acquittance rolls will be sent to the other PAOs. Acknowledgements for these intimations will be obtained and recorded in separate files.

(Authority: Para 188 of OM-X Vol.I)

- Ques.6 (a) What happens to an acting promotion granted to an officer, if he remains absent on sick leave for eight months?
(2 Marks)
- (b) What are the audit points to be observed in dealing with claims of Army Officers referred on contingent bills or such other prescribed documents?
(4 Marks)
- (c) What action is required to be taken on DO-II audit rejections, which are on account of overlapping DOs-II?
(2 Marks)
- (d) What is the procedure for dealing with draft Gazette Notifications Part-I Section IV pertaining to Army Officers?
(2 Marks)

- Ans.6 (a) He will relinquish his acting promotion, which will be notified.
(Authority: Para 125(i) of OM-IX)
- (b) It will be verified that-
- (i) The Personal No., Rank, Name and Pay Account Number on the claim agree with those in the IRLA of the officer
 - (ii) The signature of officer claiming the particular entitlements agrees with that in the Form 'A' of the officer on his personal file and the required Revenue stamp is affixed on the claim wherever due.
 - (iii) The claim is countersigned by the competent authority and his signature agrees with the specimen signature on record with Technical Section or in his personal file.
 - (iv) The title to the particular item claimed in the bill exists according to the relevant rules.
 - (v) The claim is not time barred.

[Authority: Para 170 of OM - IX]

- (c) The publishing units may be advised to cancel such DO-II and republish correct DO-II, wherever necessary.

[Authority: Para 58 of OM-X Vol.III]

- (d) Notifications in the Gazette of India Part I Section IV are audited by the Controller of Defence Accounts(Officers) Pune before they are published in the gazette. Such approved gazette notification in the Gazette.

[Authority: Para 165 of OM-IX]

SECTION -III (Optional)
Sub - Section (B) AIR FORCE

Ques.1 (a) What is the entitlement of dearness allowance of an AF Officer on deputation abroad?

(5 Marks)

(b) What is disturbance allowance? Is there any difference in disturbance allowance admissible to married officers and single officers?

(5 Marks)

Ans.1 (a) When an IAF Officer is sent on deputation abroad, he will be entitled to dearness allowance at full rates during the first six months from the date of commencement of deputation abroad and thereafter at half the rates for a further period not exceeding six months when deputation is to any one country and the period of deputation does not exceed 12 months.

Dearness allowance during the period following the first six months is admissible only if the officers concerned are married and have their families in India

The allowance is not admissible to officers posted ex- India to specific posts.

**(Authority: Rules 96 of Pay and Allowances Regulations
(P&A Regs) for the IAF.)**

(b) Married officers are entitled to disturbance allowance when they travel either on transfer from one station to another station or when on return from leave/temporary duty are transferred to stations other than those from which they proceeded on leave/temporary duty, for the purpose of meeting incidental expenditure incurred by them in connection with such move.

For the purpose of grant of disturbance allowance the officers must be over 25 years of age and married. No disturbance allowance is admissible to single officers.

Such allowance is admissible only if the duration of the stay at the station to which an officer is ordered is likely to exceed six months.

Disturbance allowance is admissible provided the family of the officer resides with him at the new station or proceeds to a selected place of residence if the officer is posted to a non-family station or to a field service or concessional area.

The allowance is also admissible when the family rejoins the officer on his transfer from a non- family station in or outside a field service area to a family station in India.

**(Authority: Rules 104 to 109 of Pay and Allowances
Regulation for the IAF)**

- Ques.2 (a) Full Pay of rank was admitted to an officer during his leave or in validment granted under Rule 23 of leave Rules. Comment?
(4 Marks)
- (b) CCA was admitted to an officer who was on sick leave for 5 months which included 1 month annual leave Comment?
(3 Marks)
- (c) Wg. Cdr. Dhawan was paid qualification grant for a qualification which was the minimum required for the entry of the officer in commissioned rank. Offer your audit remarks.
(3 Marks)
- Ans.2 (a) An officer granted leave on invalidment under Rule 23 of Leave Rules will treated as on sick leave and his leave allowances are regulated under Rule 214 (b)
Full pay of rank was correctly admitted to him as the officer is entitled to it for a period of six months, under Rule 214(b) of P&A Regulations, IAF.
- (b) CCA was correctly admitted to the officer who was on sick leave for 5 months which included 1 month of Annual Leave under Rule 214(b) of P&A Regulations, IAF and Rule 11(iv) of same Regulations.
- (c) Wg. Cdr. Dhawan was wrongly paid qualification grant for a qualification which was the minimum required for the entry of the officer in commissioned Rank. He was not eligible for grant of such qualification pay as per rule 176 (a) of P&A Regulations, IAF.
- Ques.3 (a) When a married officer cannot be provided with married accommodation due to service reasons or paucity of accommodation in the station to which he is posted, he is to be provided free accommodation and allied services. What are these allied service?
(3 Marks)
- (b) Can an AMC Officer commissioned in the Army and seconded to the Air Force after 5 years draw initial outfit allowance appropriate to the AF again?
(3 Marks)
- (c) Comment whether the Advance of Pay will be admissible in the following conditions:
(4 Marks)
- (i) An AF officer went abroad on a temporary duty fo 3 weeks
(ii) An AF apprentice went home on leave at the end of term of training
(iii) A Squadron Leader proceeded on field service
- Ans.3 (a) Allied services are:
(i) Light and Fans.
(ii) Furniture
(iii) Water
(iv) Conservancy

- (b) On secondment to the Air Force, the AMC officer will get an initial outfit allowance appropriate to the service. On completion of a further period of 7 years in Air Force, he may get renewal of outfit allowance. He cannot draw initial outfit allowance after 5 years.
- (c) (i) An officer cannot draw advance of pay when he proceeds abroad on temporary duty for 3 weeks
(ii) At the discretion of the OC of the Unit, AF apprentice can draw an advance of pay while proceeding home on leave at the end of term of his training.
(iii) When proceeding on field service, a Squadron Leader can draw advance of pay.

- Ques.4 (a) Which category of Air Force Officers are paid a special non-recurring Uniform Allowance and why?
(4 Marks)
- (b) Will the widow of an IAF officer continue to receive the monetary allowance for gallantry awards?
(3 Marks)
- (c) A civilian rescued an AF (Air Force) personnel after he landed in injured condition. Name three authorities who can sanction cash rewards to the civilian
(3 Marks)

- Ans.4 (a) (i) The Staff Officer to the Chief of Air Staff.
(ii) The ADC to the Chief of Air Staff.

A special non- recurring uniform allowance is admissible to commissioned officers, on the personal staff of the Chief of Air Staff with a view to assist them to obtain the special uniform which they are required to wear.

This allowance is admissible to above officers who are likely to complete two years in those appointments.

- (b) Yes, the widow will continue to receive the monetary allowance for gallantry awards until her remarriage or death.
- (c) (i) The Chief of Air Staff
(ii) A.O.s.C. - in - C Commands
(iii) District Magistrates.

Can sanction cash rewards to the civilian when he rescues an Air Force personnel after he landed in injured condition.

- Ques.5 (a) An AF Officer was on sick leave for six months which included 1 month balance of annual leave of that year. How his pay and allowance are regulated?
(3 Marks)
- (b) JWO Shukla was on sick list concession during 23-12-2007 to 08-01-2008. Subsequently he was sanctioned 60 days Annual Leave for the year 2008 with effect from 09-01-2008. Was it admissible ?
(3 Marks)

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

(4 Marks)

- Ans.5 (a) Rule 21(b) (i) admits sick leave on medical certificate for a period upto six months which includes annual leave due.

Since the AF officer was on sick leave for six months which included 1 month balance of annual leave of that year, he will get his regular pay and allowances.

- (b) Rule 22 of Leave Rules authorizes sick list concession upto 30 days and the period will be treated as on duty

Since JWO Shukla was on sick list concession for 17 days , 60 days annual leave sanction to him subsequently is in order and should be admissible in audit.

- (c) The period of leave admissible as furlough is two months for every three calendar years.

Since furlough may be availed in installments within each cycle of three years, sanction of furlough leave of 30 days of following cycle along with 15 days of balance of furlough of current cycle is perfectly admissible in audit. 30 days reckon as a month for calculation of broken period. Hence leave commencing on 20th December of that year can be treated as furlough leave due to him.

Ques.6 Comment on the following cases quoting authority:

- (a) Sqn. Ldr. Handa overstayed casual leave beyond the normal entitlement at a time. The overstayal has been regularized by command HQ.

(4 Marks)

- (b) Casual leave of Flt. Lt. Suresh, a Medical Officer at Station Medical Centre under the control of Command Hqrs. has been sanctioned by O.C. unit.

(3 Marks)

- (c) Wing Commander Upadhyay, a member of the Indian Institute of Public Administration (IIPA), Posted at Amritsar, was granted 8 days of special casual leave to attend the meeting of IIPA.

(3 Marks)

- Ans.6 (a) Wrong.

Cases of overstayal of casual leave beyond the normal entitlement at a time was required to be regularized by the Dte. of Personnel (Officers) at Air Hqrs provided the overstayal does not exceed the maximum amount of such leave admissible in a year.

In case of maximum amount of casual leave admissible in a year is exceeded as a result of overstayal by Sqn. Ldr. Handa, the entire period will be treated as annual leave or furlough for that year.

All such regularization has to be done by DOP/Air /Hqrs. Command Hqrs has got no such power.

- (b) Casual leave of Flt. Lt. Suresh, a Medical Officer at station Medical Centre under the control of Command Hqrs has been correctly sanctioned by OC unit.
- (c) Wg. Cdr. Upadhyay, a member of IIPA, posted at Amritsar, was correctly granted 8 days of Special Casual Leave (including journey period) to attend the meeting of IIPA.

SECTION -III OPTIONAL

Sub- Section(C) - Navy

Ques.1 (a) CPO 'X' is entitled to draw compensation in lieu of Quarters(CILQ) allowance @ Rs. 2,700p.m. His family had not stayed with him during the period from 1-4-2008 to 30-9-2008. How is the allowance to be paid to him for this period?

(6 Marks)

(b) Navy Officer 'A' entitled to draw Hard lying money@ Rs. 200 p.m. was on Annual leave from 21-5-08 to 24 -6-08. How much of this allowance is admissible to him for the months of May and June, 08

(4 Marks)

Ans.1 (a) During absence of the family, for the first 3 months CILQ is to be paid in full rates and thereafter at 2/3rds of the normal rates.

Hence to pay: $2,700 \times 3 + (2/3) \times 2,700 = \text{Rs. } 13,500$

(Authority: Para 242(6) OM VII)

(b) For May, 08: Full, Rs 200/-
For June'08: NIL

For less than 8 days of duty in a month, the allowance is not admissible. The officer is on duty for 20 days in May and only for 7 days in June.

(Authority: Para 177(7) OM VII)

Ques.2 (a) While an IN Ship was piloting in and out of a port, a Pilot was embarked on the ship during the inward passage but his services have not been utilized. The Commanding Officer and Navigating Officer of the ship, who are entitled to draw Pilotage fees have claimed the same at given rates for the inward and outward passages. Comment on the admissibility of the allowance and the ratio in which it is admissible to both the Officers.

(4 Marks)

(b) Cdr ' A' has completed 5 years of active service before retirement and subsequent to drawing outfit allowance. On his re-employment, how is the outfit allowance admissible to him.?

(6 Marks)

Ans.2 (a) For inward passage: Not admissible for both because a pilot is embarked on the ship even if his services have not been utilised.

For outward passage: Admissible in the ratio of 2:1 of the given rate to the CO and the Navigating Officer.

(Authority: Para 345(ix) OM VII)

(b) On re-employment immediately: Rs 5,000/- and after 2 years of service in re-employment: Rs 2,000/-

(Authority: Conditions(Last) under Para 317 (iv) OM VII)

- Quest.3 Write short notes on the following:
- (a) Submarine Pay (4 Marks)
- (b) Expatriation allowance (6 Marks)

- Ans.3 (a) Submarine Pay
- Submarine pay is admissible at prescribed rates to officers and sailors qualified for service in submarines and appointed as part crew or space crew.
 - It is also admissible to qualified officers and sailors holding appointments in which they are required as part of their normal duties to go to sea in submarines from time to time.
 - This treated as Pay for all purposes.
 - It is not admissible in addition to Submarine allowance or during training period.
 - If individuals are withdrawn from the submarine cadre, the submarine is stopped.

(Authority: Para 146 OM VII)

- (b) Expatriation allowance
- This allowance is admissible at prescribed rates to officers and midshipmen ashore ex-India and afloat outside the limits of specified areas, south of equator etc.
 - This is not admissible to those in receipt of compensatory allowance or daily allowance ex- India.

(Authority: Para 176 OM VII)

- Ques.4 (a) Cdr 'A' was on Annual Leave from 1-3-2008 to 19-4-2004. Later, he was sanctioned Casual Leave from 1-9-2008 to 15-9-2008 and he proceeded to his home town which could be reached in 4 days by Rail journey . Comment on the sanction of CL. (5 Marks)
- (b) Navy Officer has been sanctioned Annual Leave for the Calendar year 2007 from 20-12-07 to 10-1-08 and in continuation from 11-1-08 to 31-1-08 as Annual Leave for the Calendar year 2008. Is sanction of Leave correct? (5 Marks)

- Ans.4 (a) In order. Normally CL is sanctioned for 10 days only. In this case 15 days CL is regular because (i) he already availed 50 days AL and balance of AL is only 10 days which is not sufficient to cover the present required period of 15 days AND(ii) he proceeded to a station involving journey for more than 3 days.

(Authority: Rule: 18 (3) (a) & (b) of Leave Regulations)

- (b) No. Annual leave for one calendar year can be extended to the next year but further Annual Leave shall not be admissible until the individual again performs the duty. In this case, the Officer is not performing duty after the first spell of Leave.
(Authority: Rule 13(2) of Leave rules)
- Quest.5 (a) Navy officer was on sick leave and undergoing treatment in Military Hospital. During his period he had to attend a domestic emergency at his home town and was sanctioned leave of 5 days by the officer commanding the hospital. Is this in order? How is this period of 5 days to be regularised?
(5 Marks)
- (b) Sailore 'X' wishes to avail accumulated annual leave of 75 days during 2008. What is the condition to be checked for grant of this leave?
(5 Marks)
- Ans.5 (a) Yes, in order. This leave can be granted provided it does not interfere with his treatment. This leave is to be treated as a part of sick leave.
(Authority: Rule 21 explanation 1 of Leave Rules)
- (b) Admissible only if he had not taken any leave other than Casual Leave during the calendar year 2007
(Authority: Rule 33(1) (ii) of Leave Rules)
- Ques.6 (a) Officer 'A' at duty station 'X' travelled to station 'Y' to seek medical advice showing a reason that there is no Government medical officer at 'X' . Can he claim TA and DA for the journey?
(4 Marks)
- (b) Sailor 'A' undergoing treatment in Military Hospital at his duty station is placed on dangerously ill list by the competent authority. His father and mother travelled by Air from their place to the duty station of the sailor to visit him. Can they be provided free conveyance for the journey?
(6 Marks)
- Ans.6 (a) TA is admissible and DA is not admissible. Also, prior permission of Controlling Officer is required for the journey.
(Authority: Rule 154, Travel Regulations)
- (b) Yes. Free conveyance by air admissible to Two persons- If the relative is a Lady, then a male person can accompany. In this case the relative is the mother of the sailor and the male person to accompany is the father of the sailor.
(Authority: Rule 161B(1)(ii)TR)

SECTION-III-Optional
Sub-Section(D) - FACTORY

Ques.1 Succinctly bring out, in your own words, the main areas to be reviewed by Accounts Office, after the preparation of Annual Accts.

(10 Marks)

Ans.1 The areas to be reviewed by the Accounts office after the preparation of Annual Accounts are brought out in Para 867, 868, 869, 870 and 871 of OM VI.

The main areas to be reviewed and the conclusions to be drawn from the data there on are -:

- (a) Analysis of changes in inventory holdings works in progress, finished stock and components in hand as compared with the previous year. This analysis will help in bringing out errors in pricing and case of unusual nature, which can be brought to the notice of the management. The control of inventory holdings can be done through ABC analysis.
- (b) Incidence of heavy figures in outstanding Assets and Outstanding Liabilities. These indicate that proper linking has not been done. By the sample check of high value items, the Correctness or otherwise of the figures can be established. If there are huge payments outstanding for over a year for stores received and accounted for, the case requires in depth review as Contractors usually would not wait for their Payments for such a long time. In case of stores issued to MES NAVY/IAF the outstanding may be due to non allocation through proper punching media has been adjusted. Proper follow up action to ascertain the facts and to clear the transaction should be taken. Figures of unabsorbed preliminary expenses, Deferred Revenue expenses if any require review.
- (c) Increase/decrease in the cost of material/labour of Principal items of work done requires critical review to ascertain the exact reasons for variation. Like wise the quantum of surplus obsolete waste and scrap items and the value of their disposal during the year would indicate the efficiency or otherwise of the organisation in disposing of unwarranted stores.
- (d) Review of adjusted figures of salary and wages: As officers and staff are paid twice in April (Once for March period and another April paid in April) utmost care would be exercised to ensure that the figures are correctly segregated and shown in Annual Accounts. The Correctness of the liability provided on this account should be checked.
- (e) For industrial employees wages for March are paid in April. It is to be ensured that the disbursement certificate for April to March has been received and adjusted. The provision of liability for wages of March has been done correctly as reflected in the cash compilation for April. Gross wages should be properly ascertained.

- (f) In case of labour employed on minor maintenance work, capital works, Punching media for transfer of work from wages head to the relevant head has been made out. Similary unpaid wages is a liability and is not reflected in the cash compilation. Apart from ensuring that the sum of Direct Labour and Indirect Labour agree with the figures shown in Labour Abstracts, proper ascertainment of wages payable is necessary.
- (g) Utmost care is to be taken to ensure that the rejection is properly apportioned in the case of incomplete warrants as on 31st March. Pricing the quantity completed on the basis of estimated price without taking into account the rejections leads to the inflation of the work in Progress.(Semi) figures.

[Authority: Para 867 to 871 OM VI - Vol-II]

Ques.2 What are preliminary expenses? How are they charged off - (i) During trickle production and (ii) During regular production
(10 Marks)

Ans.2 Preliminary Expenses:

The term Covers all Revenue Expenditure incurred on establishment of a project in the existing/ new factories from project planning to final commissioning stage.

The charging of preliminary charges should commence when production is established. Even after commissioning, there may be trickle production for more time before regular batch/bulks production is undertaken. During this stage, over head charges incurred will be absorbed only partially the rate being fixed by the GM of factories. The unabsorbed overhead charges incurred during trickle production will also be treated as Preliminary expenses. The term TRICKLE PRODUCTION should normally mean Production up to five percent of the full/planned/ installed capacity.

Note: During trickle production, the Direct labour hour/charges will be estimate on the basis of quantities expected to be produced during this stage. Similarly the overhead charges (both fixed and variable) relevant to the expected load at this stage will also be assessed. the overhead charges to be levied on Production during the trickle production stage will be at the percentage which the above estimated overhead charges bear with the estimated labour charges.

ACCOUNTING AND CHARGING:

- (i) The rate of charging the preliminary Expenses should be in terms of Rupee(s) per unity product(s)
- (ii) The rate of charging the Preliminary Expenses should be based in the Programmed Production over a period which should not entered beyond 10 years.

(iii) Given the current four year Production Programme the rate of charging the Preliminary Expenses may be decided on a realistic projection of requirement beyond the first four years in consultation with the user services and expected capacity utilisation of plants.

(iv) A periodical review depending on charges in production programme to be undertaken of the progress in liquidation of the preliminary expenses so that the rate(s) of charging can be revised as and when found necessary to ensure liquidation of the preliminary charges within a period of ten years.

(v) The amount remaining to be charged to production at the end of each year will be shown as an Asset in "Statement of Assets and Liabilities of the Factory"

(vi) A Ledger Account in respect of Preliminary Expenses is maintained in the "PRINCIPAL LEDGER" Item No. XXV of Annexure A to para 840 refers.

(Authority: Item 10 of Appendix 'A' of OM Part VI Vol.II)

- Ques.3 (a) What are the circumstances under which idle time wages are paid in Ordnance Factories?
(3 Marks)
- (b) Who prepares the disbursement certificate in ordnance factories? What particulars are shown in it?
(3 Marks)
- (c) What is the due date of payment to industrial employees?
(12 Marks)
- (d) How payment of Pay and Allowances are made by a new establishment when LPC is not received from the old Station?
(2 Marks)

Ans.3

Idle time:

1. High atmospheric humidity hindering certain operations in explosives factories or unfavorable weather conditions hindering specialized optical work depending on sunlight.
2. Plants, furnace and transport breakdowns, inspection and repairs.
3. Temporary shortage of material
4. Failure of power supply
5. Temporary shortage of work in highly specialized sections such as instrument repair and optical Sections.

Idle time payment may be made under certain specified conditions to the workmen temporarily rendered surplus for reasons of such nature as specified above and who cannot be provided with a suitable alternative employment in the normal manner. Such idle time may be ordered by the GM of the factory for the first six working days in respect of any workman. After that time, the arrangement will if necessary be continued under the authority of Ordnance Factory Board.

Idle time payment for Causes other than those enumerated above should be covered by separate Govt. sanction. The idle time payment will not be admissible on the occasion when it is due to wrongful action or misconduct of the employees making in impracticable to employ certain class of workmen.

(Authority: Para 160 OM Pt. VI Vol.I)

(b) A monthly disbursement certificate (IAFO 1929) is prepared by the Factory for industrial employees who are paid out of advances obtained monthly from the local AO. The payment side of the Certificate show.-

(i) the total amount passed for payment in the muster rolls (ii) Deductions made therefrom (iii) the net amount payable and the actual amount disbursed. Arrear wages paid and also the payments made through supplementary Bills on a/c of discharge are also noted therein. The receipt side of the certificate shows (i) Advances received from the AO and sums if any, drawn on Emergency Cash Requisitions and also (ii) any receipt for undisbursed wages remitted by M.O. The difference between the receipts and payment represents undisbursed amount which is required to be recorded on the payment side of the disbursement certificate and both the sides balanced. The Treasury receipt for the undisbursed amounts along with the disbursement certificate duly supported by requisite schedules should be sent to the AO on or before the 10th of the second month following.

(Authority: Para 216 of OM VI- Vol-I)

(c) **Due date of Payment of IE's**

Under the payment of wages Act 1936 the payment for any wage period (the earlier Calendar month in the Core of Ordnance and Ordnance Eqpt. Factories) are payable before the expiry of the 10th day following the last day of the wage period if the Factory employs 1000 or more workmen and before the expiry of 7th day following in case of factories employing less than 1000 workmen. It is therefore necessary that the factory would receive the muster roll showing gross wages in sufficient time to enable factory authorities to effect various authorised recoveries of dues from workmen. The exact date on which the rolls should be sent to the Factory should be settled between the Accounts office and the General Manager of the Ordnance Factory.

(Authority: Para 142 OM VI- Vol.I)

(d) Provisional Payment of Pay and allowances, pending receipt of the LPC can be made by the new establishment from the date of reporting for duty in that establishment on the basis of Pay shown in the transfer orders. For this purpose, the designation and rate of Pay (including scale of Pay) in the old establishment should be shown in the transfer memos.

The above procedure will apply in Case of Transfer to Post Carrying higher scales of Pay. In the case of transfers to a grade/post carrying lower scale of Pay, rates of Pay to be admitted should be restricted to the minimum of the scale of Pay of the lower post pending verification and readjustment in receipt of LPC.

(Authority: Para 280 & 281 of OM VI - Vol.I)

Quest.4 (a) How the leave with full pay (EL) of an industrial employee is regulated? What is the procedure of regulation of EL of an IE transferred to a NIE and vice- versa.

(4 Marks)

(b) How the minimum earnings of industrial employees in a new ordnance factory are regulated?

(6 Marks)

Ans.4 (a) (i) Leave to Civilian Industrial Employees is governed by (1) Departmental Rules (2) Factories Act 1948 provisions regarding IE's Leave under departmental rules is available in "The Civilians in Defence Services(IE's) leave Rules 1954." which has been reproduced in OM Part VI. The salient features of the rules as it stands today after being amended from time to time are as follows:-

(ii) Under Departmental Rules, an IE is entitled to EL with wages the rate of 30 days for each completed year of service irrespective of the number of years of service subject to the condition that during the a ailment of such leave the intervening holidays shall also count towards such leave (DOPT No. 12012/1/97 EST/Leave) dt. 20-7-1998] Reproduced in PCA(Fys) Calcutta Part-I O.O. No. AT/29/dt. 24-9-1998

2. Leave to industrial employees is credited only with wrt completed years of service. Therefore, advance credit of leave is not admissible.

3. An IE can accumulate maximum 120 days of EL and he is also entitled to leave encashment up to 120 days. (Ministry of Defence No. 11(3)/92/d(iv-II) dt. 12.09.2000

4. If a Govt. servant governed by the CCS leave Rules 1972 i.e. NIE is appointed/transferred to an industrial establishment the authority competent to grant leave shall suo moto issue order granting cash equivalent to leave salary.

5. An IE on transfer/appointment/promotion if appointed to a NIE post allowed to carry forward balance leave of both.

(Authority: Para 171 of OM-VI, Vol. I)

(b) **Minimum Monthly earnings in a New Factory.**

Workmen will be granted a minimum salary equal to their average earnings until such time as they are put on piece work in the new Factory/inspectorate or for 24 months from the date of transfer whichever is earlier. This does not apply to periods of leave or other absence from duty.

Note(a) The average earnings shall be calculated on the basis of actual earnings of individual in the previous factory/inspectorate during the three complete calendar months preceding the month of their transfer.

(b) The term actual earnings in (a) above means piece work and/or duly work earnings including over time pay and overtime bonus but excluding dearness HRA, Compensatory and other allowances. For maintenance workers, incentive bonus will be taken into account for purpose of calculation of actual earnings. The OT pay and OT bonus will, however, be included subject to the following candidates:-

(i) That regular OT was worked in the parent Factory in the dept. in which the workmen was employed for at least 3 complete calendar months preceding the month of transfer and

(ii) A quarterly certificate is furnished by GM that he was granted a minimum salary equal to their average salary, including OT and OT bonus, whichever applicable in the three months preceding the month of transfer.

The payment of OT allowance and bonus in the above cases will, however be subject to the same candidates as laid down under notes (b) above

In addition they will be entitled to advance of TA/DA as admissible under normal Rules.

For the purpose of above concessions, a new Factory will be treated as a "NEW FACTORY" till three years from the date of production starts and the same holds good for new inspectorate also. For this purpose production would be deemed to have commenced even if there is only trickle production for such particular line of Production of an identifiable Product of the Factory/inspectorate. Identifiable product of a new factory/inspectorate will be those as stated and accepted at the time of setting up of production. These concessions will be admissible for a period of 24 months to all employees to whom they are applicable and who are transferred to a new factory/inspectorate before it ceases to be new.

(Authority: Para 294, Sub Para -IV, OM VI-I)

Ques.5

How the payment of overtime wages are regulated under Departmental Rule and under Factories Act, 1948?

(10 Marks)

Ans.5

Payment of OT under Departmental Rules will arise when a workman works beyond the normal working hours of OF/OEF which has been fixed at 44 $\frac{3}{4}$ hours per week i.e. 8 hours on all week days and 4 $\frac{3}{4}$ hours on Saturdays.

Payment under Section 59 of the Factories Act 1948 arises for work done beyond, 9 hours a day or 48 hours in a week.

The total of OT hours worked in a week should be divided into OT Hours under Factories ACT and departmental OT.

In all cases where OT is admissible to a worker both under provisions of the Factories Act and under Departmental Rules, OT will be calculated as under: -

(i) For work in excess of normal working hours and up to 9 hours on any working day or 48 hours in a week, OT will be paid at the rates prescribed in the Departmental Rules. For Calculating OT Pay under this item, basic Pay, DA, Sp. Pay personal Pay, Pension (to the extent taken in to account for the fixation of Pay in the case of re-employed pensioners) and CCA will be taken into account HRA, conveyance allowance, TA, DA, permanent travelling allowance, clothing allowance, uniform allowance, washing allowance and CEA will not be taken into account.

(ii) For work in excess of 9 hours on any day or 48 hours in a week, OT will be paid at the rates prescribed in the Factories Act. For calculating OT under this item the expression basic wages in titled to be used in Section 59(3) of the Factories Act includes basic wages, DA, CCA, HRA. The term ordinary rate of wages as per section 59 of Factories Act 1948 includes basic Pay plus such allowance as the worker is for the time being entitled to.

Note: CEA, Conveyance allowance, Bonus, wages for OT work etc are not included.

Both for computing actual work performed and the normal working hours for purpose of Departmental Rules, lunch break and periods of rest will be included. Similarly, for purpose of Calculation under 'Factories Act' periods of lunch break and rest will be excluded for computing actual work performed. The number of hours for which Saturday bonus is paid without actual work being performed will not reckon for the purpose of computing normal working hours.

The split up between hours of OT under departmental overtime and Factories Act may be done by ascertaining the hour of OT under Factories Act in the first instance. The difference between

the total hours of OT and OT under Factories Act will be overtime under Departmental Rules. Thus, if a worker work for 54 hours in a week:

OT under Factories ACT is $54 - 48 = 6$ hours. Total OT hours is $54 - 44 \frac{3}{4} = 9 \frac{1}{4}$ hrs.

OT under Departmental Rules is $9 \frac{1}{4}$ hrs. - 6 hrs = $3 \frac{1}{4}$ hours.
i.e. difference between 48 and $44 \frac{3}{4}$

Calculation of OT hours will be done on daily basis being more beneficial i.e. from 8 hours and 9 hours 1 hour under departmental Rules and from 9 hours to 10 hours under Factories Act.

Departmental OT @ 1 hour par day for 5 days = 5 hours

1 hours per day for 5 days = 5 hrs.

Total OT hours @ 2 hours per day = 10 hrs

(Authority: Para 191 to 195 OM - VI Vol. I)

- Quest.6 (a) To how many paid holidays are industrial employees entitled? How the payment for such holidays is regulated? (6 Marks)
- (b) What is Scale Audit? How is it conducted in Ordnance Factories? (4 Marks)

- Ans.6 (a) The industrial employees are entitled to 16 paid holidays. Out of these holidays, three holiday namely Republic Day, Independence day and Mahatma Gandhi's birth day being national holidays are compulsory. The remaining 13 holidays will be determined every year by the establishment/organisations themselves on the basis of the guidelines issued by the Govt. from time to time.

Holiday Pay is not admissible separately to day workers as the element of pay stands included in their daily wages.

Holiday Pay for piece workers is to be calculated based on the formula $(1/N-5) \times$ basic monthly rate of Pay where 'N' represents the number of days in a month and 'S' represents the number of Sundays in the month. Holiday Pay is paid separately.

Holiday Pay is not, however admissible to them when the Paid holidays fall within a spell of leave with Pay /half pay in which case the entire period will be treated as leave with Pay /HPL as the case may be and paid accordingly. Holiday Pay is however, admissible for any Paid holiday which may be suffixed or prefixed to leave.

In the case of day workers when paid holidays fall within a spell of leave with leave/half Pay, while the entire period will be treated as leave no payment of leave salary will be made for the Paid holidays within the paid of such leave.

(Authority: Para 202 OM VI Vol.I)

- (b) The over all strength of IE's in each Factory for each grade of labour for each trade will be fixed by the OFB and intimated to the Branch AO accordingly. Any decrease/increase in the strength as approved by him from time to time will be intimated to the them. The Accts officer will check the actual strength with the sanctioned strength on receipt of Factory orders intimating promotions, reversions, transfers to different trade/grades etc. and bring to the notice of the management any variation noticed by them for regularization. A register will be maintained in the prescribed proforma for this purpose. The object is to ensure that authorized strength for each trade/grade is not conceded as a result of promotion/transfer from other Factories/establishments,

(Authority: Para 256 OM VI-Vol.I)