



PART II.—REVENUE (J)

Administration Report of the
General Treasury
for 1947

(T. D. PERERA, Esq.)

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TREASURY ADMINISTRATION REPORT—1947.

PART I.

General.

CHAPTER 1.—INTRODUCTORY.

THE change-over from war-time to normal conditions has been slow and this report necessarily reflects only a further transitional period.

2. The Treasury continued to perform its functions as guardian of the Island's finances and to make such rules for economy and efficiency as were compatible with the best interests of the country.

3. During the year, Ceylon was granted a New Constitution which necessitated changes in the set-up and composition of the Treasury. Under the New Constitution the Minister of Finance is charged with the administration of the subjects and functions dealt with by the General Treasury. The Permanent Secretary, Ministry of Finance, is the Secretary to the Treasury. Subject to the general direction and control of the Minister of Finance the Secretary to the Treasury supervises the departments of the Finance Ministry. The Deputy Secretary to the Treasury is the Head of the department of the Treasury. Under the New Constitution some of the functions which were previously exercised by the Treasury such as Tender Board procedure, grant of certain types of leave and advances on salaries, etc., have devolved on the Permanent Secretaries, who are the chief accounting officers for their respective Ministries. On the other hand, the Treasury has taken over a large amount of work which used to be dealt with by the Chief Secretary. On the whole, the Treasury has been understaffed and is hampered by the lack of suitable accommodation.

PART II.

Section 1.—Finance Division.

CHAPTER 2.—INVESTMENTS.

4. *Surplus Funds.*—The following statement shows the face value and market value of the sterling securities held by the Crown Agents for the Colonies at the end of each financial year:—

End of Financial Year.	Face Value.			Market Value.		
	£	s.	d.	£	s.	d.
1944-45 ..	16,226,093	13	0	16,412,081	8	4
(a) 1945-46 ..	22,488,264	10	11	23,291,605	5	7
(b) 1946-47 ..	406,179	11	6	403,430	8	1

5. The Deputy Secretary to the Treasury also held the following amounts in Ceylon and Indian Government Rupee Securities:—

End of Financial Year.	Face Value.			Market Value.		
	Rs.	Rs.	c.	Rs.	Rs.	c.
1944-45 ..	40,940,400	0	..	41,930,356	1	
(a) 1945-46 ..	40,727,400	0	..	42,681,143	86	
(b) 1946-47 ..	50,613,100	0	..	52,190,724	33	

The fall in the holdings in Sterling Securities in the course of 1946-47 was due to sales of securities for financing food purchases.

6. *Ceylon University Building and Equipment Fund.*—The following amounts were held by the Crown Agents in Sterling Securities at September 30 each year:—

	Face Value.			Market Value.		
	£.	s.	d.	£.	s.	d.
(a) 1946 ..	196,178	11	0	210,496	2	8
(b) 1947 ..	49,770	18	7	50,189	3	1

The Deputy Secretary to the Treasury also held the following amounts in Ceylon Government Rupee securities at September 30 each year:—

		Face Value.		Market Value.	
		Rs.	c.	Rs.	c.
1946	..	744,800	0	778,230	0
1947	..	220,800	0	230,024	50

7. *Sale of Investments, Appreciation, Depreciation, &c.*—(a) Sale of investments held on account of Surplus Funds in London and in India in the year 1946 resulted in a profit of Rs. 67,651.86. In the year 1947 a loss of Rs. 206,901.95 was recorded.

(b) The annual revaluation of investments at September 30, 1946, showed an appreciation of Rs. 7,870,498.02. The annual revaluation at September 30, 1947, showed a depreciation of Rs. 624,435.32.

8. *Loans to Local Authorities, &c.*—A sum of Rs. 200,000 granted to the Municipal Council, Galle, for water supply, was outstanding at September 30, 1947.

9. *Loans to Municipal Council, Colombo, &c.*—No loans were granted to the Municipal Council, Colombo, during the period under review.

Loans aggregating Rs. 2,125,000 and Rs. 1,160,000 were granted to the Agricultural and Industrial Credit Corporation in instalments during the financial years 1945-46 and 1946-47 respectively. Repayments amounted to Rs. 50,000 and Rs. 200,000 in the respective years.

CHAPTER 3.—THE SHROFF'S DEPARTMENT.

10. *Remittances to and from Kachcheries.*—The following statement shows the number of remittances and their total value sent out by the Treasury to the several Kachcheries and received by the Treasury from the Kachcheries:—

	Outward Remittances			Inward Remittances.		
	No.	Amount.	No.	Amount.	Rs.	c.
1945-46	..	107 .. 16,871,400 0	..	273 .. 59,040,076 56		
1946-47	..	64 .. 18,964,100 0	..	186 .. 39,555,271 40		

The number of remittances received by post and their aggregate value for the period 1945-46 and 1946-47 is as follows:—

	Number of Remittances.	Total Value.	
		Rs.	c.
1945-46	..	261 ..	274,322 5
1946-47	..	189 ..	285,317 75

11. *Receipts and Payments.*—In addition to transactions at the exchange counters, the Shroff's Department received the following sums over the counter as revenue or deposit items:—

	Rs. c.	
1945-46	..	8,792,237 41
1946-47	..	8,436,030 25

Sums paid in cash over the payment counters during this period amounted to:—

Civil Pensions.	W. & O. P. Pensions.	Pensions under Ordinance No. 13 of 1906.		Salaries and other Payments.	Total.
		Rs.	c.	Rs.	c.
1945-46	.. 2,530,563 99	631,299	17	612,079	19
1946-47	.. 3,042,487 2	678,281	77	716,129	25

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12. *Circulation of Currency Notes.*—The gross, net and active circulation of currency notes for the years 1946 and 1947 as at September 30 of each year were as follows:—

	Gross circulation. Rs.	Net circulation. Rs.	Active circulation. Rs.
September 30, 1946	408,130,573	404,407,785	286,530,536
September 30, 1947	405,383,539	402,715,022	231,343,976

For the purpose of these figures net circulation is obtained by taking away from the gross circulation the value of currency notes in the Treasury and the Kachcheries, and active circulation by deducting from the net circulation the value of the currency notes held by the Banks in Ceylon.

13. *Circulation of Subsidiary Coin.*—The value of subsidiary coin in circulation at September 30 of each year was as follows:—

	Subsidiary Notes. Rs. c.	Subsidiary Coin. Rs. c.
September 30, 1946	3,114,413 0	14,329,853 25
September 30, 1947	2,497,413 0	13,828,893 25

CHAPTER 4.—THE ACCOUNTS OF FOREIGN GOVERNMENTS AND OF THE CROWN & OTHER AGENTS.

14. *Crown Agents.*—During the financial year 1946-47 the receipts amounted to £4,107,222 and the payments totalled £31,343,162 as against £4,363,591 and £37,886,697 respectively for 1945-46.

15. The following summary shows the nature and extent of the work done by Crown Agents and the commission earned by them in procuring and shipping stores during the financial year under review as compared with corresponding figures for 1945-46:—

	Stores for Government use. £.	Stores for commercial use. £.	Commission paid to Crown Agents. £.
1945-46	1,740,575	1,013,330	36,236
1946-47	2,693,643	479,050	43,773

16. *Bombay, Calcutta & South African Agents.*—The total values of stores procured and shipped by Messrs. Duncan Stratton & Co., Bombay, Messrs. Gillanders Arbuthnot & Co., Calcutta, and Messrs. Ewing, Mc. Donald & Co., Ltd., Cape Town, for the Ceylon Government during 1946-47 were as follows. Corresponding figures for 1945-46 are also shown below for purposes of comparison:—

	Bombay Agents. Rs.	Calcutta Agents. Rs.	South African Agents. Rs.
1945-46	305,011	577,389	107,602
1946-47	274,993	457,295	112,378

17. *Other Governments.*—The subjoined table shows the position of the Exchange Accounts with other Governments in respect of 1946-47 as compared with corresponding figures for 1945-46.

	Receipts.			
	1945-46		1946-47.	
	On their behalf. Rs.	On behalf of Ceylon. Rs.	On their behalf. Rs.	On behalf of Ceylon. Rs.
F. M. S. Government	104,145	7,278	64,678	2,786
Singapore Government	14,400	—	—	5,808
India	80,902	11,224	34,532	80,753
Burma	1,500	—	330	—

	Payments.			
	1945-46		1946-47	
	On their behalf. Rs.	On behalf of Ceylon. Rs.	On their behalf. Rs.	On behalf of Ceylon. Rs.
F. M. S. Government	2,197,182	31,703	2,682,904	65,215
Singapore Government	134,973	21,561	134,406	126,551
India	393,134	8,629,172	555,118	11,344,206
Burma	14,710	—	11,526	97

18. In addition to the normal Treasury work the following duties which arose as a result of the war are yet being performed:—

- (a) Lend-Lease Accounting;
- (b) Payments and accounting for stores procured in the United States of America and Canada via British Colonies Supply Mission, Washington, for Government and commercial distribution;
- (c) Payments for foodstuffs imported from abroad.

19. The following table indicates the value of stores imported from the United States of America and Canada during 1947 as compared with corresponding figures for 1946:—

		1946. Rs.	1947. Rs.
For commercial distribution	Superintendent of Stores and Supplies	6,170,160	5,133,258
	Controller of Paper	317,073	308,093
For Government use	Controller of Textiles	38,701	—
	Director of Food Supplies	678,169	—
	Deputy Superintendent of Stores	740,358	698,264
	General Manager of Railways	3,161	5,272
		7,947,622	6,144,887

Although it was anticipated at the time of writing the last report that the detailed accounts in respect of these transactions would have been finally disposed of at the end of last year, the accounts are still not completed as the Crown Agents have yet to receive claims from America in respect of these transactions.

20. During the financial year 1946-47 the value of foodstuffs paid for by the Crown Agents amounted to Rs. 329,937,501 as against Rs. 267,565,453 during 1945/46.

CHAPTER 5.—MAIN ACCOUNTS OF THE ISLAND.

21. *Financial Statements.*—The Annual Accounts of the Island for the financial year 1946-47 are with the Government Printer and it is expected that they will be published by the end of June, 1948.

22. *Revenue and Expenditure.*—Two statements are attached as Appendices I and II to this report. They provide figures for the financial year 1946-47 under review in respect of (a) the Revenue and Expenditure under the various Heads or Services and (b) the percentage which each of these Heads or Services forms of the aggregate of the Year's Revenue and Expenditure.

Revenue.—It will be observed from these statements that during the financial year 1946-47 under review the Revenue as compared with the previous financial year 1945-46 has risen from Rs. 383 million to Rs. 461 million, i.e., an increase of 20 per cent. The chief source of Revenue has, however, as previously, been Customs Duties, providing about 54 per cent. of the total.

Expenditure.—Expenditure has increased from Rs. 312 million in 1945-46 to Rs. 405 million in 1946-47, an increase of about 30 per cent. The percentage of expenditure on each of the different services during the financial year under review 1946-47 as compared with the previous financial year 1945-46 remains much the same.

23. *Loan Expenditure.*—During the financial year under review a sum of Rs. 32,072,616.21 was expended in respect of Loan Expenditure. This figure

includes not only expenditure from Loan Funds but also advances from Revenue for Loan works pending charge to loans.

24. *Advances.*—During the year under review considerable increases became necessary in respect of advances and imprests. The total debits amounted to Rs. 1,987,898,871.26 and the total credits Rs. 1,052,659,072.87. The reasons in brief for these increases are (a) The undertakings by the State of increased purchases, at higher cost, of rice and other essential foodstuffs, textiles, paper; (b) the expansion of the industrial and trading activities of the Departments of Commerce and Agricultural Marketing; and (c) the advances on behalf of His Majesty's Government and other Governments.

25. *Imprests.*—During the year under review the following departments were raised to Class "A" in order to simplify payments and accounting work that would otherwise have devolved on the Treasury:

Rubber Commissioner
Director of Civil Aviation.

CHAPTER 6.—PUBLIC DEBT.

For the Period 1945-46 to 1946-47.

26. On September 30, 1947, the gross public debt of Ceylon (excluding war loans) amounted to Rs. 468,958,133 which consisted of a sterling debt of £9,408,775 (Rs. 125,450,333) and a rupee debt of Rs. 343,507,800. The sterling debt has remained unchanged since 1945, while the rupee debt has increased by Rs. 76,603,700. This net increase is due to the raising of Rs. 100 million as a part instalment of the Rs. 200 million loan authorised by Ordinance No. 32 of 1945, less the repayment of the $2\frac{1}{2}$ per cent. Home Defence Loan 1945 "B" Series, amounting to Rs. 9,787,200 and the $2\frac{1}{2}$ per cent. Home Defence Loan 1946 amounting to Rs. 13,609,100. The local loans continue to afford a useful avenue for absorbing local savings.

27. The War Loans raised in Ceylon for the purpose of relending to the United Kingdom Government have been reduced from Rs. 105,926,920 on September 30, 1945 to Rs. 98,980,150 on September 30, 1947, the reduction being due to repayments of portions of the 3 per cent. Defence Loan and the Interest free loan.

28. The interest free loan was closed for subscription in January 1946 with a total subscription of Rs. 5,926,920. Most of the subscriptions have been repaid, the balance outstanding on September 30 1947, being only Rs. 368,250.

29. The annexed table shows the volume of business transacted in regard to these loans:—

Year	Loans raised.	Loans repaid.	No. and amounts of Interest Warrants issued.		Turnover of business in Transfers, Exchanges, &c.	Amount of Sinking Fund contributions invested.
1945-46 ..	68,637,900..	23,396,300..	9678..	11,217,146..	76,451,050..	5,329,517
1946-47 ..	31,362,100..	— ..	9464..	12,646,296..	75,142,815..	10,649,786

30. The market for Ceylon Government stocks during the period under review continued to be steady, the transaction prices comparing very favourably with those of similar stocks in the United Kingdom and India.

31. The issue of Treasury Bills which commenced in 1941 was temporarily discontinued in June 1947 and no Treasury Bills were outstanding on September 30, 1947.

32. *The Ceylon Government War Purposes Fund.*—The gross subscriptions to this Fund which was closed in December 1945, was Rs. 7,185,933.50. Out of this sum, Rs. 4,006,907.23 was remitted to the United Kingdom Treasury and Rs. 3,171,914.39 was paid to the various local funds connected with War Services and other charities. The unexpended balance left in the Fund at the end of December 1947 was Rs. 7,111.88.

Section 2.—Supply Division.

CHAPTER 7.—REVENUE AND EXPENDITURE, SUPPLEMENTARY ESTIMATES, &c.

33. *Revenue and Expenditure.*—The actual revenue and expenditure figures for the financial year 1946-47 and the surplus are as follows:—

	Rs. c.
Revenue ..	461,173,262 58
Expenditure ..	405,387,433 51
Surplus ..	55,785,829 7

As a matter of interest, the actual revenue and expenditure figures for the last ten years are reproduced below:—

Year.	Revenue Rs.	Expenditure. Rs.	Surplus (+) or Deficit (-). Rs.
1936-37	119,196,899	108,778,780	+ 10,418,119
1937-38	113,347,591	115,337,266	- 1,989,675
1938-39	116,928,463	127,050,757	- 10,122,294
1939-40	132,681,767	131,356,249	+ 1,325,518
1940-41	135,530,337	127,345,109	+ 8,185,228
1941-42	158,804,287	153,289,233	+ 5,515,054
1942-43	200,006,747	185,006,507	+ 15,000,240
1943-44	250,565,391	210,680,627	+ 39,884,764
1944-45	303,685,076	254,699,611	+ 48,985,465
1945-46	383,263,327	312,855,337	+ 70,407,990

34. *Financial Reserves.*—The positions as at September 30, 1947, of the various Financial Reserves constituted under the Financial Reserves Ordinance, No. 16 of 1944, are set out below:—

	Rs.
(a) <i>General Reserve</i> —Balance at September 30, 1947	.. 10,000,000
(b) <i>National Development Reserve</i> —	
Amount transferred from the surplus in the Island's Balance Sheet of	1942-43.. 30,000,000
Do.	1943-44.. 40,000,000
Do.	1944-45.. 49,000,000
Do.	1945-46.. 70,000,000
Amount transferred from War Risks (Goods) Insurance Fund in	1945-46.. 4,000,000
Do.	1946-47.. 750,000
Balance at September 30, 1947 ..	193,750,000

Against the Reserves mentioned above must be set off the losses sustained by the Railway Department payable from the Consolidated Fund, the Rubber Commissioner's Department and on the Food Activities carried on by Government, to write off which no provision has been made up to September 30, 1947, and which consequently appear as assets in the Island's Balance Sheet as at September 30, 1947. The estimated amount of these losses up to September 30, 1947, is Rs. 112,000,000.

	Rs.
Amount transferred from the Railway profits of	1942-43 .. 7,030,464
Do.	1943-44 .. 15,998,862
Do.	1944-45 .. 3,000,000
Do.	1945-46 .. 388,824
Balance at September 30, 1946 ..	26,418,150
<i>Less</i> expenditure charged against the Reserve in 1946-47 ..	1,050,017
Balance at September 30, 1947 ..	25,368,133

	Rs. c.
(d) <i>Department of Government Electrical Undertakings—Reserve, Extensions and Renewals Fund—</i>	
Amount in the Reserve on May 2, 1944, when it was constituted as a Financial Reserve under Ordinance No. 16 of 1944	2,800,259 38
Less Expenditure in 1943-44	85,715 90
	<hr/>
Add amount credited to the Reserve from the surplus in 1943-44	2,714,543 48
	544,187 86
	<hr/>
Balance at September 30, 1944	3,258,731 34
Less expenditure in 1944-45	187,169 90
	<hr/>
Add amount credited to the Reserve from the surplus in 1944-45	3,071,561 44
	609,765 23
	<hr/>
Balance at September 30, 1945	3,681,326 67
Less expenditure in 1945-46	179,419 8
	<hr/>
Add amount credited to the Reserve from the surplus in 1945-46	3,501,907 59
	372,847 88
	<hr/>
Balance at September 30, 1946	3,874,755 47
Less expenditure in 1946-47	187,125 35
	<hr/>
Balance at September 30, 1947	3,687,630 12

There was no credit in 1946-47 to the Reserve as there was a loss of Rs. 104,837.37 in the working of the Department.

(e) *Ceylon University Building and Equipment Fund.—*

	Rs. c.	Rs. c.
Balance at September 30, 1946	3,606,816 11	Expenditure in 1946-47
Interest on Investments	114,246 62	1,789,780 52
	<hr/>	Balance on September 30, 1947
	3,721,062 73	1,931,282 21
	<hr/>	3,721,062 73

35. *Revision of Taxes during 1946-47.*—The following were the main changes in taxation effected during 1946-47:—

- (1) Export duty on tea increased by Rs. 35 per 100 lbs. The previous duty was Rs. 3.15 per 100 lbs.
- (2) Export duty on Rubber repealed. The previous duty was Rs. 3.25 per 100 lbs. of which 75 was levied under the Medical Wants Ordinance and Rs. 2.50 under the Customs Ordinance. The former continues to be recovered and the latter has been withdrawn.
- (3) An export duty of Rs. 10 per cwt. levied on Copra with equivalent duties on other coconut products. Half the revenue so obtained is passed on to the producer.
- (4) Customs duty on imported salt removed.

36. *Tender Board.*—During the period October 1, 1946, to September 30, 1947, the Tender Board held 56 meetings. The total number of contracts decided was 759.

CHAPTER 8.—INSURANCE FUND FOR GOVERNMENT UNDERTAKINGS.

37. The State Council approved in 1944 the creating of a Government Insurance Fund for Government Undertakings to be administered by the Treasury. The Scheme is confined to Government industrial concerns or concerns with commercialised accounts. It is not proposed to undertake insurance in the case of departments whose losses would be met in the ordinary way from votes.

38. The Scheme provides for motor insurance, aviation insurance, workmen's compensation and insurance against fire. The rates of premium have been as far as possible the same as those charged by private companies. Premia were paid into the Treasury to the credit of the Government Insurance Fund from the Advance Accounts of the departments.

39. The following summary shows the position of the Insurance Fund from its inception:—

	Balance of Fund on October 1.	Premia received during Year.	Claims paid during Year.	Balance of Fund on September 30.	
				Rs.	c.
1944-45 ..	—	..	4,485 13	—	4,485 13
1945-46 ..	4,485 13	..	43,345 8	—	47,830 21
1946-47 ..	47,830 21	..	87,034 9	412 29	134,452 1

CHAPTER 9.—“ SERVICE ” FIXED ASSETS.

40. With the winding up of the Committee of the Board of Ministers on Post-War Problems on September 16, 1946, all work connected with the negotiation for “ Service ” fixed assets required by Government departments was taken over by the Treasury which was represented on the “ Service ” Fixed Assets Disposals Board by the Controller of Finance and Supply and later by the Accountant, Systems, on his behalf.

41. As a general rule, the Government has confined itself to the taking over of assets on Crown Land. Such assets rank for later price settlement with the Imperial Government, but with a view to apprise the legislature of the proposed action and the approximate assessment of the liability, financial provision (if it did not already exist) was obtained by supplementary estimate and the amount allowed to lapse.

42. The total value of the buildings taken over up to October 31, 1946, as assessed by the Government Valuer, is Rs. 1,206,775.66 and that of the roads and bridges constructed or improved by or at the expense of His Majesty’s Government is Rs. 1,648,130.67. The assessment of the value of assets taken over in 1947 is in progress.

43. Assets on private land, if specially required for Government purposes were also taken over subject to later price settlement.

Section 3.—Establishments.

CHAPTER 10.—SALARIES AND CADRE.

44. *Additional Appointments.*—The total number of Government employees which was 122,483 in 1946 rose to 146,597 in 1947, an increase of 24,114. In this connection reference is requested to the statement at Appendix III.

Of the 24,114 additional employees about 10,000 are daily-paid. A considerable number of the new employees were ex-servicemen.

45. *Salaries Committee and Conversion Committee.*—The Salaries Committee which was recalled in October, 1946, to re-align the wages of the daily-paid employees in the light of the recommendations contained in Sessional Paper VIII of 1946 issued its report in January, 1947, and its recommendations have been implemented.

The Conversion Committee which was appointed in June, 1946, in order to issue instructions to enable conversions of salaries to be made and which issued its first interim report in October, 1946, published its second interim report in January, 1947, and its final report in April, 1947.

46. *Cadres Commission Report.*—A report on the organization, staffing and operative methods of Government departments was published in March, 1948. Its recommendations which are of a far-reaching character are under the active consideration of the Government.

47. *Special Area Allowance.*—An allowance which was granted from March, 1943, in order to attract casual unskilled labour to out-of-the-way areas, at rates ranging from 10 per cent. to 25 per cent. of the wage has been stopped since October 1, 1947, consequent upon the general increase of wages.

CHAPTER 11.—TRAVELLING EXPENSES, LEAVE, PASSAGES, ADVANCES, SECURITY.

48. *Travelling: Railway Concessions.*—During this year considerable changes were introduced in the Railway concessions applicable to Public Officers. The concession of Season Tickets at reduced rates which had been withheld from clerks and officers of similar standing and peons appointed on and after January 1, 1929, was extended with effect from April 1, 1947, to all officers in the specified categories. The privilege was further extended with effect from June 1, 1947, to temporary employees on monthly or daily pay. The concession which was originally confined to officers working in Colombo, Kandy, Galle, Jaffna, or Kalutara, was extended to all officers of these grades working in any station.

Holiday Warrants.—The concession of holiday warrants was extended to daily-paid employees in February, 1947, subject to the condition that they should be entitled to casual leave. The original restriction that holiday warrants could be issued only to temporary employees paid from the Personal Emoluments vote was removed and the concession was made available to all officers, irrespective of the source from which they were paid.

Mileage, Subsistence and Lodging Allowances.—No changes were made in the rates. The temporary increases in the rates of lodging allowance at specified centres have been allowed to continue.

Change of Station.—The period of operation of the concession of free transport of family and/or furniture to the home station instead of to the new station to which an officer has been transferred has been extended till the end of March, 1949. The 100 per cent. temporary increase on packing allowances also continues to be in force.

General.—The new Financial Regulations vest a large measure of responsibility in Permanent Secretaries and Heads of Departments. The Treasury considered it desirable to delegate further authority under para 2 of the Introduction to Financial Regulations, Part II., in matters of minor importance previously subject to Treasury control and accordingly authority to sanction: (a) refunds of train fare, and (b) rates of cart hire in excess of those embodied in the Financial Regulations, was vested in Permanent Secretaries to Ministries by means of circular instructions. These instructions also indicated that all temporary increases in the rates of commuted travelling allowances should cease and that steps should be taken to review and standardise them on the basis of the actual rates indicated in the Financial Regulations for each officer or class of officers.

49. *Leave: Leave to monthly-paid Minor Employees.*—Hitherto only those monthly paid minor employees who had continuous service of 2 years and upwards were eligible for casual leave. The qualifying period has now been reduced to 1 year. It has also been decided to grant 14 days casual leave to the new entrants of this class.

Special Leave to Government Employees suffering from Tuberculosis.—All Government employees suffering from tuberculosis are now allowed special full pay leave for a period of six months provided the employees are considered to have a reasonable chance of recovery. This leave is granted in addition to the normal leave for which the employee is eligible. Only those employees who fall within the scope of P. S. R. 112 are allowed this leave.

Study Leave to Medical Officers.—Medical Officers who are selected by Government to undergo a course of special study outside Ceylon are allowed full-pay study leave for the entire period prescribed by the Director of Medical and Sanitary Services, as necessary for such study or training.

50. *Passages.*—There was a slight improvement in the shipping position.

During the period of the war there was only "one class" accommodation, but with the re-introduction of commercial vessels, the pre-war second class berths were abandoned on British vessels and a wider range of "Tourist" accommodation was made available with fares varying from £48 to £64, to England. First class accommodation too was of an improved type with increased fares varying from £80 to £120.

The expenditure on passages was as follows:—

		Rs.	c.
1945-46	..	291,447	67
1946-47	..	231,582	99*

This may be classified as follows:—

	1945-46.	1946-47*
	Rs. c.	Rs. c.
Study and duty	27,015 42	31,933 43
Leave	202,925 25	127,838 45
New Appointments	25,279 28	33,922 30
Retirements	36,227 72	37,888 81
	291,447 67	231,582 99

(* Up to the end of August).

51. *Advances to Public Officers.*—During the financial year 1946-47, advances of salary were issued to the extent of Rs. 2,174,120.69 for the following purposes:—

- (a) assisting public officers in the purchase of means of transport required for their duties;
- (b) providing for passages for themselves and their families;
- (c) assisting them in legal proceedings other than actions on contracts, arising from their official acts; and
- (d) in exceptional cases approved by the Governor.

The maximum advance payable for the purchase of motor-vehicles was raised from 6 months' to 1 year's salary, repayable in 3 years, and the rate of interest on such advances was reduced from $2\frac{1}{2}$ per cent. per annum to $1\frac{1}{2}$ per cent. per annum from May 1, 1947.

With the introduction of the New Constitution the power for sanctioning of advances for purchase of means of transport was decentralised. At present the Permanent Secretaries sanction the applications in respect of officers working in departments under their control, the Treasury being consulted only in doubtful cases and in cases of applications under F. R. 1132 (d), where the sanction of the Deputy Secretary to the Treasury is necessary.

52. *Security.*—The total number of bonds registered and amount of security furnished during the year are as follows:—

	Number.	Amount.
		Rs.
Cash ..	598	429,500
Public Service Mutual Guarantee Association	105	341,500
Guarantee Companies ..	159	426,250
Hypothecation of immovable property ..	5	9,000
		1,206,250

CHAPTER 12.—PENSIONS.

53. *Amendments to the Minutes on Pensions during 1946-47.*

(I) Consequent on the publication of the Salaries Committee Report (S. P. XX of 1945) which recommended, *inter alia*, the granting of full pension rights to permanent minor monthly-paid employees and the calculation of gratuities to daily-paid employees on the basis of 1/12th, instead of 1/18th, of a month's pay, the following amendments were made to the Pension Minute:—

- (1) The condition which laid down a minimum salary of Rs. 400 per annum to qualify an officer for a pension was deleted in sections 2, 2 (v.), 14 and 26 (iii.).

- (2) Section 27 which provided for payment of retiring allowances to non-pensionable monthly-paid employees as well as the references to retiring allowances in sections 2A (3) and 2B (4) were repealed.
- (3) The rate of 1/18th of a month's pay in section 29 was increased to 1/12th of a month's pay.
- (4) A new sub-section (3) was inserted under section 7 enabling Assistant Shroffs compulsorily retired on a change of Shroffs to receive abolition of office benefits.
- (5) A new sub-section (iii.) was inserted under section 9 defining the monthly allowances paid to Village Headmen as salary for pension purposes.

Other amendments to the Pension Minute made during the above period are—

- (1) A new section 3A was introduced enabling Gansabhawa Clerks to count their service immediately prior to October 1, 1940, for pension purposes.
- (2) In accordance with sections 18 and 19 of the Public Service Provident Fund Ordinance, No. 18 of 1942, section 48 of the Pension Minute was amended so as to enable service in a pensionable post either preceded by or followed by service in an approved Provident Fund post to be reckoned for pension purposes.
- (3) The Pension Minute was included as written law in the Interpretation Ordinance. Such amendments were made as were necessitated by the New Constitution which vested the Administration of the Pension Minute in the Minister of Finance and the Treasury.

54. (I) *Sub-head 1.—Pensions.*—Pensions in regard to 570 cases of retirement on grounds of age, ill-health or abolition of office were sanctioned during the financial year 1946/47; 503 pensioners exercised their option to commute and 15 pensioners who retired during the financial year died.

(II) *Sub-head 1.—Gratuities.*—Forty-six persons retired on monthly pay during the financial year 1946/47 and received service gratuities.

Sub-head 1.—Gratuities to daily-paid Employees.—The number of cases sanctioned was 738.

The total expenditure under sub-head 1 during the financial year 1946/47 amounted to Rs. 9,422,760.03, and this expenditure has been incurred in the payment of: (a) Service pensions and gratuities of monthly-paid civilian employees; (b) Service gratuities to daily-paid civilian employees; (c) Awards in respect of civilian employees who were injured or who died while on duty; (d) Gratuities to daily-paid employees.

(III) *Death Gratuities.*—There was an increase in death gratuities as non-pensionable monthly-paid employees were made pensionable with effect from January 1, 1946. The number of gratuities sanctioned was 200.

(IV) *Sub-head 3.—Expenditure on pensions to officers retiring under Article 88 of the Order-in-Council during the financial year 1946/47 amounted to Rs. 1,985,710.78.*

(V) *Sub-head 5.—Pensions to Kandyan State Pensioners.*—Expenditure in respect of payments to Kandyan pensioners and/or their children amounted to Rs. 11,385.40.

(VI) *Sub-head 8.—The expenditure on pensions under the Assisted School Teachers' Pension Scheme amounted to Rs. 1,010,557.09.*

(VII) *Sub-head 9.—Payments under the Workmen's Compensation Ordinance amounted to Rs. 107,583.23. The number of cases of temporary disablement, permanent disablement and fatal accident were respectively 44, 68 and 28.*

(VIII) *Sub-head 10.*—Expenditure in respect of payments under the Defence Force Ordinance amounted to Rs. 369,661.83. The number of new cases amounted to 179.

(IX) *Charitable Grants.*—Although a large number of applications were received for relief from this vote, the number of cases sanctioned was only 36. This was due to the fact that when reports were obtained on the circumstances of the applicants it was found that they were not so destitute as to receive charitable allowances.

(X) *Head 33—Pensions, &c.*—The total expenditure from the vote for Pensions (Head 33) during the financial year 1945/46 was Rs. 18,726,180 while the expenditure for 1946/47 was Rs. 21,848,950, the increase being Rs. 3,122,770.

55. *Public Service Provident Fund Ordinance, No. 18 of 1942: Ordinance No. 23 of 1947.*—Certain amendments to the Principal Ordinance No. 18 of 1942 were made by Ordinance No. 23 of 1947 which came into force on June 3, 1947.

56. *Investments.*—Owing to the necessity for keeping a larger reserve in anticipation of the closing down of Emergency departments and the lack of suitable short-term investments no fresh investments were made during the financial year 1945/46.

The position was however reviewed in 1946/47 and the sum of Rs. 321,000 placed in fixed deposit in the Bank of Ceylon was withdrawn and a sum of Rs. 1,500,000 invested as follows during 1946/47:

	Rs.	c.
3 per cent. National Development Loan 1965-70 ..	1,150,000	0
3½ Per cent. Ceylon Government Home Defence Loan 1963-68 ..	350,000	0
	<hr/>	
	1,500,000	0

Section 4.—Miscellaneous.

CHAPTER 13.—OFFICE SYSTEMS, ACCOUNTING SYSTEMS, PRINTING COMMITTEE, &c.

57. *Office Systems.*—For the larger part of the year the Investigating Officers were attached to the staff of the Cadres Commission. Extensive investigations were made by the Investigating Unit both on behalf of the Cadres Commission and the Treasury.

58. *Accounting Systems.*—The post of Accountant, Systems, was vacant during the first five months of the year under review.

In addition to the usual enquiries arising from frauds and irregularities reported to the Treasury or from requests for additional accounting staff, several queries and other matters raised by the Auditor-General in connection with the accounts especially of emergency departments were dealt with.

Although the accounts of the Trading and Industrial Activities conducted by Government departments for 1942-43 were published as long ago as 1944 it has not yet been possible to publish the Accounts for subsequent years in spite of continuous pressure brought to bear on the departments concerned by the Treasury. But considerable headway has been made during the year and it is hoped to publish the accounts up to 1944-45 shortly.

In addition to the above the Accountant, Systems, had to relieve the Accountant, Supply, and the Additional Controller of Finance and Supply of part of their work owing to the additional work thrown on them as a result of the introduction of the New Constitution.

59. *Printing Committee*.—The general policy regarding economy in the use of paper and printing materials was strictly followed in this period and the expenditure was kept to a minimum. With the introduction of the new Constitution the Printing Committee ceased to function, and its activities have been assigned in the new set-up to the various Ministries.

60. *Accountants' Service*.—The Accountants' Service which was inaugurated in October, 1946, proved itself more satisfactory than the old Accountants' Scheme. There is however an acute shortage of experienced technically qualified accountants. To remedy this, it is proposed shortly to award four scholarships tenable in the United Kingdom for the study of accountancy. An examination for recruitment to Class IV. of the Accountants' Service was held for the second time during the year under review. The method of recruitment has met with some criticism but, on the whole, provides a satisfactory method of selection of younger officers with an aptitude for accounting work without the risks of the bias possible in a system of selection by interview alone.

61. *Shroffs' Scheme*.—There was no material change in the period under review except for the fact that the Junior School Certificate qualification or its equivalent is now laid down as an essential requirement for recruitment to the Assistant Shroffs' Grade, from where selection for appointment to the Shroffs' Scheme is made. This is in accordance with paragraph 84 of the Salaries Commission Report (S. P. VIII. of 1946), and is intended to ensure the recruitment of a better type of officer to the Shroffs' Scheme.

The composition of the Shroffs' Scheme at present is 2 posts in the Special Class, 5 posts in Class I. and 23 posts in Class II.

62. *Central Duplicating Section*.—The number of copies turned out in the section during the year under review for other departments including Emergency departments was even greater than in previous years.

A large number of jobs which were normally printed was also undertaken for duplication.

General Treasury,
Colombo, June 15, 1948.

T. D. PERERA,
Deputy Secretary to the Treasury.

APPENDIX I (referred to in paragraph 22).

Revenue, 1946-47.

Head.	Amount.	Percentage.
	Rs. c.	
I.—Customs	250,001,965 34	.. 54.21
II.—Port, Harbour, Wharf, Warehouse and other Dues	8,925,473 32	.. 1.935
III.—Excise and Salt	40,776,076 90	.. 8.842
IV.—Income Tax, Estate Duty, Stamps and Excess Profits Duty, &c.	96,349,694 32	.. 20.896
V.—Licences and Internal Revenue not otherwise classified	2,781,429 17	.. .603
VI.—Fees of Court or Office and Payments for Specific Services	3,816,059 25	.. .827
VII.—Medical Services	3,181,159 78	.. .689
VIII.—Reimbursements	6,752,262 44	.. 1.464
IX.—Postal and Telecommunication Services	15,205,610 94	.. 3.297
X.—Interest, Annuities, &c.	9,046,177 37	.. 1.962
XI.—Miscellaneous Receipts	19,601,382 95	.. 4.250
XII.—Land Revenue	1,839,637 26	.. .398
XIII.—Land Sales	209,831 4	.. .045
XIV.—Colonial Development Fund	—	..
XV.—War Loan Interest	2,686,502 50	.. .582
XVI.—Post Office Savings Bank Surplus	—	..
XVII.—Surplus in the Sinking Fund of the 4 per cent. Inscribed Stock, 1942-44	—	..
Total ..	461,173,262 58	.. 100.000

APPENDIX II. (referred to in paragraph 22).

Expenditure, 1946-47.

Service.	Amount.		Percentage.
	Rs.	c.	
1. Civil Administration	35,844,336	0	8.84
2. Law and Justice	10,350,362	57	2.55
3. Police and Prisons	12,181,054	1	3.00
4. Defence	6,038,898	39	1.49
5. Public Debt	30,458,253	27	7.51
6. Revenue Departments	6,489,872	99	1.60
7. Public Works	30,166,570	4	7.44
8. Irrigation	7,324,383	4	1.81
9. Postal	14,686,680	53	3.62
10. Port Commission	8,373,717	30	2.7
11. Education	60,953,806	80	15.04
12. Health	38,217,280	31	9.43
13. Agriculture	26,315,719	6	6.49
14. Survey	4,051,716	25	1.00
15. Pensions	21,568,792	91	5.32
16. Labour	7,708,103	5	1.90
17. Railway	6,671,204	51	1.65
18. Emergency	77,986,682	48	19.24
19. Miscellaneous			
Total.	405,387,433	51	100.00

APPENDIX III. (referred to in paragraph 44).

Return of Persons in the Employment of Government.

A.—Paid from votes appearing in the Estimates (including items shown as provided by special law)—

	1946	1947.
	No. of Officers.	No. of Officers
(1) Officers already confirmed in pensionable appointments ..	36,202	45,544
(2) (a) Officers on agreement in pensionable grades ..	40	24
(b) Officers on probation in pensionable grades ..	2,888	4,110
(3) (a) Non-pensionable officers who contribute to the P. S. P. Fund ..	1,351	729
(b) Non-pensionable officers who do not contribute to the P. S. P. Fund ..	9,806	8,195
(4) Temporary officers in temporary appointments—		
(a) who contribute to the P. S. P. Fund ..	3,401	3,807
(b) who do not contribute to the P. S. P. Fund ..	2,333	1,624
(5) Daily-paid employees ..	46,718	61,539
	102,739	125,572

B.—Paid from Loan Funds—

(1) (a) Provident Fund Officers on monthly pay ..	20	..	85
(b) Non-Provident Fund Officers on monthly pay ..	16	..	9
(2) Employees on daily pay ..	5,000	..	4,587
	5,036	..	4,681

C.—Paid from Advance Accounts—

(1) (a) Provident Fund Officers on monthly pay ..	2,401	..	3,503
(b) Non-Provident Fund Officers on monthly pay ..	918	..	1,190
(2) Employees on daily pay ..	11,389	..	11,651
	14,708	..	16,344

Total of officers confirmed in pensionable posts ..	36,202	..	45,544
Total of officers on probation in pensionable posts ..	2,888	..	4,110
Total of officers on agreement in pensionable posts ..	40	..	24
Total of non-pensionable officers who contribute to the Provident Fund ..	7,173	..	8,124
Total of non-pensionable officers who do not contribute to the Provident Fund ..	13,127	..	11,018
Total of daily-paid employees ..	63,053	..	77,777
Grand Total ..	122,483	..	146,597