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# CENTRAL GOVERNMENT

## APPROPRIATION ACCOUNTS

(INCLUDING PROFORMA COMMERCIAL ACCOUNTS)

(CIVIL)

1958-59

AND

THE AUDIT REPORT, 1960

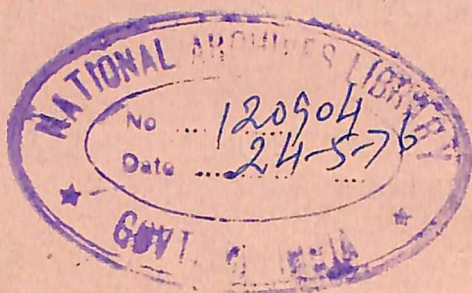
PART I

AUDIT REPORT AND CERTIFICATE

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## ERRATA

<i>Reference</i>	<i>For</i>	<i>Read</i>
Page 9, Para 11, Serial No. 8, explanation.	aud	and
Page 21, Para 22(B), line 8 from the top.	Establishment	Establishment
Page 26, Para. 28, sub-para. 3(iv) line 2.	Karyala	Karyalaya
Page 30, Para 30, Sub-para 4(ii)	remain	remained
Page 39, Para 32(b), line 4 line 8	.. ..	Delete the word 'only'. Delete the word "further"
Page 47, Para 38 (iii), line 20	has	had
Page 76, Para 70, Sub-para 2 Item (a).	I, 70, I47I	I, 70, I47
Page 81, Para 74, Sub-para 4 (v), line 2.	lands	land
Page 85, Para 78, line 3 from the top.	he	the
Page 91, Para 83, line 3	a	the existing
Page 104, Para 87 (xviii), Sub- para 2, last two sentences.	..	Delete the sentences— "It was also found . . . . middle of July, 1959".
Page 108, Para 90, Statement— U.S.S.R., Item 1, Col. 11 (75)		(15)
Page 110, Para. 90, Statement— B.—Repayable in rupees— Item 3, Col. 2.	II	III
Item 4, Cols. 4 and 5	0.12	0.12
Page 116, Para. 96 (iv), line 5	25,47,32,544	25,47,31,544

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## PART I

### AUDIT REPORT, 1960

#### INTRODUCTION

The Report deals with major cases involving financial irregularities, losses and wasteful and nugatory expenditure relating to the accounts of 1958-59. A few cases relating to the subsequent period noticed in current audit have also been brought into this report. Similarly a few irregularities of preceding years which could not be reported earlier as final decisions on these were pending have now been incorporated in this report.

The accuracy of budgeting and control of expenditure during the year revealed the same deficiencies as in the past, resulting in large savings and excesses. Instances of defective budgeting and control have been mentioned below the Appropriation Accounts of the various grants. Out of 130 grants, savings to the extent of Rs. 155 crores occurred in 119 grants. The savings amounted to 13 per cent. of the total grant. Out of the savings, a sum of Rs. 140 crores was surrendered before the close of the year. Supplementary grants for Rs. 143.9 crores were voted by Parliament, but grants under 5 heads ultimately proved unnecessary. There have been excesses in 11 voted grants, aggregating Rs. 42,43,475. These excesses require to be regularised by Parliament under Article 115 of the Constitution.

The Report recounts instances of defective planning and of delays in execution of projects causing avoidable loss to the Exchequer. There was also a case in which delay in accepting in time the lowest tender resulted in an excess payment of over Rs. 2½ lakhs.

In a number of cases, the terms of contracts were defective, in some others, provisions of the contracts were not enforced. These involved Government in either large overpayments or in avoidable expenditure.

In two Steel Projects, avoidable expenditure and losses of cash and stores have been reported to amount to Rs. 121 lakhs. In one of these cases an expenditure of Rs. 22 lakhs was incurred on the construction of a road which later proved to be unnecessary.

The accounts of Hindustan Steel are not properly maintained and the Commercial form of accounting has yet to be introduced. In a company of this magnitude it is essential that this should be done.

In the accounts of the foreign fairs/exhibitions, shortages of goods aggregating Rs. 1.5 lakhs were noticed in two cases.

Grants-in-aid paid by Government to two Social Welfare Organisations were far in excess of actual requirements (in one case amounting to as much as Rs. 10 lakhs) even when large amounts were lying unspent with them.

During the year, there was continued rise in expenditure and fall in the budgetted revenue receipts resulting in an over-all deficit of about Rs. 255 crores. The Government floated in May, 1958 three cash-cum-conversion loans for a total amount of Rs. 135 crores, namely, (i)  $3\frac{1}{2}$  per cent. Bonds 1963 at an issue price of Rs. 98.75 per cent. (yielding to redemption 3.78 per cent.), (ii)  $3\frac{3}{4}$  per cent. National Plan Bonds 1968 (fifth series) at an issue price of Rs. 99.50 per cent. (yielding to redemption 3.81 per cent.) and (iii) 4 per cent. Loan 1973 issued at par. The maturing issues offered for conversion into these loans were the 3 per cent. Loan 1958 and the  $4\frac{1}{2}$  per cent. Loan 1958—68, which were accepted at Rs. 99.75 per cent. and Rs. 100.10 per cent. respectively. Total subscriptions (including conversions) to the new loans amounted to Rs. 142 crores, of which Rs. 58 crores were for the  $3\frac{1}{2}$  per cent. Bonds, 1963, 34 crores for the  $3\frac{3}{4}$  per cent. National Plan Bonds, 1968 and Rs. 50 crores for the 4 per cent. Loan, 1973. In August, 1958, the Government issued two other new Loans for a total amount of Rs. 60 crores, namely, the  $3\frac{1}{2}$  per cent. Loan, 1968 and the  $3\frac{1}{2}$  per cent. National Plan Bonds, 1967 (third series) for Rs. 30 crores each.

## SECTION I

### A.—APPROPRIATION ACCOUNTS

2. *Changes in the general arrangement of the matter in the Report and Accounts.*—The following Accounts have been appended for the first time to the accounts of the Grants noted below.

*Grant No. 45.—Civil Veterinary Services.*

*Pro forma* accounts of the Indian Veterinary Research Institute (Livestock, Milk and Milk Products), Mukhteshwar.

*Grant No. 68.—Miscellaneous Departments and other Expenditure under the Ministry of Information and Broadcasting.*

*Pro forma* accounts of Films Division.

## GENERAL REVIEW OF THE RESULTS OF AUDIT

*Schedule of Appropriations out of the Consolidated Fund of India appended to the Appropriation Acts (Nos. 2, 4 and 5), 1958 and the Appropriation Act, 1959 (No. 2 of 1959).*

3. *Original Grants and Appropriations.*—The Appropriation (No. 2) Act, 1958, assented to by the President on the 30th April, 1958 authorising payment and appropriation from and out of the Consolidated Fund of India for the year 1958-59 included 130 demands for grants (excluding those for Posts and Telegraphs and Defence Services) amounting to Rs. 10,54,73,40,000 voted by the Parliament as required under Article 113(2) of the Constitution of India and 33 Charged Appropriations (excluding one for Posts and Telegraphs and five for Defence Services) amounting to Rs. 56,45,71,30,000. The Appropriation Act included a sum of Rs. 6,80,18,44,000 (voted Rs. 98,78,77,000 and charged Rs. 5,81,39,67,000) specified in the schedule to the Appropriation (Vote on account) Act, 1958 (No. 8 of 1958) assented to by the President on 19th March, 1958.

Compared with the previous year, there was a net increase of 2 demands as a result of the addition of four new demands, *viz.* 'Naga Hills—Tuensang Area', 'Statistics', 'Elections' and 'Mercantile Marine Department' and elimination of 2 demands, *viz.* 'Mines' and 'Ports and Pilotage'.

Apart from Rs. 5,098.06 crores (charged) provided in the budget for Repayment of Debt, the Budget included, in the voted section, provision for a capital outlay of Rs. 124.13 crores on purchase of foodgrains, Rs. 15.00 crores on Roads, Rs. 5.72 crores on Buildings and Rs. 4.22 crores on multi-purpose river schemes. The revenue Budget included Rs. 20.48 crores for rehabilitation of displaced persons and minorities.

4. *Supplementary Grants and Appropriations during the year.*—Three additional Appropriation Acts assented to by the President on 6th October, 1958, 26th December, 1958 and 12th March, 1959 authorising payment and appropriation from and out of the Consolidated Fund of India during 1958-59 included 36 Supplementary Demands for Grants and 14 Charged Appropriations (excluding Posts and Telegraphs and Defence Services) aggregating Rs. 1,43,92,57,000 and Rs. 47,59,50,000 respectively. The Charged Appropriations included 3 new appropriations.

The Supplementary Grants voted in September, 1958, December, 1958 and February, 1959 included:—

- (i) Rs. 1.95 crores to meet certain payments arising from the setting up of the Delhi Municipal Corporation under Grant No. 59—Delhi.
- (ii) Rs. 4.27 crores on account of sale proceeds, etc. of acquired evacuee property transferred to Capital for adjustment against compensation paid to displaced persons under Grant No. 79—Expenditure on Displaced Persons and Minorities.
- (iii) Rs. 2.90 crores for purchase of building material and stores under Grant No. 96—Other Civil Works.
- (iv) Rs. 8.57 crores mainly for purchase of shares of Heavy Electricals (Private) Ltd., The Praga Tools Corporation, Nangal Fertilizers and Chemicals, Ltd., Hindustan Machine Tools (Private), Ltd., etc. under Grant No. 106.—Capital Outlay of the Ministry of Commerce and Industry.
- (v) Rs. 67.59 crores for purchase of foodgrains under Grant No. 119—Purchase of Foodgrains.
- (vi) Rs. 4.95 crores for investment in the share capital of the Oil India (Private), Ltd., The Indian Refineries (Private), Ltd. and The National Mineral Development Corporation under Grant No. 128—Capital Outlay of the Ministry of Steel, Mines and Fuel.

5. The Grants and Appropriations specified in the original and supplementary schedules to the Appropriation Acts and expenditure thereagainst are summarised below:—

#### Charged Appropriations

	<i>(In thousands of rupees)</i>			
	Original	Supplementary	Total	Expenditure
Expenditure on Revenue Account	2,62,89,75	5,59,21	2,68,48,96	2,67,29,19
Capital Expenditure outside the Revenue Account	23,84	29	24,13	12,62
Disbursement of Loans and Advances, etc.	53,82,57,71	42,00,00	54,24,57,71	51,37,74,43
<b>Total</b>	<b>56,45,71,30</b>	<b>47,59,50</b>	<b>56,93,30,80</b>	<b>54,05,16,24</b>

	Voted Grants		(In thousands of rupees)	
	Original	Supplementary	Total	Expenditure
Expenditure on Revenue Account	4,39,35,09	13,90,79	4,53,25,88	4,04,22,92
Capital Expenditure Outside the Revenue Account	5,37,36,48	85,01,78	6,22,38,26	5,26,07,65
Disbursement of Loans and Advances, etc.	78,01,83	45,00,00	1,23,01,83	1,13,35,06
<b>TOTAL</b>	<b>10,54,73,40</b>	<b>1,43,92,57</b>	<b>11,98,65,97</b>	<b>10,43,65,63</b>

6. *Reduction made by Parliament in Demands for Grants.*—No reduction was made by Parliament during the year in any of the original or supplementary demands for grants.

7. *General Results of Appropriation Audit.*—The following statement compares the total Grants or Appropriations for 1958-59 with the total disbursements:—

Particulars	(In thousands of rupees)		
	Charged	Voted	Total
1. Schedule to original Appropriation No. 2 Act, 1958.			
(a) Voted by Parliament	..	10,54,73,40	10,54,73,40
(b) Appropriations to meet expenditure charged on the Consolidated Fund of India	56,45,71,30	..	56,45,71,30
2. Schedules to Supplementary Appropriation (Nos. 4 & 5) Acts, 1958 and the Appropriation Act, 1959 (No. 2 of 1959)			
(a) Voted by Parliament	..	1,43,92,57	1,43,92,57
(b) Appropriations to meet expenditure charged on the Consolidated Fund of India	47,59,50	..	47,59,50
3. Net aggregate—Grants or Appropriations.	<u>56,93,30,80</u>	<u>11,98,65,97</u>	<u>68,91,96,77</u>
4. Aggregate Disbursements	54,05,16,24	10,43,65,63	64,48,81,87
5. Less (—) or More (+) than granted	—2,88,14,56	—1,55,00,34	—4,43,14,90
6. Percentage of 5 to 3	—5.06	—12.93	—6.43

8. *Savings on Voted Grants.*—Savings aggregating Rs. 1,55,42,77,516 occurred in 119 out of 130 Grants. A list of 33 important cases is given below:—

No. and Name of Grant	Original and Supplementary Grant	Expenditure	Savings	Percentages
1	2	3	4	5
	Rs.	Rs.	Rs.	
2.—Industries .	26,90,99,000	25,36,46,328	1,54,52,672	5·73
17.—Zoological Survey	11,87,000	5,67,179	6,19,821	52·22
19.—Other Scientific Departments .	56,67,000	33,88,846	22,78,154	40·20
22.—Tribal Areas .	8,43,80,000	7,41,49,468	1,02,30,532	12·12
23.—Naga Hills-Tuensang Area .	3,64,57,000	2,92,84,705	71,72,295	19·67
25.—State of Pondicherry .	2,98,88,000	2,39,48,128	59,39,872	19·88
28.—Customs .	4,16,27,000	3,42,81,967	73,45,033	17·59
38.—Miscellaneous Departments and Other Expenditure under the Ministry of Finance .	31,09,44,000	20,65,73,979	10,43,70,021	33·57
43.—Forest .	2,56,26,000	1,89,27,742	66,98,258	26·13
44.—Agriculture .	15,72,49,000	12,97,46,487	2,75,02,513	17·49
45.—Civil Veterinary Services .	1,48,25,000	1,13,26,123	34,98,877	23·60
50.—Miscellaneous Departments and Expenditure under the Ministry of Health .	87,61,000	60,93,141	26,67,859	30·45
64.—Laccadive, Minicoy and Amindivi Islands .	19,74,000	9,43,119	10,30,881	52·22
65.—Miscellaneous Departments and Expenditure under the Ministry of Home Affairs .	8,75,72,000	6,12,87,090	2,62,84,910	29·36
70.—Multi-purpose River Schemes .	1,38,07,000	1,06,36,336	31,70,664	22·96
73.—Chief Inspector of Mines .	23,04,000	14,70,535	8,33,465	36·17

1	2	3	4	5
	Rs.	Rs.	Rs.	
74.—Miscellaneous Departments and other Expenditure under the Ministry of Labour and Employment .	8,80,17,000	6,01,54,223	2,78,62,777	31·66
81.—Geological Survey	1,31,85,000	86,90,587	44,94,413	34·15
82.—Exploration of Oil and Natural Gas	2,18,35,000	1,74,26,408	44,08,592	20·19
83.—Miscellaneous Departments and Other Expenditure under the Ministry of Steel, Mines and Fuel .	49,62,52,000	42,21,06,411	7,41,45,589	14·94
87.—Central Road Fund	4,28,99,000	3,46,01,345	82,97,655	8·93
109.—Capital Outlay of the Ministry of Education and Scientific Research	2,18,74,000	1,67,42,174	51,31,826	23·46
116.—Other Capital Outlay of the Ministry of Finance . . .	89,85,87,000	37,77,67,690	52,08,19,310	57·96
117.—Loans and Advances by Central Government .	1,23,01,83,000	1,13,35,05,678	9,66,77,322	7·86
119.—Purchase of Food-grains . . .	1,91,71,73,000	1,85,26,33,248	6,45,39,752	3·37
122.—Capital Outlay of the Ministry of Home Affairs .	1,12,61,000	76,88,828	35,72,172	31·72
124.—Capital Outlay on Multi-purpose River Schemes .	4,22,00,000	3,14,80,247	1,07,19,753	25·40
125.—Other Capital Outlay of the Ministry of Irrigation and Power .	5,58,49,000	4,28,74,653	1,29,74,347	23·23
127.—Capital Outlay of the Ministry of Rehabilitation	21,00,00,000	15,63,36,731	5,36,63,269	25·55
128.—Capital Outlay of the Ministry of Steel, Mines and Fuel . . .	1,77,86,88,000	1,59,95,47,524	17,91,40,476	10·07
129.—Capital Outlay on Ports . . .	4,05,00,000	2,94,45,380	1,10,54,620	27·30

1	2	3	4	5
	Rs.	Rs.	Rs.	
135.—Capital Outlay on Buildings	5,72,10,000	4,29,22,736	1,42,87,264	24·97
137.—Capital Outlay of the Department of Atomic Energy	5,19,00,000	3,92,66,010	1,26,33,990	24·34

The following 9 grants were responsible for about 74 per cent. of the total saving of Rs. 1,55,42,77,516:—

- (i) 38.—Miscellaneous Departments and Other Expenditure under the Ministry of Finance (Rs. 10,43,70,021).
- (ii) 44.—Agriculture (Rs. 2,75,02,513).
- (iii) 74.—Miscellaneous Departments and Other Expenditure under the Ministry of Labour and Employment (Rs. 2,78,62,777).
- (iv) 83.—Miscellaneous Departments and Other Expenditure under the Ministry of Steel, Mines and Fuel (Rs. 7,41,45,589).
- (v) 116.—Other Capital Outlay of the Ministry of Finance (Rs. 52,08,19,310).
- (vi) 117.—Loans and Advances by the Central Government (Rs. 9,66,77,322).
- (vii) 119.—Purchase of Foodgrains (Rs. 6,45,39,752).
- (viii) 127.—Capital Outlay of the Ministry of Rehabilitation (Rs. 5,36,63,269).
- (ix) 128.—Capital Outlay of the Ministry of Steel, Mines and Fuel (Rs. 17,91,40,476).

9. *Surrenders of Voted Savings*.—Out of the total gross savings of Rs. 1,55,42,77,516 in the voted grants, a surrender of Rs. 1,39,68,02,371 was accepted by the Ministry of Finance. The latter includes a sum of Rs. 1,11,500 surrendered from grants which resulted in excess.

10. *Savings on Charged Appropriations*.—Savings of Rs. 2,88,16,37,987 occurred in 30 out of 36 Charged Appropriations. A sum of Rs. 2,68,86,64,200 was surrendered. The latter includes a sum of Rs. 1,19,500 surrendered from two appropriations which resulted in excess. The Appropriations "Loans and Advances by the Central Government" accounts for Rs. 21,97,96,118 and "Repayment of Debt" for Rs. 2,64,85,32,476.



11. *Excesses over Voted Grants.*—The following statement shows the excesses over individual grants. These excesses require to be regularised under Article 115 of the Constitution:—

Serial No.	No. and Name of Grant	Original and Supplementary Grant	Actual Expenditure	Excess
1	2	3	4	5
		Rs.	Rs.	Rs.
1.	1.—Ministry of Commerce and Industry . . . . .	69,28,000	71,51,716	2,23,716
2.	31.—Opium . . . . . Mainly, unanticipated adjustment of Railway freight.	2,70,23,000	2,72,21,432	1,98,432
3.	37.—Superannuation Allowances and Pensions . . . . . Mainly, more adjustment of debit at the close of the year.	3,64,00,000	3,67,34,105	3,34,105
4.	48.—Medical Services . . . . . Mainly, adjustment of more debits.	5,18,73,000	5,19,52,170	79,170
5.	51.—Ministry of Home Affairs . . . . . Mainly, adjustment of arrear debits.	2,73,56,000	2,76,22,056	2,66,056
6.	52.—Cabinet . . . . . Adjustment of unanticipated debits.	35,34,000	35,73,193	39,193
7.	60.—Himachal Pradesh . . . . . Mainly, omission to provide funds for the hire of private buses for lifting potatoes during potato season.	4,62,40,000	4,77,10,042	14,70,042
8.	69.—Ministry of Irrigation and Power . . . . . Mainly, adjustment of arrear debits and more tours than anticipated.	21,31,000	22,13,258	82,258
9.	99.—Department of Atomic Energy . . . . . Mainly, more expenditure on the Resident Representative of India to the International Atomic Energy Agency and his staff at Vienna and non-adjustment as reduction in expenditure of cost of Air passage from New Delhi to Vienna and back of a member of the Atomic Energy Commission on receipt of the cost from the International Agency.	10,08,000	10,24,413	16,413
10.	121.—Capital Outlay of the Ministry of Health . . . . .	9,79,38,000	9,87,20,071	7,82,071
11.	132.—Capital Outlay on Civil Aviation . . . . . Mainly, execution of unanticipated emergent work and accelerated progress of work.	3,23,67,000	3,31,19,019	7,52,019

12. *Excesses over Charged Appropriations.*—The following statement shows the excesses over the individual charged Appropriations requiring regularisation:—

Serial No.	No. and Name of Appropriation	Original and Supplementary Appropriation	Actual Expenditure	Excess
1	2	3	4	5
		Rs.	Rs.	Rs.
1.	41.—Pre-partition Payments Mainly, unanticipated expenditure.	2,85,000	2,90,271	5,271
2.	58.—Privy Purses and Allowances of Indian Rulers Payment of arrears of privy purses pertaining to the year 1957-58 not provided for.	5,42,18,000	5,43,48,778	1,30,778
3.	63.—Tripura Adjustment of arrear liabilities.	50,000	84,148	34,148
4.	Staff, Household and Allowances of the President Mainly, adjustment of arrear debits pertaining to the year 1957-58.	24,33,000	24,44,490	11,490

13. *Excesses over Voted Grants and Charged Appropriations.*—The number of cases in which excesses over Voted grants and Charged appropriations have occurred as well as the total amount of these excesses compared with 1956-57 and 1957-58 is given below:—

	Number	Amount (Rs. 000)
<i>Voted—</i>		
1956-57	11	8,13,87
1957-58	11	2,86,05
1958-59	11	42,43
<i>Charged—</i>		
1956-57	4	14,16
1957-58	4	1,22,84
1958-59	4	1,82

14. *Statistics of Savings or Excesses on the entire Voted Grants and Charged Appropriations as compared with the previous two years:—*

	Final Grants or Appropriations	Savings or Excesses	Percentages
1	2	3	4
	Rs. 000	Rs. 000	
<i>Voted—</i>			
1956-57 . . .	8,68,21,94	—1,85,89,04	—21·41
1957-58 . . .	11,37,24,66	—2,15,79,43	—18·98
1958-59 . . .	11,98,65,97	—1,55,00,34	—12·93
<i>Charged—</i>			
1956-57 . . .	34,10,88,23	—4,63,97,98	—13·60
1957-58 . . .	43,61,40,10	—5,57,57	—0·13
1958-59 . . .	56,93,30,80	—2,88,14,56	—5·06
<i>Voted and Charged—</i>			
1956-57 . . .	42,79,10,17	—6,49,87,02	—15·19
1957-58 . . .	54,98,64,76	—2,21,37,00	—4·02
1958-59 . . .	68,91,96,77	—4,43,14,90	—6·43

15. *Review of Works Expenditure.*—Detailed reviews of works expenditure included in the different grants have been attached to the respective Appropriation Accounts; the sub-joined table shows the differences between the expenditure on Works and the budget provision (including Supplementary Grants) under the various grants and appropriations. The results of the year disclose a net saving of 22 per cent. over the consolidated provision for works expenditure under all the grants. The principal variations were under Grant No. 74.—Miscellaneous Departments and other Expenditure under the Ministry of Labour and Employment, 127.—Capital Outlay of the Ministry of Rehabilitation, 130.—Capital Outlay on Roads, 135.—Capital Outlay on Buildings and 137.—Capital Outlay of the Department of Atomic Energy.

*Consolidated Statement of Works during 1958-59*

No. and Name of Grant	Budget provision including supplementary Grant	Actual Expenditure	Excess + Saving—
(In thousands of rupees)			
22.—Tribal Areas . . . . .	20,15	25,65*	+5,50
25.—State of Pondicherry . . . . .	32,12	12,13*	—19,99
35.—Mint . . . . .	6,79	3,76*	—3,03
74.—Miscellaneous Departments and Other Expenditure under the Ministry of Labour and Employment . . . . .	1,84,58	22,04*	—1,62,54
79.—Expenditure on Displaced persons and Minorities . . . . .	13,00	10,89*	—2,11
87.—Central Road Fund . . . . .	28,21	14,86*	—13,35
88.—Communications (including National Highways) . . . . .	4,00	6,60*	+2,60
96.—Other Civil Works . . . . .	81,14	93,34*	+12,20
106.—Capital Outlay of the Ministry of Commerce and Industry . . . . .	20,00	5,02	—14,98
111.—Capital Outlay of the India Security Press . . . . .	9,00	29	[—8,71
112.—Capital Outlay on Currency and Coinage . . . . .	24,00	21,23*	—2,77
113.—Capital Outlay on Mints . . . . .	33,25	9,54*	—23,71
118.—Capital Outlay on Forests . . . . .	1,50	1,73*	+23
123.—Capital Outlay on Broad-casting . . . . .	54,51	28,08*	—26,43
124.—Capital Outlay on Multi-purpose River Schemes . . . . .	18,00	5,80*	—12,20
127.—Capital Outlay of the Ministry of Rehabilitation . . . . .	2,00,00	44,55*	—1,55,45
129.—Capital Outlay on Ports . . . . .	70,84	16,59*	—54,25
130.—Capital Outlay on Roads . . . . .	16,50,00	14,81,43*	—1,68,57
132.—Capital Outlay on Civil Aviation . . . . .	2,07,00	2,31,37*	+24,37
133.—Other Capital Outlay of the Ministry of Transport and Communications . . . . .	15,00	8,59*	—6,41
134.—Delhi Capital Outlay . . . . .	6,49,49	5,77,85*	—71,64
135.—Capital Outlay on Buildings . . . . .	5,37,61	4,09,86*	—1,27,75
137.—Capital Outlay of the Department of Atomic Energy . . . . .	1,02,00	52,77*	—49,23
TOTAL	39,62,19	30,83,97	—8,78,22

Percentage of net saving to Budget provision—22.

\*Detailed statement of expenditure and review not appended as complete information was not received from the Controlling Authorities in time.

16. *Control Over Expenditure.*—A few important instances of defective control noticed during the year are mentioned below:—

(i) *Unnecessary Supplementary Grants or Appropriations:*—

Serial No.	No. and Name of Grant	Amount of Supplementary Grants or Appropriations	Amount of Savings
1	2	3	4
		Rs.	Rs.
1.	22.—Tribal Areas . . . . .	40,81,000	1,02,30,532
2.	70.—Multi-purpose River Schemes . . . . .	10,00,000	31,70,664
3.	95.—Supplies . . . . .	5,03,000	10,67,721
4.	130.—Capital Outlay on Roads . . . . .	1,50,00,000	1,68,57,361
5.	134.—Delhi Capital Outlay . . . . .	50,00,000	65,23,650

In the following cases the bulk or substantial portion of the Supplementary Grants or Appropriations remained unutilised:—

Serial No.	No. and Name of Grant	Amount of Supplementary Grants or Appropriations	Amount of Savings
1	2	3	4
		Rs.	Rs.
1.	5.—Miscellaneous Departments and Expenditure under the Ministry of Commerce and Industry . . . . .	52,68,000	30,72,247
2.	18.—Scientific Research . . . . .	40,00,000	24,13,666
3.	32.—Stamps . . . . .	21,80,000	17,62,132
4.	110.—Capital Outlay of the Ministry of External Affairs . . . . .	26,84,000	14,45,120

(ii) *Irregular Re-appropriations.*—Under individual sub-heads there were several cases of re-appropriation and modification which proved excessive or unnecessary. Instances have been mentioned in the 'Notes' below the Appropriation Accounts of the Grants or Appropriations concerned.

(iii) *Surrenders made in excess of total savings in Voted Grants or Charged Appropriations:*—

No. and Name of Grant or Appropriation	Amount of Savings	Amount of Surrenders
1	2	3
	Rs.	Rs.
3.—Salt ( <i>Charged</i> ) . . . . .	1,38,760	1,67,100
30.—Taxes on Income including Corporation Tax, etc. . . . .	33,71,415	34,18,246
57.—Statistics . . . . .	27,88,181	28,36,100
66.—Ministry of Information and Broadcasting .	38,190	47,491
77.—Miscellaneous Expenditure under the Minis- try of Law . . . . .	34,228	38,300
82.—Exploration of Oil and Natural Gas .	44,08,592	68,61,000
83.—Miscellaneous Departments and other Expen- diture under the Ministry of Steel, Mines and Fuel . . . . .	7,41,45,589	11,66,93,105
91.—Overseas Communications Service ( <i>Charged</i> )	3,989	9,168
105.—Secretariat of the Vice-President. . . . .	15,771	20,515
<i>Union Public Service Commission</i> . . . . .	2,44,219	2,53,000
126.—Capital Outlay of the Ministry of Labour and Employment . . . . .	4,50,992	5,48,000
128.—Capital Outlay of the Ministry of Steel, Mines and Fuel . . . . .	17,91,40,476	17,99,34,767
129.—Capital Outlay on Ports . . . . .	1,10,54,620	1,13,90,300

(iv) In the following case funds were surrendered although there was excess over the final grant:—

No. and Name of Grant	Excess over the final Grant	Amount of Surrenders
1	2	3
	Rs.	Rs.
31.—Opium . . . . .	1,98,432	1,06,000

(v) *Cases of defective budgeting.*—There were certain cases of defective budgeting under individual sub-heads. Instances have been mentioned in the 'Notes' below the following Appropriation Accounts:—

Grant No. 2.—Industries.

Grant No. 59.—Delhi.

Grant No. 60.—Himachal Pradesh.

Grant No. 109.—Capital Outlay of the Ministry of Education and Scientific Research.

Grant No. 129.—Capital Outlay on Ports.

17. *General conclusions regarding control over expenditure.*—

(i) As explained in paragraphs 8 to 10 savings occurred in 119 out of 130 Voted Grants and in 30 out of 36 Charged Appropriations. The net savings in all the Grants and Appropriations were Rs. 1,55,00,34,041 (12·93 per cent.) and Rs. 2,88,14,56,300 (5·06 per cent.) respectively.

(ii) Excesses over Voted Grants and Charged Appropriations not covered by Supplementary Grants and Appropriations furnish a criterion to assess the effectiveness or otherwise of the control. As explained in paragraph 11, there were 11 cases of excesses over Voted Grants involving a total excess of Rs. 42,43,475, whereas in the Charged section there were four cases covering Rs. 1,81,687 (*Vide* paragraph 12).

(iii) Supplementary Grants for Rs. 1,43,92,57,000 representing 13·5 per cent. of the original voted grants were obtained during the year. 5 Supplementary Grants obtained during the course of the year eventually proved to be unnecessary.

(iv) As shown in paragraph 9, a sum of Rs. 1,39,68,02,371 was surrendered from the grants which resulted in savings and Rs. 1,11,500 from those disclosing excesses.

(v) A few instances of excessive or unnecessary re-appropriations and defective budgeting have been mentioned in paragraphs 16(ii) and 16(v) above.

In view of the comments made above the conclusion is that the need for improvement continues.

#### (B)—FINANCIAL IRREGULARITIES, LOSSES, ETC.

18. A summary of the cases of the losses, writes off etc. mentioned below the grants concerned is given in Annexure A to this volume.

### MINISTRY OF COMMERCE AND INDUSTRY

19. *Loss of exhibition goods.*—In pursuance of the Government's policy of giving commercial publicity abroad to India's exports a Mission was permitted in January, 1957, to retain for display in a small sample room some exhibits valued at Rs. 7,021, left over from an exhibition held about that time. The exhibits were partly kept in steel trunks in the sample room and partly displayed.

Some pilferages of the exhibits came to notice in July and September, 1957. A physical verification taken up in April, 1958 had not been completed upto November, 1958, when the accounts were locally audited. This revealed a shortage of exhibits worth Rs. 5,254. It was noticed that certain exhibits were distributed to the officials of the Mission without proper authority. The Ministry informed Audit (August, 1959) that the case had been investigated by a responsible officer of the Mission and it had not been possible to fix responsibility for the loss of the exhibits on any particular person.



20. *Losses and other irregularities in the management of Fairs/Exhibitions.*—In para. 25(d) of the Central Government Audit Report, 1957, certain instances of avoidable expenditure owing to inadequate planning and co-ordination in the conduct of a Fair held in a foreign country in August—September, 1955, were brought to notice.

During a local audit of the accounts of the same Mission, it was observed that while the accounts of the 1955 Fair had still to be compiled, the Ministry participated in three more such foreign Fairs/Exhibitions during 1956 and 1957. No separate accounts of the goods received for these events were kept and the goods were allowed to be mixed up with those left over from the previous fair. No proper record of the quantity and value of these goods was maintained and the original invoices were also not forthcoming. As far as could be made out from the available records, it would appear that the total value of goods received during 1955—57 from various sources, including private parties, was Rs. 2,48,653 (approx.). No reliable quantity or value account of the disposal of these goods was maintained. From the files and the entries in the cash book it was, however, seen that the sale proceeds (including, in many cases, departmental charges of 10/25 per cent.) amounted to Rs. 96,641. In addition, goods valued at Rs. 9,317 were presented to high dignitaries and sold to the officers and staff of the Embassy. The balance of the goods which should be accounted for is, therefore, valued at more than Rs. 1,42,695, against which there is only a small quantity of goods in stock the value of which cannot be determined exactly for want of original invoices or identification marks. It is anticipated that when the accounts are cast the value of the goods in hand will be far short of the book balance of Rs. 1,42,695.

Of the sales of Rs. 96,641 mentioned above, goods worth Rs. 6,000 were sold by the Head of the Mission to himself and to the officials of the Embassy at concessional prices (in certain cases at reduction of 60 per cent. of the invoice value) without authority from Government, which has not so far been issued. The officials of the Embassy have not paid the reduced prices (Rs. 2,863) of the goods taken by them and they propose to return the articles in case the price reduction is not agreed to.

An expenditure of Rs. 128 per month was being incurred on the rent of the godown where the remaining stocks were kept till the

date of audit. These stocks were not removed to the new Chancery building, where sufficient storage space was available from 15th August, 1957, though the Ministry were informed in May, 1958 that the goods had been placed in the cellar acquired with the above Chancery building. This has resulted in Government incurring a liability of approximately Rs. 3,050 on account of storage charges, the bills in respect of which have still to be paid.

To enable the Mission to prepare a proper account of the goods received, disposed of and in stock, a temporary hand was appointed in January, 1957 for two months on a pay of Rs. 550. No account was, however, prepared by him and the expenditure of Rs. 1,100 approximately thus proved nugatory.

It is necessary that the accounts of these Fairs/Exhibitions should be finalised urgently.

21. *Irregularities in a contract for the manufacture of Ambar Charkhas.*—An Advisory Board set up by Government in February, 1953 for the development of Khadi and Village industries entered into a contract in September, 1956 with a Co-operative Society for the Supply of 2,500 sets of Ambar Charkhas at Rs. 80 each by December, 1956 subject, *inter alia*, to the following conditions:—

- (i) Financial assistance by way of interest free loan of Rs. 1 lakh would be given by the Board in three instalments; the first instalment of Rs. 25,000 to be disbursed immediately, the second of Rs. 25,000 to be paid after approval of the sets and the last of Rs. 50,000 to be released only after the delivery of 1,000 properly tested sets.
- (ii) Payment of 50 per cent. only of the price of each consignment of charkhas would be made against delivery of the sets the balance being adjusted against the loan indicated above.

Rs. 25,000 were paid to the Society on 7th September, 1956, and Rs. 10,500 again on 8th November, 1956 before the commencement of production to enable the society to tide over its financial difficulties. The balance of the second instalment amounting to Rs. 14,500 was also disbursed to the Society on 14th December, 1956 subject to the

taking over of the available assembled Ambar Charkhas by the Board against the funds advanced.

Although the Society supplied only 400 Charkhas by March, 1957 against which a payment of Rs. 16,000 was made, a further advance of Rs. 15,000 was paid to the Society on 30th March, 1957. The Society could deliver only a small number of sets by August, 1957 against 2,500 sets contracted for with the result that a total amount of Rs. 43,680 was outstanding against them for repayment on that date. The Commission which succeeded the Board on 1st April, 1957 did not agree to advance further loans and decided to take over incomplete sets from the Society. In the meantime, the Society is alleged to have auctioned the incomplete sets at the risk of the Commission on 5th November, 1957 for Rs. 36,000.

On 31st December, 1957, the Society filed a suit against the Commission claiming damages amounting to Rs. 1,06,587 and the suit is pending in court. Meanwhile, the Society has been wound up on 18th January, 1958 by the Registrar of Co-operative Societies on various other grounds including one of misuse of controlled materials and an official liquidator has been appointed. Efforts are being made by the Commission to enforce recovery of outstanding loans through the liquidator.

Besides the above transactions, grants to the extent of Rs. 5,945 were given by the Commission in August and September, 1957 to the Society for conducting a training course during 1957-58. The Ministry have intimated in October, 1959 that the claim for the refund of the entire amount has also been filed with the liquidator as the grant was not utilised for the purpose for which it was sanctioned.

22. *Irregularities in the Vastrasawalamban Scheme.*—(A) Under a scheme of financial assistance for the development of Khadi, a person, who spins yarn required for his own use and gets it woven from a registered khadi weaving Institution is entitled to a rebate of 75 per cent. of the weaving charges paid by the Institution to its weavers or 31 nP. per sq. yd. whichever is less. The registered Institution which weaves the cloth is also paid Establishment subsidy of 12 nP. per sq. yd. by the Khadi Commission, to recoup expenditure incurred by the Institution towards the promotion of the scheme. The charges paid to the weavers, less rebate admissible, are collected from the

self-spinners by the Institution which in its turn claims, from the Commission, reimbursement of the rebate allowed to the self-spinners alongwith the Establishment subsidy mentioned above on the strength of triplicate copies of cash memoranda issued to the self-spinners. The number of registered Institutions functioning under this scheme in 1958-59 was about 600 and the total payment made during the period from 1953-54 to 1958-59 is about Rs. 1.86 crores, covering both weaving rebate and Establishment subsidy.

The internal auditors of the Commission reported that one of the institutions, instead of collecting the yarn from *bona fide* self-spinners and then issuing it to weavers for weaving has disbursed the rebate on weaving charges to weavers on cloth purporting to have been woven out of yarn given to them direct by self-spinners. Thus the weavers were paid both the weaving charges and the rebate payable to the self-spinners. The amount of such rebate paid in 1955-56 was Rs. 1,715.

Another institution was noticed by the Zonal Director to have claimed rebate and Establishment subsidy from the Commission by making entries in its books on the basis of information collected by its employees during their periodical visits to the villages in their area, of yarn supplied by certain persons direct to weavers and of woven cloth allegedly returned to them by these weavers, without physically verifying the existence of yarn or cloth or making sure that the yarn supplied was really yarn spun by persons for their own use.

In the case of another institution, the Zonal Director discovered that bogus entries of yarn purchased and khadi cloth woven were made in order to get the benefit of both the rebate and the Establishment subsidy.

In respect of lump sum amounts placed at the disposal of a State Board for disbursement of the above subsidy to registered institutions, several instances were detected by the internal auditors where the institutions claimed Establishment subsidy and also production/sales subsidy which is not admissible under this scheme. A sum of Rs. 1,880 out of an amount of Rs. 2,806 due on this account is recoverable from the institutions concerned (December, 1959).

Some of the above irregularities are still under investigation and the final findings are awaited. These types of irregularities indicate that there are lacunae in the scheme which make it possible to obtain fictitious and exaggerated subsidy and even encourage this

(B) In respect of the Establishment subsidy of 12 nP. per sq. yd. paid to the institutions audited statements of accounts and Utilisation Certificates prescribed by Government were not obtained by the Board/Commission on the plea that this was a flat rate of disbursement without any condition. This contention being unacceptable to Audit, the Commission addressed Government in May, 1958 for deletion of the provisions regarding furnishing of audited statements of accounts and utilisation certificates by institutions claiming Establishment subsidy. The final decision of Government is still awaited (February, 1960).

(C) The Establishment subsidy paid to the Swawalamban institutions at 12 nP. per sq. yard was considered to be in excess of the expenditure actually incurred particularly in the case of the bigger institutions. The position has been reviewed by the Commission and the Government and the rate of the Establishment subsidy has been reduced from 12 nP. to 3 nP. per sq. yard with effect from 1st July, 1959 which has not been given effect to till now.

23. *Infructuous expenditure by an autonomous Board.*—An autonomous Board financed by Government from Cess Fund, hired an accommodation @ Rs. 1,100 per month from 1st April, 1956 which was raised to Rs. 2,200 per month from August, 1956, for the purpose of opening a propaganda centre in a city. In order to carry out interior decoration of the centre, tenders were invited on 25th May, 1956, but as no precise specifications were laid down for decoration work, only two firms tendered, the difference between the two quotations being about a lac of rupees. The tenders were scrapped for reasons not considered valid by Audit and orders were placed by negotiations on a third firm on 23rd July, 1957 for Rs. 84,489. The decoration work was completed on 10th March, 1958. The Centre was ultimately started on 27th March, 1958, i.e., 23 months after hiring of the accommodation.

Allowing a period of 6 months for decoration, there has been an inordinate delay and consequential infructuous expenditure of Rs. 37,400 by way of rent paid for the period October, 1956 to March, 1958.

24. *Irregularities in running a Vidyalaya.*—An Advisory Board set up by Government in February, 1953 for the development of certain industries started a Vidyalaya during 1953-54 for training personnel in the technique of those industries. The audit of accounts of the Vidyalaya for the period 1954-55 and 1955-56 conducted in November 1956 revealed that the cash book and other initial

accounts of the institution were maintained in a very unsatisfactory manner. Instances were noticed in which sale proceeds realised were neither credited to the cash account nor deposited in the bank; payments were made for private and unauthorised purposes; advances of large amounts were given to employees and private individuals, the recovery of which was neither properly effected nor accounted for; the stock accounts of raw materials and finished products were not maintained properly and no physical verification of stores had been conducted.

Following a report by Audit to the Government the cash book and other initial records for the period 1954-55 were recast. A test check by Audit in December, 1958 of the recast accounts indicated that:—

- (i) Unauthorised advances were made to employees and also to private individuals without vouchers in several cases.
- (ii) Out of the advances made to a mess run for the benefit of the students a sum of Rs. 10,149 was shown in the re-written accounts as outstanding for recovery from the trainees on 31st March, 1956 (Several batches of the latter on whose behalf the expenditure was incurred had already completed the training and left the Vidyalaya). Out of this a sum of Rs. 8,400 has been since recovered or adjusted leaving a balance of Rs. 1,749 yet to be recovered (November, 1959).
- (iii) Sums amounting to Rs. 11,526 and Rs. 1,047 were outstanding on 31st March, 1956 against 'Sundry Debtors' and the 'Ex-Principal' respectively. Out of the sum of Rs. 11,526, a sum of Rs. 3,737 has been held irrecoverable. The amount of Rs. 1,047 due from the Principal also awaits regularisation (November, 1959).
- (iv) Raw materials purchased for the purpose of training and the finished products therefrom were sold on credit to private parties without proper authority. A sum of Rs. 967 is yet to be realised in respect of such credit sales made during 1954-55 and 1955-56.
- (v) The cash deposit accounts of the trainees were not recorded properly with the result that excess refunds to the extent of Rs. 2,448 had been detected.
- (vi) About 140 acres of cultivable land and some pasture land attached to the Vidyalaya had been leased out to a private

institution from 1st May, 1956 along with some farm houses, servants' quarters and an engine shed. Up to date (February, 1960) no lease deed has been executed nor any rent recovered for the land and the buildings. It was decided in February, 1958 by the Commission (which succeeded the Advisory Board with effect from 1st April, 1957) that no rent should be charged for the lands etc. handed over to the private institution for cultivation. It has been stated by the Ministry (December, 1959) that lease deeds were not executed by the Commission to avoid legal complications, on the advice of their Legal Adviser and that execution of a service agreement with the Institution is under consideration.

25. *Irregularities in the accounts of a Karyalaya (Nasik).*—An Advisory Board set up by Government in February, 1953 for the development of certain industries started a Saranjam Karyalaya (Workshop) in 1955 mainly for the manufacture and supply of implements required for one of the industries. A sum of about Rs. 4 lacs was invested in the workshop upto 31st March, 1959. The profit and loss accounts of the workshop showed that it suffered the following losses:—

1955-56	...	Rs. 16,060
1956-57	...	Rs. 6,916
1957-58	...	Rs. 21,677
1958-59	...	Rs. 51,332

The local audit of the accounts of the workshop revealed the following irregularities:—

- (i) Proper stock books for the raw materials purchased and the finished products were not maintained for 1955-56 and in respect of timber for 1956-57 also.
- (ii) Timber worth in the aggregate Rs. 2,10,083 was purchased on several occasions in 1956-57; without inviting tenders on most of the occasions and without formal agreements stipulating the unit rate, terms of delivery and inspection etc.
- (iii) In a number of cases, measurement and inspection of the consignments of timber were not done before taking delivery from the contractor at the firm's godown or on destination.

- (iv) The physical verification conducted on 31st March, 1959 revealed a net deficit of timber to the extent of Rs. 22,489, which is yet to be regularised.
- (v) Buildings to house the workshop were constructed at a cost of about Rs. 1.21 lacs through two private contractors, without framing proper technical estimates in consultation with the C.P.W.D. and without inviting open tenders.

26. *Irregularities in disbursement of Grants/Loans to a Private Institution.*—An Advisory Board set up by Government of India disbursed loans and grants amounting to Rs. 20,158 and Rs. 9,188 respectively to a private Institution between August, 1954 and 15th February, 1955. Without receiving from the Institution a statement of accounts of the previous loans and grants, asked for on 18th February, 1955, further loans and grants amounting to Rs. 6,725 and Rs. 4,755 respectively were made between 23rd February, 1955 and 8th May, 1956.

The inspection of the accounts of the Institution by the Board's internal auditors in February, 1957 revealed that the Institution had utilized Rs. 17,480 and Rs. 7,100 out of loans and grants respectively on unauthorised purposes such as construction of buildings and that a sum of Rs. 540 only was standing to its credit at its Bank.

The Ministry have intimated in September, 1959 that the Institution has agreed to hand over all its assets worth Rs. 50,000 to the Commission in repayment of the loans etc. due to the Commission and that steps are under way to value the assets and to take them over.

27. *Irregularities in the grant of a loan to an Institution.*—An Institution registered under the Societies Registration Act, 1860 applied in March, 1955 for a loan of Rs. 5 lacs to an Advisory Board for the purpose of production of khadi. The Institution was asked to route the demand duly supported with the required documents through the State Board concerned. Subsequently, the Secretary of the Institution instead of complying with these requirements contacted personally the members of the Advisory Board who on the strength of oral discussions and the examination of certain documents produced by him disbursed to him on 10th December, 1956 as a special case and on a trial basis, an interest free loan of Rs. 51,000 subject, however, to the conditions that (i) the repayment should be made by 9th December, 1957 and (ii) monthly progress reports showing the manner of utilization of funds should be furnished.



The Institution did not, however, repay the loan by the due date nor furnish any monthly progress reports. After persistent demands, the Institution rendered the accounts for the period ending 31st December, 1957 and 31st March, 1958 duly audited by the private auditors which show that a sum of Rs. 18,992 had been spent by the Institution mainly on pay and allowances while no details were produced for the balance.

Owing to certain adverse reports received regarding the affairs of the Institution, attempts were made by the Statutory Commission (which replaced the Advisory Board from 1st April, 1957) to examine the books of the Institution but the loanee Institution has till now evaded such an examination. The Commission has decided on 11th September, 1958 that the entire amount of loan should be recovered from the Institution in one lump but the recovery is still awaited (February, 1960).

28. *Irregularities in the accounts of a Karyalaya (Bangalore).*— An Advisory Board set up by Government in February, 1953 for the development of certain industries, started in 1955, a Karyalaya (Workshop) for the manufacture and supply of Ambar Charkhas and other implements. The Karyalaya was managed by an 'Honorary' Official, who was paid an honorarium of Rs. 500 per month. The Karyalaya was later on developed into two units which were handed over for management to a State Board on 22nd September, 1958 and 13th December, 1958 respectively. The terms and conditions of the transfer of the assets of one of the units to the State Board are yet to be finalised (February, 1960).

The trading accounts of Karyalaya showed the following losses prior to its transfer to the State Board:—

Year of accounts	Losses
	Rs.
1955-57 . . . . .	67,727
1957-58 . . . . .	40,514
1958-59 . . . . .	6,396

The accounts as on 31st March, 1959 show a large sum as outstanding under the head 'Sundry Debtors' of which a sum of about Rs. 27,000 has proved to be a bad debt and is awaiting write off.

A test audit of the accounts of the Karyalaya conducted in February/March, 1958 revealed, *inter-alia*, the following irregularities:—

- (i) The cash book was not maintained properly upto 31st March, 1957. No periodical physical verification of cash was done nor any reconciliation effected between cash book and Bank pass book.
- (ii) Instances were noticed in which some sale proceeds were kept out of accounts for long periods and had to be subsequently recovered from the Honorary Official by debit to his personal account.
- (iii) The workshop of the Karyalaya was housed in a building which belonged to a private trust of which the Honorary Official was the managing trustee at a rent of Rs. 250 a month. Extensions and structural alterations at a cost of about Rs. 15,000 were made by the Honorary Official on this rented building without any sanction of the Board/Government. The value of these improvements was, however, assessed by the State Engineer at about Rs. 6,000 (including electric fittings and water supply arrangements). The improvements were wholly debited to the Karyalaya account.
- (iv) In order to house the Mahavidyalaya (a training Institute attached to the Karyala) certain old buildings were taken over from the State Government at a cost of Rs. 86,000 and renovated at an expenditure of Rs. 45,000 without getting proper estimates sanctioned in consultation with C.P.W.D. A scrutiny of the registers of materials revealed that many of the articles purchased were not traceable in those registers. The amount involved in such cases noticed exceeds Rs. 10,000.
- (v) No work orders were maintained for the Charkhas manufactured, and no proper stock accounts were maintained for the latter till the middle of 1956-57. Materials estimated at about Rs. 4,500 shown as transferred from one depot to another were not traceable in the stock register of the receiving unit. Shortages to the extent of 13 tons of pig iron valued at Rs. 2,903 were found in two Railway Consignments received from a private firm and were written off under a sanction issued by the Commission in October, 1958.

- (vi) Proper records were not kept for articles purchased in auction and their subsequent disposal.
- (vii) Transactions involving large amounts were settled with contractors on the basis of entries in rough note books without complete details of the materials supplied to or received from them. Test Audit has revealed irregular payments of about Rs. 7,562 (of which a sum of Rs. 4,476 has since been recovered). No security was taken for the materials supplied to contractors for fabrication and some of them defaulted in supplying the finished products or in paying the cost of the materials lying with them. The amount recoverable in such cases is about Rs. 26,000.

The above irregularities in the accounts of the Karyalaya were brought to the notice of the Government and the Commission in July, 1958. A Committee of Enquiry was set up by the Commission in January, 1959 to investigate into (i) the loss incurred by the Karyalaya and (ii) the financial irregularities mentioned above. The Enquiry Committee submitted a Report in June, 1959 to the Commission in which they have confirmed the losses suffered by the Karyalaya and attributed them to the following factors:—

- (i) The timber purchases were made at a comparatively higher rate;
- (ii) There was excess wastage in the use of timber as scantlings of required sizes were not available;
- (iii) The control exercised over receipt and issue of materials in stock was inadequate, particularly in the earlier stages of the work of the Karyalaya which might have resulted in excess wastage of timber;
- (iv) Due to lack of co-ordination and proper supervision over the production programme as a whole, there was some idle labour which had to be paid for;
- (v) The Charkhas turned out by the Karyalaya in the beginning and most of the Charkhas purchased from the sub-contractors were defective as a result of which considerable expenditure on repairs had to be incurred;
- (vi) The Office and other staff employed and expenditure incurred on indirect overheads were excessive and out of all proportion to the actual number of charkhas manufactured in the Karyalaya. There was scope for economy in this direction which was not adequately explored;

- (vii) Optimum use of the machinery etc. installed in the Karyalaya was not made and for part of the period some of the machinery was made use of by an outside society free of charge, the depreciation on which had to be borne by the Karyalaya.

The report of the Enquiry Committee is under the consideration of the Commission and the results of its consideration are awaited (February, 1960). Meanwhile, the Honorary Official has severed his connection with the Commission on 27th March, 1958.

29. *Irregularities in the accounts of subsidy on production and sale of Khadi.*—Certain irregularities noticed in the accounts of subsidy on production and sale of Khadi for the years 1953-54 and 1954-55 have been mentioned in Para 24 of the Audit Report (Civil), 1957. The Advisory Board mentioned therein was constituted into an autonomous Commission with effect from 1st April, 1957. The scheme of subsidy is continuing and a further sum of Rs. 1,01,71,515 was paid in all, as subsidy during the years 1955-56, 1956-57 and 1957-58.

The local audit of the subsidy accounts conducted in October, 1958 has revealed that irregularities mentioned in sub-paras 2 (i), 2 (ii) and 2 (iii) of Para 24 of the earlier Audit Report, still persist. The following further irregularities were noticed:—

- (i) Production subsidy is being paid on selling price instead of on cost of production. At the instance of Audit, Government have informed the Commission in February, 1959 that production subsidy should be based only on the direct materials, wages and a margin to cover establishment expenses for production; and that the Commission should recover overpayments from the institutions concerned (estimated at several lacs of rupees) in respect of past transactions. The Commission has not agreed and the matter is under further correspondence between the Commission and Government.
- (ii) Production subsidy is admissible to institutions only in respect of their own production. In several cases, production subsidy has, however, been paid on goods purchased by the institutions. The Commission have stated that these cases are under examination.
- (iii) In a number of cases it was noticed by internal auditors/ Zonal Directors that sales subsidy and rebates (allowed to purchasers of Khadi and recouped from the Commission) were paid in respect of fictitious retail sales. One Institution alone is reported to have claimed subsidy and rebate

amounting to nearly a lakh of rupees on such sales during the period January, 1957 to December, 1958. These cases are under further investigation. [Similar payments of rebate on faked cash memoranda were also commented upon in para 22 (C) of Audit Report (Civil), 1959].

30. *Avoidable losses due to under-charging of rent.*—In order to promote foreign interest in Indian arts and crafts and to encourage the sale of exhibits, the Government held an exhibition during October, 1958 to January, 1959. Besides the Departments of the Central and State Governments, several autonomous bodies and other private parties participated in the exhibition.

Originally the expenditure on this exhibition was estimated at Rs. 50,00,000 which was revised to Rs. 64,46,000 (January, 1959). A sum of Rs. 48,00,000 was expected to be realised as entry fees from visitors and rent charges for space occupied by the participants.

No formal sanction for the expenditure for the scheme as a whole was issued but individual sanctions for various amounts aggregating Rs. 48,94,860 have been issued so far. An account of the total expenditure incurred and the receipts realised by Government has not yet been prepared and submitted for verification by Audit.

A steering Committee was set up to guide and supervise the planning and organisation of the exhibition. The rules and regulations framed by this Committee prescribed also the rates of admission and of rent to be charged. Orders delegating financial and rule-making powers to the steering Committee were, however, not made available to Audit. It was not possible to examine whether the decisions of the Committee including the exemption in full or part of rent payments were covered by delegated authority.

(i) A scrutiny of the records pertaining to the recoveries of rent at the rates prescribed by the steering Committee revealed that a total sum of Rs. 2,38,777 (approximately) including Rs. 1,14,329 recoverable from private parties, had been short realised on the following counts:—

- |  |              |
|--|--------------|
| (a) Rent charged for space less than that actually occupied. | Rs. 1,30,813 |
| (b) Rent realised at rates lower than those prescribed.      | Rs. 69,900   |
| (c) Remission of rent.                                       | Rs. 38,064   |
|  | Rs. 2,38,777 |



- (ii) One hall measuring 4,814 sq. ft. and 7 stalls of 240 sq. ft. each for which the prescribed rent for the duration of the exhibition was Rs. 61,580, remain vacant.

It was explained that the hall remained vacant through an oversight. The reasons for non-allotment of the stalls could not be ascertained as all the applications, including those rejected, received for allotment of the stalls, were not available.

Arrears amounting to Rs. 9,21,382 (of which Rs. 31,418 were due from private parties) on account of rent were outstanding (May, 1959). It was stated that bills for Rs. 3,38,606 had been accepted by the parties concerned and the amount was being adjusted during the year 1959-60. Similarly, recoveries for a total amount of Rs. 56,727 on account of electric, water and telephone charges were also pending from the parties concerned (May, 1959).

### MINISTRY OF EDUCATION CENTRAL SOCIAL WELFARE BOARD

31. In Paragraph 57 of the Central Government (Civil) Audit Report, 1957 some observations were made on the financial working of the Central Social Welfare Board whose activities are financed by means of grants from the Government. And the Public Accounts Committee in its Eighteenth Report had also commented on these.

In the audit of the accounts for the years 1956-57 and 1957-58 similar irregularities were noticed.

(a) *Defective Budgeting.*—(i) The table below indicates the original and revised estimates of the S.W.B. and its actual expenditure during the three years ending with 1958-59.

Year	Original Budget	Revised estimates	Expenditure
1	2	3	4
	Rs.	Rs.	Rs.
1956-57	2,12,00,000	1,30,00,000	83,01,528
1957-58	2,00,00,000	1,75,00,000	1,12,92,499
1958-59	2,40,00,000	1,50,00,000	1,45,62,941

The above figures stress the necessity for improved budgeting.

(b) *Excessive releases of grants for Welfare Extension Projects resulting in accumulation of heavy cash balances.*—During the year 1956-57, the approved budget for 263 Welfare Extension Projects was Rs. 89,31,500. The actual cash expenditure of these projects was, however, Rs. 41,83,980. The S.W.B.'s share at 50% of this expenditure should be Rs. 20,91,990. Taking into account the balance of Rs. 7,70,058 carried over from the previous years' grants, the S.W.B. should have released Rs. 13,21,932 only. Even after adding another Rs. 4 lakhs being the maximum proportionate contribution (actual amount not known) on the assessed value of the services rendered for the full year by honorary workers in Project Implementation Committees, the S.W.B. should have released only Rs. 17,21,932. Actually, however, amounts aggregating Rs. 28,12,700 viz., more than Rs. 10 lakhs over its stipulated share, were disbursed by the S.W.B.

In spite of heavy cash balances lying with the Welfare Extension Projects advance releases of grants amounting to Rs. 4,39,000 were made for these Projects during 1956-57 for utilisation in 1957-58. Similarly at the end of the year 1957-58 advance releases of grants for the year 1958-59, at Rs. 3,000 to Rs. 5,000 for each Project were made by the S.W.B.

Of the 435 Projects functioning during the year 1957-58, accounts in respect of 255 only had been received by the S.W.B. (August, 1959), and even these accounts were not in a final form. Advance releases of grant by the S.W.B., especially when the accounts in respect of most of the Welfare Extension Projects had not been received and when substantial amounts representing balances from the previous years' grants were lying with the Projects, were inadvisable.

(c) *Deficiency in Public Contributions.*—Welfare Extension Projects being joint ventures of the S.W.B., the State Governments and the public, voluntary contributions to the extent of 25% of the expenditure are to be raised by the Project Implementation Committees, in cash or kind, from the people of the area. The success of the Projects should appropriately be measured by the extent of the popular enthusiasm aroused and voluntary participation obtained. During the year 1956-57 against an expenditure of Rs. 41,83,980 on 263 Projects, the voluntary contribution in cash or kind, was Rs. 4,81,991 i.e. 11.5% of the total expenditure. As regards voluntary contribution raised during the year 1957-58, the figures were not available from almost all the States (August, 1959). To condone the deficiency in the public contribution, the S.W.B. decided to

afford an *ad-hoc* credit to each Project of Rs. 3,000, as the estimated value of the honorary services rendered by the members of the Project Implementation Committees.

The S.W.B. decided to prepare the budget of Welfare Extension Projects from the year 1957-58 on a new basis splitting the budget into two parts, *viz.*, Part I providing the minimum basic programme of welfare activities and Part II embracing all voluntary contributions in cash or kind. The shares of the S.W.B. and the State Governments were to be determined on the basis of the expenditure for which provision was made in Part I of the budget. Under this arrangement voluntary contributions would cease to be a prerequisite for sanctioning of the Projects and would no longer be taken into account for determining or disbursing the shares of expenditure to be borne by the S.W.B., State Governments, etc. An important index of the success of these schemes will thus no longer be available.

(d) *Grants to Voluntary Welfare Institutions.*—For the 'Second Plan' period it was decided that well-established institutions should be given grants for the whole 'Plan' period so that work could be carried out by those institutions in a systematic manner without any financial handicap. The assistance was to be given mainly for improving the quality and standard of the existing activities of these institutions or for developing new activities, it being assured by the institutions that they would continue to maintain their activities at the existing level out of their own resources or by raising the needed contributions.

The amounts paid on the above basis as grants to these established Institutions during the years 1956-57 to 1958-59 are shown below:—

Year	Total amount
	Rs.
1956-57	23,98,837
1957-58	27,76,212
1958-59	46,04,264

The following observations are made in this connection:—

- (i) There were instances wherein the Institutions failed to maintain the average expenditure on normal activities out of their own resources, or to raise sufficient additional funds to complete the programmes for which assistance was given by the S.W.B. As the grants to the Institutions



are generally sanctioned for the entire 'Plan' period the performance of these Institutions does not come up for review after the initial sanction and as such the Board is not kept informed of shortcomings or irregularities, if any, which might take place during the long utilisation period allowed. To improve control, a system of annual review of the working of such Institutions by the S.W.B. was suggested by Audit in December, 1956, but the suggestion has not been accepted.

- (ii) Statements of audited accounts in respect of utilisation of the grants paid during the years 1956-57 and 1957-58 had not been received by the S.W.B. in a large number of cases. In some cases such accounts even for the year 1955-56 had not been received so far (July, 1959). No separate record for the purpose of watching the receipt of the audited accounts was kept by the S.W.B. It was noticed that fresh grants were, however, released by the Board even in cases of the Institutions which had not rendered the accounts of the grants received by them during the previous years.
- (iii) The condition that all Institutions applying for assistance should be registered bodies or should complete registration formalities before the grants are released, was not enforced in several cases and grants were continued to be paid without registration. In cases where the Institutions intimated that their parent bodies were registered, the certificates from the parent bodies in confirmation of the Institutions being their regularly constituted branches, were not obtained in many cases. One Institution in receipt of a small grant ceased its activities during the utilisation period.
- (iv) Grants were paid by the Board in some cases in excess of the amounts applied for by the Institutions. In some others, grants were paid without determining the requirements of the institutions. In one case an Institution which had asked for a grant of Rs. 8,000 for publication of a 'Child Welfare' directory, was paid Rs. 15,000. On it being pointed out by the Institution that it was not in a position to utilise the entire amount, the S.W.B. permitted it to utilise the balance for other purposes not contemplated in the original sanction.

(v) Grants for purposes other than those approved by the S.W.B. can be utilised only with its prior approval but this condition was not carefully enforced in many cases. In one case, the grant of Rs. 2,000 sanctioned to an Institution for the year 1955-56 for development purposes, was utilised for music and dance equipment, purchase of two cows, etc.

(vi) The inspection of the grantees' accounts as provided in the rules of the S.W.B., was not conducted regularly and in many cases it was not carried out at all. Of the 200 grant cases looked into during the course of audit of the accounts for the year 1956-57, only in 10 cases such an inspection had been undertaken by the Board. Even in those cases the recommendations of the Inspection Officers were not taken into account while sanctioning fresh grants.

(e) *Building Grants sanctioned for Welfare Extension Project Centres.*—Grants for construction of buildings for accommodating Welfare Extension Project Centres are sanctioned by the S.W.B. in favour of the Project Implementation Committees upto a maximum of Rs. 5,000 in each case. The land is to be acquired by the Committees out of their own funds and the grant by the S.W.B. is meant only for building construction purposes to be disbursed through the agency of the State Boards in instalments depending upon the progress of construction. During the years 1955-56 to 1958-59, grants aggregating Rs. 26,64,400 were paid by the S.W.B. for construction of buildings as shown below:—

Year	Rs.	No. of Centres
1955-56 . . . . .	7,06,500	191
1956-57 . . . . .	10,76,500	213
1957-58 . . . . .	4,16,500	267
1958-59 . . . . .	4,64,900	70
TOTAL . . . . .	26,64,400	741

The S.W.B. has laid down that construction of buildings for the centres should be completed within a year of the date of sanction and the Project Implementation Committees are required to send the audit statements of accounts to the S.W.B. Such accounts or completion certificates were, however, not received by the S.W.B. from a single centre till May, 1958. Almost the entire amount of over Rs. 26 lakhs paid by the S.W.B. from the year 1955-56 onwards

has remained unauthenticated. Even by July, 1959 the completion of buildings, except in 5 cases, had not been reported.

(f) *Training Scheme in 'After-care' and 'Social and Moral Hygiene' Courses.*—In February, 1956 the S.W.B. evolved a scheme to train about 140 persons at an estimated cost of Rs. 2,13,000 in 'After-care' and 'Social and Moral Hygiene' courses, for employment in the 'Homes and Shelters' set up in the various States. The training period was fixed at one year during which the trainees were to be paid a monthly stipend of Rs. 100 each and each trainee was required to serve for a period of at least 3 years in any of the 'Homes and Shelters' if an appointment was offered within 3 months of the completion of the training:—

- (i) The training course was started in July, 1956, at two schools in 2 cities and two batches of trainees numbering 67 in all were trained by July, 1957 and 1958 respectively. The expenditure on this training was Rs. 2,45,511 approximately 140% above the estimated cost.
- (ii) Of the 67 trainees 24 were appointed by May, 1958 from the first batch which had completed training in July, 1957 while only 8 trainees were employed by April, 1959 from the second batch which had completed training in July, 1958. As the remaining 35 successful trainees could not be appointed in the 'Homes and Shelters' in the various States, the expenditure of nearly Rs. 1,27,690 incurred by the S.W.B. on their training was not fully productive.

(g) *Training of Auxiliary Nurse Midwives for Welfare Extension Projects.*—A scheme for training of Auxiliary Nurse Midwives for the Welfare Extension Projects was instituted in August, 1955, the S.W.B. meeting the entire expenditure on the training scheme which included non-recurring grants, of about Rs. 1,100 per trainee to the private and voluntary institutions for extensions and alterations of buildings and purchase of equipment for the trainees and a monthly stipend of Rs. 50/- per trainee. The following grants were paid by the S.W.B. since the inception of the scheme:—

	Rs.
1955-56 . . . . .	2,57,651
1956-57 . . . . .	2,38,670
1957-58 . . . . .	1,83,991
1958-59 . . . . .	1,58,635
TOTAL	8,38,947

- (i) Non-recurring grants were released by the Board in lump sum on the basis of number of candidates to be trained at a particular Institution as recommended by a Government Department. The actual selection of the candidates was made by the Institution concerned in consultation with the State Advisory Boards afterwards. The procedure adopted by the S.W.B. was somewhat defective in-as-much as it resulted in overpayments of grants as also of utilisation of amounts for purposes other than those for which these were originally sanctioned by the S.W.B. In case of three Institutions alone which were sanctioned grants aggregating Rs. 68,500 for the training of 65 persons, Rs. 13,450 (20%) were overpaid as the number of trainees selected by the Institutions was 52 only. Three other Institutions which were in receipt of grants aggregating Rs. 40,000, utilised the amounts for construction of residential quarters for nursing staff while in yet another case, an Institution in receipt of a non-recurring grant of Rs. 30,000 purchased a motor van for Rs. 18,402 out of the above grant.
- (ii) In September, 1957, the S.W.B. decided to terminate the scheme. As a result the buildings and the equipment acquired by the Institutions from the grants sanctioned by the S.W.B. became the property of those Institutions.
- (iii) The Institutions in receipt of grants from the S.W.B. were required to send statement of accounts audited by Chartered Accountants in support of utilisation of the grants. Such accounts were, however, not received from most of the Institutions (April, 1959). A considerable portion of over Rs. 8 lakhs paid by the S.W.B. during the years 1955-56 to 1958-59, thus remains unauthenticated. Besides, the S.W.B. had not maintained any records to watch whether the trainees who had successfully completed training had been employed in the various Welfare Extension Projects.

(h) *Losses in Publications.*—The S.W.B. is publishing two priced journals entitled 'Social Welfare' in English and 'Samaj Kalyan' in Hindi.

An examination of the expenditure and sale accounts of the journals revealed that net expenditure of Rs. 1,49,358, Rs. 1,16,006

and Rs. 84,531 was incurred by the S.W.B. during the years 1956-57, 1957-58 and 1958-59 respectively as indicated below:—

Year	Approximate Expenditure on Publications	Sale Proceeds
	Rs.	Rs.
1956-57 . . .	1,69,415	20,057
1957-58 . . .	1,39,828	23,822
1958-59 . . .	1,08,445	23,914

- (i) Of the total number of copies published, not more than 58% were issued for sale in any month. Nearly 37% of the remaining were distributed free of charge to important officials and non-officials and institutions and the balance remained unutilised.
- (ii) The selling price fixed at As. 8 and As. 6 per copy of 'Social Welfare' and 'Samaj Kalyan' respectively is low compared with the production cost of nearly As. 0-12-9 in 1956-57. In February, 1958, the sale price was further reduced to 35 n.p. per copy of both the journals.
- (iii) As pointed out in sub-para of Para 57 of the Audit Report, 1957, an establishment of 12 persons is being continued at the Publications Division of the Ministry of Information and Broadcasting (July, 1959) for the distribution and sale of the above journals in addition to the payment of 15% Departmental charges on the published price of the journals to that Department. The total avoidable expenditure incurred by the S.W.B. on pay and allowances etc. of the staff during the 3 years 1956-57 to 1958-59 amounted to Rs. 60,616 (approximately).

No sale proceeds of the journals have been received by the S.W.B. since 1954-55 i.e. the year of publication of the journals from the Publication Division. The total amount outstanding from the Division on this account at the end of the year 1958-59, was Rs. 83,962-59 nP.

32. *Irregular payments of Grants-in-aid.*—Amounts exceeding Rs. 1 crore had been paid to a Voluntary Organisation by different Ministries of the Government of India since 1953-54 (upto 1957/58) to carry out its day to day social activities mainly in the field of public co-operation. It was observed that grants had been sanctioned greatly in excess of actual requirements and that large unspent balances were retained by the Organisation over periods ranging from six months to two years. The conditions attached to various grants were also not complied with by the Organisation resulting in a number of irregularities as detailed in the following paragraphs.

(a) MINISTRY OF EDUCATION

The Ministry had been paying grants-in-aid to the above organisation since 1954 for organising Youth Camps, Labour and Social Service Camps etc. in various parts of the country. It was noticed in audit that the proportion of non-student youths admitted in camps and the ratio of supervisors and organisers to the camps in terms of conditions attached to the grants were not adhered to, resulting in unauthorised expenditure to the extent of Rs. 48,639 out of grants relating to 1955-56, the accounts of which had, however, been accepted by the Ministry. The terms and conditions attached to the grants were stated to have been relaxed with retrospective effect in 1958.

In several cases certificates of proper utilisation of the grants, required under the rules, were not furnished even upto the end of February, 1960 as below:—

Year	Amounts in lakhs of Rupees			
	Amount of grants paid.	Total amount of grants for which utilisation certificates received inclusive of unspent amount	Total unspent balance out of the amount shown in Col. 3	Total amount of grants for which utilisation certificates were not received upto 29-2-60
1955-56	22.46	22.34	10.94	0.12
1956-57	13.10	11.89	3.05	1.21
1957-58	11.62	8.54	1.96	3.08
<b>TOTAL</b>	<b>47.18</b>	<b>42.77</b>	<b>15.95</b>	<b>4.41</b>

The accounts in respect of 3 camps held during 1956-57 involving an expenditure of Rs. 24,000 were not finalised and approved by the Ministry upto March, 1960.

The Organisation had been allowed to retain and credit to a Fund two annas per day per camper for meeting its "camp office expenses" out of the grant of annas eight per head allowed for incidental expenses on the Camps. Against a receipt of Rs. 1,15,239 during December, 1954 to October, 1955 under the "Two Anna Fund" the actual camp office expenses amounted to Rs. 66,295. Although the "Two Anna Fund" was discontinued in October, 1955, the unspent balance was partly refunded in April, 1956 (Rs. 10,000) and in March, 1957 (Rs. 13,337).

In March, 1957 a sum of Rs. 90,000 was paid for camp office expenses on an *ad hoc* basis without finalisation of the accounts for the previous years, but the utilisation certificate for Rs. 86,976 only was furnished upto February, 1960. The basis on which utilisation certificate had been issued has, however, been questioned in audit.

#### (b) MINISTRY OF INFORMATION AND BROADCASTING

A sum of Rs. 1,06,800 was sanctioned to the same organisation as grants-in-aid during the years 1953-54 to 1956-57 for the publication of a monthly journal. During 1956-57 alone, out of 47000 copies printed at a total cost of Rs. 49,231 only 12,988 copies were sold for Rs. 6,494 [i.e. at As. -/8/- per copy against the cost price of Rs. 1/-/9 per copy] resulting in a net deficit of Rs. 40,641 after taking into account a sum of Rs. 2,096 realised from advertisement charges. It has been stated in August, 1959, that the Ministry has further assumed liability from 1958-59 onwards to meet such deficits to the extent of Rs. 30,000 per annum.

A further sum of Rs. 49,500 was sanctioned during 1956-57 for the publication of Brochures on Five Year Plans, but a balance of Rs. 22,721/13/- was carried over to the next financial year.

A sum of Rs. 7,000 was utilised during 1956-57 on the purchase of equipment e.g. cycles, durries etc., out of the grants sanctioned for the dissemination of information about the Five Year Plan.

**(c) PLANNING COMMISSION**

A sum of Rs. 4,80,000 was sanctioned to the same organisation on 22nd March, 1957 for the purchase of tools and equipment required for training centres and camps run by it. It had been proposed at an earlier stage to effect the purchases through another Ministry but the Ministry concerned had declined to accept the proposal as the time available for the purpose was not adequate. The Organisation could not make purchases by the end of the financial year as stipulated; hence the date for the utilisation was extended up to 15th October, 1957 and again upto 31st March, 1958. A sum of Rs. 2 lakhs was, however, refunded in July, 1958 and another sum of Rs. 65,000 in January, 1959. Utilisation certificate for Rs. 1,78,857.52 nP. expended upto March, 1959 was furnished in July, 1959. The retention of the balance of Rs. 36,142.48 nP. and its utilisation during 1959-60 was sanctioned in August, 1959.

The original amount paid at the fag end of a financial year resulted in unnecessary locking up of public funds.

**(d) MINISTRY OF HEALTH**

The same Organisation had applied for a total grant of Rs. 24,000 comprising sums of Rs. 19,500 to meet expenses of staff and Rs. 4,500 for purchase of furniture, equipment etc. The Ministry sanctioned a grant of Rs. 10,000 in December, 1956. It was stipulated that no grant of any recurring nature could be given by the Ministry, precluding thereby any commitment for future years. The amount could not be utilised by the end of the financial year. The time limit was extended to September, 1957 but the Organisation could spend only a sum of Rs. 1,200 by that time. It was intimated in October, 1959 that the Organisation has been given time upto 31st March, 1960 for utilising the amount of unspent balance which was Rs. 2,000 on 19th August, 1959.

**MINISTRY OF EXTERNAL AFFAIRS**

33. *Delay in the construction of Embassy buildings on a plot of land purchased in a foreign capital.*—A plot of land measuring approximately 3.1 acres with a house, garage and staff quarters in one portion thereof was purchased in March, 1953 at a foreign capital for Rs. 3.5 lakhs approximately for construction of Chancery



and Embassy buildings which were till then housed in private buildings at an annual rental of Rs. 44,208.

At the time of purchase, it was expected that with a small investment on repairs and expansion of the existing building it could be used as Chancery, and that a building for the Embassy could be constructed on the extra land at an estimated cost of Rs. 2.5 lakhs. After the purchase was made it was found that the building would require large scale repairs and that it would not also be adequate for the purposes of the Chancery. Accordingly new constructions were recommended both for the Chancery and the Embassy in June, 1953.

The proposal to construct a Chancery and an Embassy building was deferred in December, 1956 in view of foreign exchange difficulties.

It was revived in September, 1958 and approval of the Government for Rs. 4,10,500, inclusive of local architects' fees and the cost of deputation of one engineer from India, for the construction of Embassy building alone was conveyed in October, 1959.

Certain modifications in the building suggested by the Embassy in November, 1959 were approved by Government in December, 1959. According to the programme now drawn up, the construction work can only commence in May, 1960 and the building is expected to be ready for occupation by the end of June or July, 1961.

The purchase in 1953 seems to have been made without adequate preliminary scrutiny.

According to the original anticipations, the accommodation of the Chancery as well as Embassy, including the land was estimated to cost Rs. 7.5 lakhs while the cost of land and the Embassy building alone is likely to cost Government about Rs. 7.65 lakhs.

The delay in constructing the buildings has resulted in the payment of monthly rent for the Chancery and Embassy buildings at varying rates ranging from 2,167 units to 2,500 units till 11th September, 1959 and at 7,500 units from 12th September, 1959, when a new Embassy building was rented at 6,000 units (Rs. 3,175) per month. Sanction of Government for renting of the new Embassy building is still (March, 1960) awaited.

34. *Overpayment of pay and allowances to a Government servant.*—A Government servant posted to a Mission abroad in October, 1948, was compulsorily transferred to India in February, 1954 and removed from service in November, 1956. He was overpaid a total sum of Rs. 11,614 on the following counts:—

- (i) Special pay of Rs. 1,840 paid by the Mission @ Rs. 40 p.m. from 1st October, 1948 to 31st July, 1952, to which he was not entitled.
- (ii) Local house rent allowance paid over a period of three years at the maximum rate admissible to his grade (Rs. 595.24 p.m.) without limiting it to the actual rent paid viz. Rs. 333.33 p.m. resulting in an overpayment of Rs. 9,429.

The Ministry explained in October, 1959 that the officer, in addition to the house rent, paid separately to the landlord as furniture hire for which he produced receipts from the landlord all at one time, immediately before his departure from the country in February, 1954, showing a monthly payment of Rs. 261.91 as hire since January, 1953.

- (iii) Overpayment of Rs. 407.12 as subsistence allowance during suspension from 20th October, 1955 to 31st August, 1956, out of which a sum of only Rs. 62.50 was recovered.

No action was taken to recover the overpayments from the official prior to his removal. Government's displeasure had been conveyed in December, 1959 to three clerks held responsible for the overpayment of subsistence allowance.

35. *Avoidable expenditure on rent of buildings leased by a Mission abroad.*—A Mission in a foreign country had its offices in two different buildings one for the Chancery-cum-Commercial Wing and the other for the Information Wing. The accommodation and the rent for the two buildings were as follows:—

	Area sq. ft.	Rent p.a. Rs.
Main building	2,000	15,470
Subsidiary building	900	10,920

In July, 1957 the Mission decided to lease a new building to house all its offices. The accommodation in the new building was secured and occupied in three stages in a manner which resulted in some avoidable expenditure as indicated below:—

- (i) In August, 1957 when an effective floor area of 1911 sq. ft. comprising eleven rooms was secured at an annual rent

of Rs. 16,532, the Commercial Wing and the Information Wing were shifted to the new premises. As the prescribed entitlement of these two Wings, according to the Mission's reckoning, was only 1577 sq. ft., the remaining space (1911—1577) i.e. 334 sq. ft. remained vacant till 14th July, 1959.

- (ii) In June, 1958 additional space comprising two rooms with a floor area of 513 sq. ft. (380+133) was secured in the same building at an annual rent of Rs. 2,228. This accommodation also remained vacant till 14th July, 1959.
- (iii) In July, 1959 some more space was secured at an anticipated rent of Rs. 6,370 per annum and the Chancery was shifted from the old building to the new on 15th July, 1959. The extent of this additional space has been estimated at 1,290 sq. ft.

Had the Chancery and the Commercial wing instead of the Commercial and Information Wings been shifted to the new premises in August, 1957 and the building occupied by them surrendered, Government would have saved Rs. 8,700 in rent, for 23 months from August, 1957 to July, 1959 at Rs. 4,550 per year on rent. In addition, the following expenditure would have been saved.

(a) Rs. 2,500 (approximately) being the rent of the space secured in June, 1958 but not utilised for 13½ months from 1st June, 1958 to 14th July, 1959.

(b) Rent of roughly Rs. 4,600 for twenty three months of that portion of the space (about 334 sq. ft.) secured in August, 1957 which remained unutilised till July, 1959.

The total annual rent of the new premises with an effective floor area of 3714 sq. ft. (1911+513+1290) was Rs. 25,130, which was raised to Rs. 25,795 from 1st January, 1959 under a local law. When the proposal to rent the new premises was first put to Government in July, 1957 it was anticipated that the total rental liability of the Mission would be reduced by not less than Rs. 8,200 a year; in other words, the total annual liability of the Mission in the new premises was anticipated to be no more than Rs. 18,200 a year. Against this anticipation the rental liability actually incurred by the Mission was, however, Rs. 25,795. In addition the Mission has to pay to the Landlord an annual sum of Rs. 6,240 for the next 7 years to reimburse him for the cost of certain alterations, repairs and furnishings carried out by him at an inclusive cost of about Rs. 41,500 (at the end of 7 years

its furnishings would become the property of the Mission). Thus the total rental liability for the new premises would be Rs. 32,035 a year which amount will be reduced to Rs. 25,795 after 31st December, 1964 as against Rs. 18,200 anticipated by the Mission when obtaining Government's sanction in 1957.

36. *Delay in the construction of a Chancery building and avoidable expenditure on rental.*—A piece of land (with a small building standing thereon) was purchased in August, 1956 for Rs. 11.43 lakhs for building the Chancery of a Mission abroad, which was hithertofore accommodated in a private building at an annual rental of Rs. 1.4 lakhs approximately.

The proposal to construct the Chancery was, however, deferred in December, 1956 on the ground that the necessary foreign exchange, estimated at the time to be Rs. 24.72 lakhs, could not be provided. Certain alternative proposals made by the Head of the Mission to put the property to effective use remained under the consideration of the Ministry for a considerable time. Subsequently, the construction of a Chancery building at a cost of about Rs. 7 lakhs was approved and the Embassy was instructed to take the work in hand to avoid recurring loss to Government. Instead of carrying out the directions of Government, the Embassy, however, entered into a correspondence with Government to revise the plans to accommodate the Embassy building in the site also. Though Government has reaffirmed its earlier decision in November, 1959, the inaction of the Embassy is likely to involve Government in avoidable expenditure on rental for the period by which the completion of the building will now be delayed.

### MINISTRY OF FOOD AND AGRICULTURE

37. *Suspected loss of Government money due to non-observance of financial rules.*—A special audit of the accounts of an important office for the period 1st April, 1956 to 31st August, 1958 undertaken in March, 1959, at the instance of the Ministry, revealed non-accountal and a suspected misappropriation of Rs. 20,818 by the cashier. Lack of control on the part of the supervisory officers and non-observance of the financial rules and the prescribed procedure facilitated the loss as would appear from the following:—

- (a) Monthly analysis of the cash balance in the cash book was not prepared after February, 1953, nor was the monthly physical check of cash conducted by Head of Office during the period from 5th November, 1957 to January, 1959 as well as in 1956-57, 1957-58 except on 4 occasions.

- (b) The cash book did not contain a complete and authentic record of all cash transactions from time to time. On the one hand *prima facie* fictitious entries not supported by valid vouchers were made on the 'Payment' side of the cash-book for amounts aggregating Rs. 5,294; on the other, receipts from bills encashed and of the miscellaneous nature aggregating Rs. 5,502 together with payments amounting to Rs. 1,181 for which payees' dated receipts were available, were not accounted for in the cash book.
- (c) All bills encashed from the Treasury were not entered in the bill register, while in some other cases those entered but shown as cancelled, were actually found to have been encashed.
- (d) Undisbursed amounts of pay and allowances etc. which are under the rules required to be refunded to Government within a maximum period of 3 months, were retained for a period as long as 4 to 5 years.
- (e) Payees' receipts in support of the payments shown in the cash book, were not available at the time of audit, in about 925 cases for amounts aggregating Rs. 1½ lakhs (approximately). Stamped receipts for payments over Rs. 25 which are required to be sent to Audit were wanting (September, 1959) in respect of the amounts drawn (aggregating Rs. 496) and shown as paid during the year 1956-57.
- (f) Receipts in the prescribed form in token of having received the amount on behalf of the Government, were seldom issued before 31st October, 1957 while thereafter the procedure of issuing receipts was altogether stopped.
- (g) Receipted challans for amounts totalling Rs. 22,091 shown in the cash book as having been deposited into the Treasury were not produced for scrutiny.
- (h) Government money was kept in the sole custody of the cashier under single lock and the system of 'double-lock' was not in force.

Following the detection of unaccounted shortages of Rs. 10,842.67 N.P. in November, 1958, the matter was reported to Government and the cashier was suspended with effect from 6th January, 1959. A Departmental investigation into the whole case is also being conducted, results of which are awaited (September, 1959). Meanwhile it has been suggested to the Department that they should reconstruct

the accounts for the entire period from 22nd January, 1950 to 5th January, 1959 during which the present cashier held charge.

### IRREGULARITIES IN THE ACCOUNTS OF FOREST DEPARTMENT, ANDAMANS.

38. (i) *Reclassification of timber from one quality to another.*—The Agreement specifies different formulae for the calculation of royalty for different species of timber based on their marketable categories. Under clause 13 of the agreement, two species of timber, viz., “Gurjan” and “White Chuglam” could be categorised either as plywood (higher category) or as hardwood (lower category) at the discretion of the Chief Conservator of Forests according to the actual quality of the logs extracted from time to time, the decision of the Chief Conservator of Forests being final. It was, however, noticed in audit that the above species of timber, classified at a higher rate of royalty, was subsequently reclassified to a lower rate, it appears, only on the strength of the firm’s statement that the particular lots of timber could not be sold in Calcutta market according to the departmental classification given. A test check conducted by audit in some cases of such reclassifications revealed that the royalty forgone in these cases amounted to Rs. 74,929.

To an enquiry from audit, the Ministry has explained that plywood logs develop defects after their shipment from Andamans, i.e., in transit, or in the sales depots of the lessee in Calcutta, which render them unsuitable for use in plywood manufacture and that these logs have, therefore, to be sold as hard wood. According to the Ministry, it was only after the sale of particular lots or consignments of timber that their correct classification could be established for royalty purposes. This contention is at variance with contract clause 12(i) which read with clauses 13 and 18 provides that where a species of timber is common to two or more categories the Chief Conservator of Forests shall assign a particular category to it according to its quality before export and that his classification shall be final.

(ii) *Short recovery of royalty on timber.*—The agreement provided for the payment of royalty inter alia on hard wood and ornamental wood calculated at 50 per cent. of the f.o.b. price determined by the Chief Conservator of Forests each quarter of a year on the timber sales at open auction held for contractor’s timber at his depot and for departmentally extracted timber at Government’s depot. The weighted average price fetched at the lessee’s depot and the

Government's depot formed the basis of calculation of the said f.o.b. price and the royalty. The lessee did not, however, hold any auctions during the years 1955-56 and 1956-57 but sold the timber by private negotiation and did not disclose the prices realised by him. The department, therefore, billed him for royalty for the year 1955-56 on actual extractions on the basis of the weighted average price realised in the sale of similar timber in the Government's own depot at Calcutta. As the contractor did not agree to pay royalty on the basis of the prices realised in the Government depot, the Government instead of enforcing the terms of the agreement, decided to charge royalty from the lessee for the years 1955-56 and 1956-57 at the auction rates prevailing in 1954-55 at his own depot. This relaxation of the agreement by Government resulted in royalty being forgone to the extent of Rs. 3.98 lakhs.

(iii) *Ex-gratia refund of interest partly recovered and non-recovery of interest due under Agreement.*—The firm had also failed to make the quarterly payment of royalties, due to Government under the agreement, for long periods. Failure on the part of the firm to pay the royalty due within 30 days of the receipt of the bill entitles Government to charge interest at 12 per cent. per annum on unpaid balance, to stop further exploitation and ultimately to cancel the licence if payment of the unpaid balance together with interest is not made by the firm within a year of the receipt of the bill. Upto May, 1958 the amount of royalty due from the firm accumulated to about Rs. 31 lakhs. In the meantime the firm which had been served with a notice of cancellation of the Agreement in March, 1958, made a request for extension of time by two months from the date of expiry of the notice. While granting the extension, Government entered into a Supplemental Agreement in April, 1958, whereby, *inter alia*, the firm undertook to pay on or before the 12th June, 1958 all Government dues on the timber exported upto 12th June, 1957. While settling the above payment, the firm not only declined to pay any interest on overdue arrears under the principal agreement but also claimed refund of Rs. 55,052.50 which has been recovered from it upto 1956 on account of such interest. The firm contended that under the Supplemental Agreement of April, 1958 only arrears of royalty were payable by them and not interest for late payment as provided under the principal agreement. Although the Administrative Head of the Union Territory held that the payment of royalty should include interest the sum of Rs. 55,052.50 was refunded by Government to the firm *ex-gratia* in October, 1958. The formal sanction of Government has not yet (December, 1959) been communicated to Audit.

39. *Misappropriation of sale proceeds of Export Quota Rights.*— A Central Purchase Organisation entered into an agency agreement with a firm on 31st October, 1956, for the purchase, blending and supply of tea to Defence Services during the period 14th July, 1956 to 31st May, 1958. The agreement stipulated reimbursement of the cost of the tea at "actuals" plus remuneration for other services rendered by the purchasing agents. In order that the blended tea might conform to the Defence Specifications, the agents had often to purchase a superior quality of tea meant for export, and the 'Export Quota Rights' thus accruing were, later on, sold by the agents to other dealers interested in tea export. Although the agreement was silent on the subject, the agents used to credit the sale proceeds of such quota rights to Government by deducting the amounts from their bills for the cost of tea.

In the course of a local audit of the accounts of the agents conducted in June, 1957, it was noticed that a sum of Rs. 4,61,169 realised by the agents as sale proceeds of Export Quota Rights during the period September, 1956 to January, 1957 was not credited by them to Government either directly or by way of deduction from their bills. In the periodical returns submitted to the Purchase Organisation and its Accounts Officer during this period, the Agents had shown the quantity and the rate at which such quota rights were contracted for sale, but they indicated the amounts realised on account of such sales as 'Nil' and claimed payment for the full cost of tea amounting to Rs. 35,50,342 which was paid.

The Purchase Organisation requested the agent firm on 4th July, 1957 to deposit the money but in spite of repeated reminders, the firm failed to do so. Government on 19th September, 1957 forfeited the security deposit of Rs. 98,664 and also withheld an amount of Rs. 1,286 due to the firm on other bills. The firm went into liquidation on 11th March, 1958 and a claim for the balance of recovery of Rs. 3,84,572 (including further sums of Rs. 7,620 due on other accounts and Rs. 15,733 as interest) has been lodged by the organisation with the Official Liquidator on 7th May, 1959. The recovery is still awaited (November, 1959).

It should be mentioned that this firm had within the knowledge of the Purchase Organisation temporarily withheld an amount of about Rs. 10 lacs on account of sale of Export Quota Rights during the year 1954-55 against an earlier contract. Despite this fact the



Department took no special safeguards to ensure that the sale proceeds of the Export Quota Rights were credited to Government account immediately after realisation.

40. *Loss on the disposal of agricultural implements.*—The irregularities in connection with the purchase of 1,250 defective implements from an Indian firm for use in Disposals Tractors have been commented upon by the Public Accounts Committee in their following reports:—

- (i) Para. 32 of the 7th Report of Public Accounts Committee, 1952-53.
- (ii) Paras. 1—13 of the 12th Report of Public Accounts Committee, 1953-54.
- (iii) Paras. 168—172 of the 7th Report of Public Accounts Committee, 1957-58.

It had been explained by Government that these defective implements were being disposed of.

The latest position concerning the disposal of the implements is that out of the 1,250 units, 39 were dismantled in 1950, 1953 and 1958, 76 were disposed of in 1948—56 by the Central Tractor Organisation at a net profit of Rs. 31,801 and the remaining 1,135 units were disposed of in January, 1959 through the Director General, Supplies and Disposals at a loss of Rs. 32,54,184. The entire transaction has thus resulted in a net loss of Rs. 32,22,383.

### MINISTRY OF HOME AFFAIRS

41. *Loss and other irregularities in colonisation clearance contracts.*—In partial implementation of a scheme of rehabilitation of Displaced Persons, two plots of forest land measuring 600 and 500 acres were selected for immediate clearance in 1954 in a Union Territory. Another plot, measuring about 3,000 acres, was taken over for the same purpose in 1956. The department executed after negotiation an agreement in 1954 for the first two plots and another in 1956 for the 3rd plot, with a firm for the work of clearance in these areas at the rates of Rs. 365, Rs. 410 and Rs. 460 per acre respectively. The rates covered the following operations:—

- (i) Cutting and clear felling of all trees of marketable specifications of timber and removing them for utilisation.
- (ii) Clearing the whole area of all other forest growth by cutting, heaping and burning.

The rates were based on the results of a small departmental experiment of "clear felling" over an area of 2 acres only with manual labour (which came to Rs. 142-4-0) carried out in 1953. The rates arrived at from experiments in bigger areas of 330 and 170 acres namely Rs. 78 and Rs. 94 per acre respectively, should appropriately have formed the basis of the aforesaid rates. In calculating the rates payable to the firm the Department had also included Sundays and "paid Government holidays", a factor which should have been excluded. A depreciation allowance calculated at Rs. 75 per acre on the capital equipment to be purchased out of an advance of Rs. 2.5 lakhs had also been included in the rates of Rs. 365 and Rs. 410 per acre for the clearance of the first two plots. The cumulative effect of all these was that the rates were pitched too high.

In this connection, it was noticed that the Andamans Forest Department itself, had in June 1955 offered to do the same clearance work at an estimated cost of Rs. 200 per acre near about the areas where the work was given over to the firm. On this discrepancy being pointed out, the Ministry has explained that the lower estimate of cost given by the Forest Department was in regard to a smaller area. It is not understood how the size of the area to be cleared should affect the rate of clearance per acre. On the other hand the clearance of a larger area should be a more economic proposition. The difference in the two rates accounts for a payment of Rs. 9,84,000 to the contractor in excess of what would have been the cost had the work been done departmentally.

Though the Ministry explained that there was legal objection to entrust jungle clearance to any other party or to undertake the operation departmentally in the areas included in the main agreement tenders for clearance of land in one area were in fact invited and the reasons for not proceeding further was not legal bar but unsatisfactory response to the notice for tenders. It appears also that under the agreement, Government could either take up the clearance work departmentally or through other contractors so long as the marketable timber was not interfered with in areas inside the working plans of the licensee. Two of the three areas mentioned above were not included in the working plans and Government was free to make alternative plans for jungle clearance.

It has also come to notice that one area included in the acreage rate mentioned above had already been cleared of all marketable

timber by the firm, under its main agreement, before the award of the jungle clearance work, but this fact had been overlooked while sanctioning the rates for jungle clearance. The extent of overpayment involved on this account needs to be determined and recovered.

The Ministry have explained that land was immediately required for colonisation and the firm under the normal agreement could not be expected to fell, extract and remove the marketable timber from these areas as it would have meant a revision of the working plans and programmes already approved by Government.

It was explained that the high rate of Rs. 460 was agreed to in the case of the 3rd plot, with the main object of having the whole area cleared by a target date, *viz.*, 31st March, 1956. Only 100 acres out of 3,000 were cleared by that date by the Contractor. In the absence of provision in the contract, no liquidated damages for delay in execution could be recovered.

Two interest free advances of Rs. 2.5 lakhs (in November, 1954) and Rs. 8 lakhs (Rs. 5 lakhs in December, 1955 and Rs. 3 lakhs in January, 1956) were paid to the contractor for purchase of capital equipment, the position in regard to which is as follows:—

- (i) No details of the equipment purchased could be gathered by audit from the records nor has it been established that equipment worth Rs. 2.5 lakhs was purchased by the contractor entirely for Government work.
- (ii) The second advance of Rs. 8 lakhs for a work which involved a total estimated expenditure of Rs. 8.2 lakhs was actually paid over to the contractor before the issue of the formal sanction and the execution of the agreement on 26th January, 1956. The Local Administration has since stated that out of this advance of Rs. 8,00,000 equipment worth Rs. 2.9 lakhs only was used for the work. The amount of the advance was thus unduly liberal. Government have suffered loss of interest on this advance. The advance has not been adjusted by the licensee so far (December, 1959).

42. *Suspected loss to Government.*—Following some serious irregularities noticed in the accounts of an important office in 1957-58,

the accounts for 1958-59 were scrutinised in greater detail during June-July, 1959 with the following results:—

- (a) The office cash book was neither complete nor properly written, inasmuch as, in a number of cases, payments made through Bank drafts were recorded in the cash book a month or two in advance of the dates of despatch of the Bank drafts. Further, in the analysis of cash balances at the close of each month, lump sum amounts ranging from Rs. 1,100 to Rs. 19,000 for which no details were given, were being unauthorisedly shown as "Temporary advances and paid vouchers" from November, 1954 onwards. The office also held a 'permanent advance' of Rs. 1,000 for petty payments etc., but no separate account in respect of this 'permanent advance' was maintained and shortages or excesses over the permissible limit of Rs. 1,000 remained undetected till April, 1959, when a shortage of Rs. 990.22 nP. stated to be due to erroneous entries made in the cash book during February, 1958, was brought to light. The amount of Rs. 990.22 nP. was made good by the cashier on 19th April, 1959 but a thorough probe into the reasons which led to the shortage was not made immediately.
- (b) Large amounts were drawn in lump in advance from the Treasury for the purpose of financing certain activities of the office. From these amounts which were generally drawn much in advance and in excess of actual requirements, advances were made to various people for meeting incidental expenses. The amounts advanced were, however, treated as final payments and entered as such in the cash book. The refund of unspent balances of the advances received by cheques and Bank drafts were directly deposited into the Treasury without being passed through the cash book. Proper accounts of the amounts drawn, those advanced to the sundry parties and of the detailed expenditure incurred in respect of the various events were also not kept. In the absence of such a record an adequate watch over the final adjustment of the amounts drawn from time to time as advances and refund of any unspent balances, could not be ensured. In several cases, the accounts in respect of the advances paid more than a year earlier, had not been received by July, 1959.

- (c) Sums amounting to approximately Rs. 17,000 realised on account of sale of certain forms which under the rules, were required to be credited to Government, were retained and utilised for departmental expenditure. Proper stock accounts showing the bulk receipts of the forms, day to day sales and the balances left at the end of each day, were not maintained nor was any physical verification of the stock conducted.
- (d) A test-check of the cash book disclosed that payees' receipts in 117 and 137 cases involving amounts of Rs. 3,45,764 and Rs. 31,393 relating to the years 1957-58 and 1958-59 respectively, were not available for audit scrutiny. A preliminary Departmental investigation conducted as a result of the irregularities pointed out by Audit, revealed a shortage of a sum of Rs. 10,271.67 nP. on the 1st June, 1959, for which payment entries in the cash book had already been made even though the amount had not been paid to the parties concerned.

Non-observance of the financial rules and the prescribed procedure as also lack of control on the part of the drawing and disbursing officer, facilitated the various irregularities detailed above. The cashier of the office who is suspected to be responsible for the apprehended loss of Rs. 10,271.67 nP. was suspended with effect from 2nd June, 1959 and the case is reported to be under Police investigation (November, 1959). A departmental enquiry covering the whole field with a view to examining the working of the arrangements for handling cash transactions during the past years and fixing responsibility as suggested by Audit is stated to be in train.

### MINISTRY OF LABOUR AND EMPLOYMENT

43. *Infructuous expenditure on a construction work without proper planning.*—The construction of a building near a large International Airport was approved in May, 1954, at an estimated cost of Rs. 10,03,000. The detailed estimates were sanctioned in February, 1955, for Rs. 6,78,000. Tenders were invited on 15th April, 1955 and the work was entrusted on 13th August, 1955 to a firm of contractors which had quoted Rs. 6,25,626. Supplementary works costing Rs. 96,700 and Rs. 34,260 were sanctioned in June, 1955 and April, 1956 respectively.

Following a decision in August, 1956 to purchase Jet-planes, in January, 1957 it was found necessary to improve and extend the

runways of the airport and lower the surrounding hills. Accordingly, the Superintending Engineer was asked on 25th January, 1957 to stop further work on the construction of the building. The final orders to this effect were, however, issued in October, 1957. Meanwhile, an expenditure of Rs. 3,49,248 had been incurred up to January, 1957 and further expenditure of Rs. 2,00,290 was also incurred between January, 1957 and January, 1960. The building is now proposed to be demolished, thus rendering the whole expenditure infructuous.

It has been explained that while the runway, as originally planned in February, 1955, would have been adequate for the use of Jet-planes on operational flights of average stage length, it became clear only in January, 1957 that in view of the specially long stage flights to that airport, it was necessary to lengthen the runway and lower the surrounding hills.

### MINISTRY OF REHABILITATION

44. *Non-maintenance of records in a Rehabilitation Office.*—Under the Evacuee Interest (Separation) Act, 1951 and the Rules made thereunder, the work of separation of interests of 'evacuee' and 'non-evacuee' in the composite properties in Delhi State was entrusted to a Government office in March, 1952, which was required to maintain proper records of these properties, their subsequent disposal and collection of fees etc. It was noticed in local audit conducted in March, 1956 that the property accounts which constitute the basic records were not being maintained. Though this matter was brought demi-officially in March, 1956 to the notice of the Ministry and the unsatisfactory state of accounts was also pointed out in subsequent audits conducted in March, 1957, March, 1958 and May, 1959, the accounts still remain in a very incomplete form and it is not possible to verify:—

- (i) whether all composite properties had been included in the property registers;
- (ii) the sale proceeds have been correctly credited to Government account and shares of non-evacuee interests have been paid to them; and
- (iii) whether proper adjustment in respect of custodian fee etc. has been made in each and every case.

The total number of such properties at the end of May, 1959 was stated to be 2,538 urban and 2,393 rural. These figures are also not susceptible of verification in the absence of complete property registers.

It was explained that the records could not be completed for paucity of staff.

45. *Expenditure on development of a Township.*—In November, 1950 Government sanctioned a scheme for the construction of a township in a State for the rehabilitation of displaced persons under a Town Development Board to which a sum of Rs. 33.12 lakhs was given for the construction of houses, shops, parks, roads, schools, water supply and electricity installations, etc. during the period 1950-51 to 1957-58. Out of this a sum of Rs. 29.46 lakhs was spent by the Board on construction works executed through the State Public Works Department during the period from 1950-51 to 1956-57. 610 quarters (including 16 superior type quarters), 153 shops and 14 godowns were thus constructed besides other works of public utility. The balance of Rs. 3.66 lakhs was spent on recurring charges like maintenance, etc.

It was, however, noticed in June, 1959 that out of the 267 displaced families brought to the Township during the years 1952-53 and 1953-54, only 100 families were in residence, the rest had left for want of adequate means of livelihood. Even after accommodating non-sponsored and non-displaced families, 109 quarters, 98 shops and 14 godowns were lying vacant in March, 1959, with the result that as against an estimated revenue of Rs. 4,47,667 (approximately) upto October, 1958, only a sum of Rs. 2,33,503 was assessed for recovery from individuals in occupation of quarters and shops/godowns. Out of this latter amount, only a sum of Rs. 1,09,151 had been recovered (till December, 1958) and the outstanding rent and water charges amounted to Rs. 1,09,152 excluding a sum of Rs. 14,457 on account of rent, which had been written off in November, 1956.

The scheme does not appear to have been planned well.

46. *Loss due to non-execution of a work within the stipulated period.*—In a C.P.W. Division, the construction of tenements for displaced persons, estimated to cost Rs. 14,93,500, was awarded to a semi-Government Board at rates as in the C.P.W.D. Schedule of rates, 1955. Work was commenced on the 4th March, 1957 and was to be completed in 16 months time i.e. by the 3rd July, 1958.

As the lay out plan for the area had not been sanctioned by the Local Development Authority the work was stopped in June, 1957. Permission to restart the work, except for four blocks, was given in September, 1957, by the Authority and in February, 1958 the final approval for the entire house building scheme was accorded.

Meanwhile the progress of the work was hampered by the inadequacy of materials to be arranged by the Board, and the work was not completed by the stipulated date. The Board, however, was allowed to continue the construction on an indefinite basis although it was found that the execution of the work by the Board was in many cases defective and below specifications.

In December, 1958 when nearly 89 per cent of the work had been executed, the Board decided to wind up its "Contract" Division. Accordingly, Government issued orders to have the remaining portion of the work executed through another agency without taking any action under clause 2 or 3 of the agreement against the defaulting Board.

The remaining portion of the work estimated to cost Rs. 2,67,701 was given to another contractor for Rs. 2,83,166 in October, 1959. The Government have been put to an extra expenditure of Rs. 34,671 as shown below:—

	Rs.
(a) rise in cost due to increase in tender percentage .. .. .	15,465
(b) rise in cost due to the enhancement by C.P.W.D. of certain schedule rates above the 1955 level ..	19,206

The tenements are not likely to be ready for occupation for some time, as the necessary ancillary internal and external services, like sanitary work, water supply, roads and path ways, etc., have yet to be taken up. The loss of revenue on the capital invested on the tenements is, therefore, expected to be substantial, owing to defective planning and delayed execution.

47. *Irregularities in the transactions relating to a Township Scheme.*—In April, 1950, Government sanctioned a scheme for the establishment, in a township with a population of about 5,000 displaced persons, of instituting arts and crafts and small scale industries. The township which was managed by the Government of India till 31st October, 1952 was handed over to a State Government after this date. An expenditure of Rs. 46.47 lakhs had been incurred to end of March, 1959 (Government of India Rs. 31.85 lakhs. and State Government Rs. 14.62 lakhs) in the execution of the above scheme, under the following heads, viz.:—

- (1) Acquisition of 846.54 acres of land, and construction thereon of 831 residential buildings, schools, hospitals,



polytechnic, shops, etc. along with necessary communication, lighting, water and power facilities;

- (2) Grant of loans for arts and handicrafts; and
- (3) Setting up of industries and crafts through purchase of equipment and raw materials.

By 1951 the various industrial and occupational activities sponsored by Government as well as by local Co-operative societies and private entrepreneurs in the township had reached a low ebb. When the township was handed over for State management in October, 1952, it was stipulated that (i) as many of the residential buildings, shops and industrial buildings, as possible should be sold outright to displaced persons on "no-profit-no-loss" basis, (ii) the State Government should recover the loans advanced to various Co-operative societies, groups and individuals, the losses arising out of non-realisation of loans being met in full by the Government of India and (iii) the responsibility for medical facilities, education, sanitation, public health, and law and order in the township should be with the State Government, the hospital and school buildings being given to the State Government free of charge.

During the course of audit in July, 1959 it was noticed that, out of the 831 residential buildings, only 434 units were available for sale to the displaced persons, the rest being required as offices for Government Departments and as accommodation of Government staff, etc. No surplus residential houses or industrial buildings have so far been disposed of (October, 1959). The power house, together with the over-head lines and stocks and stores was taken over by the State Electricity Board, from 1st September, 1956, but adjustment with the Government of India on account of the cost of assets amounting to Rs. 2.14 lakhs has not yet been made (July, 1959). The administration of the agricultural farm and the Polytechnic was transferred to the State Government with effect from 15th June, 1953 and 1st August, 1953 respectively without any compensation accruing to the Centre.

As regards the loans granted to the displaced persons, co-operative societies, associations of displaced persons and to private entrepreneurs, the outstanding to end of 1958-59 was Rs. 3.85 lakhs. It was observed that adequate security was not obtained from many of the loanees and that loans amounting to Rs. 1.25 lakhs were not even covered by legally valid bonds. It has been stated that adequate sureties or securities were not available and therefore sureties were

not insisted upon in accordance with Government policy in such matters requiring that in such cases guarantees of good character and past solvency in Pakistan from two other refugees should be accepted and the assets purchased out of the loans should be hypothecated to Government. Effective efforts for realisation were not made, even though the entire loan amount became due for repayment by the end of 1957-58. It is understood that many loanees are untraceable and the prospect of recovery in their cases is remote. A loan of Rs. 1.23 lakhs is outstanding against a Co-operative Society of textile workers which had gone into voluntary liquidation in 1955. It is understood that loans to the extent of Rs. 0.57 lakhs admitted by individual members of the Society was proposed to be recovered, the balance of Rs. 0.66 lakhs being written off.

Out of capital equipments and raw materials worth Rs. 5.81 lakhs purchased for the scheme, a large portion became surplus consequent upon the closing down of the industries. It was stated in January, 1960 that the estimated value of the surplus stores was Rs. 1.30 lakhs (approx.). As the stores ledgers were not brought up-to-date and the stores were not physically verified since April, 1957, the exact value of the surplus stores could not be ascertained. Due to long storage the stores have also deteriorated in value. In one case, stock of cloth and yarn valued Rs. 2.21 lakhs acquired before 1952-53 was disposed of in April, 1953, for Rs. 1.33 lakhs resulting in a loss of Rs. 0.88 lakhs.

It would be difficult to realise an amount of Rs. 3.27 lakhs outstanding at the end of 1958-59 as rent and water charges, etc., recoverable from the occupiers of residential houses (other than the unauthorised occupiers of houses numbering 35), industrial sheds and shops, as some of the occupiers have left the township or closed their business. Many displaced persons have also stopped paying rent and service charges.

An amount of Rs. 4,609 is outstanding upto the end of 1958-59 on account of unspent balance of advances to staff, who have either been discharged or have left the township.

Claims aggregating Rs. 17,535 against an Insurance Company for two consignments of cloth lost during transit by rail in 1952-53 have not been realised.

A net sum of Rs. 7,426 (balance of amount overpaid Rs. 5,089, interest Rs. 1,392 and legal expenses Rs. 945) due from a contractor against a decree obtained from a Court of Law in 1956 is still to be

realised. Government stated in January, 1960 that the contractor had filed an appeal, the outcome of which is awaited.

No *pro forma* accounts of Government sponsored industries run on commercial lines have been compiled and it is, therefore, not possible to assess the value of the various assets acquired and the loss on their disposal.

48. *Loss of revenue due to delay in the allotment of houses/shops.*—For allotment and/or sale to displaced persons 274 tenements and 10 shops were constructed in a City through the Central Public Works Department during February, 1954 to January, 1955 at an estimated cost of Rs. 7 lacs but most of the buildings were handed over by the C.P.W.D. to the Ministry in June, 1955.

These buildings were neither allotted on regular or temporary basis upto June, 1957 nor were any steps taken to sell them by auction. While there was thus no return for a long time, on the capital invested on these properties, Government had to incur expenditure on their watch and ward. At 6 per cent per annum as the return on the capital involved, Government suffered a loss of about Rs. 42,000 per year for 2 years.

Government have explained that the tenements could not be allotted to eligible displaced persons as the latter were reluctant to accept them on rent or on sale.

49. *Overpayments due to non-application of amended rule from its date of notification.*—On 4th September, 1956, Government issued an amendment to Rule 19 of the Displaced Persons (Compensation and Rehabilitation) Rules, 1955, the effect of which was to deliberalise the amount of compensation payable to certain types of undivided Hindu families. The amendment to the Rule was not given effect to from the date of its Notification as required under the Codal rules, but various Regional Settlement Commissioners gave effect to these orders from different dates ranging from 7th September, 1956 to 12th January, 1957. This was objected to in Audit, which had noticed overpayments of about Rs. 12,000 in a small office in February, 1957. Government issued orders on 7th May, 1958, that the amendment to Rule 19 should take effect from the date of the receipt of the amendment in each Regional Settlement Commissioner's office. This was again objected to by Audit, which suggested that all cases finalised after 4th September, 1956 by applying the unamended rule should be reviewed and overpayments recovered.

The Ministry thereupon in consultation with the Ministries of Law and Finance agreed on 11th September, 1959 to obtain a list of all such cases for regularisation. The collection of the data is not yet completed by Government (November, 1959).

50. *Avoidable expenditure on maintenance of Displaced unattached women and children.*—In June, 1953 Government started a Home-cum-Training Centre in a certain State for the maintenance of, and imparting training in various trades to displaced unattached women prior to their rehabilitation. The number of women (and their children) admitted into the centre in June, 1953 and December, 1954 was 520 and 429 respectively. Two batches of trainees comprising 206 and 151 women completed their training in November, 1954 and August, 1956 respectively. Since the completion of the training a few of the women have died and certain others have left the Centre on various grounds. The remaining 272 women (out of the 357 who were imparted training) together with their dependants are still at the centre and are being paid cash doles.

The scheme for rehabilitating the first batch of trained women was sanctioned only in September, 1955, i.e., ten months after the completion of the training. The scheme provided for setting up of a Co-operative Society to be subsidised by the State Government to the extent of Rs. 7,10,300 of which 250 trained women were to become members. The scheme also envisaged construction of work sheds, office building, restaurant, staff quarters, tubewell, etc. and the profits earned by the society were to be paid to the members as dividends. Cash doles were also to be paid to trained women for 3 years on a reducing scale. There has been an inordinate delay in the execution of the scheme and it has not been fully implemented as yet (August, 1959) with the result, the women trained together with the dependants are still at the Centre and in receipt of cash doles.

Government have, however, stated that the delay in implementation of rehabilitation scheme for post trainees was unavoidable due to general delays in the acquisition of land, non-availability of building materials and of engineering personnel and difficulty in communications.

Government have incurred Rs. 5,13,815 (Rs. 75,000 during the period of training and Rs. 4,38,815 as cash doles from the date of completion of training till 30th September, 1959). The payment of doles after September, 1958 is outside the scope of the Scheme as originally contemplated.

51. *Loss in sale of Evacuee Properties.*—Under the provisions of Displaced Persons (Compensation and Rehabilitation) Rules, 1955 the non-allotable evacuee properties are sold by public auction. The highest bidder is required to deposit 10 per cent value of the bid on the fall of hammer and the balance 90 per cent. on acceptance of the bid by the Organisation responsible for making compensation payments. In case the purchaser is a displaced claimant, he is allowed to have the amount adjusted against the compensation due to him, 'in lieu of cash payment'.

It was noticed in local audit in 1957-58 and 1958-59 that in a number of cases the claimant purchasers, after they had given their consent for adjustment of balance 90 per cent. from their compensation claims had later on been allowed to withdraw their bid on one pretext or the other after forfeiting only 10 per cent. value of their bid from their compensation claims. In five such cases alone the reauction of the properties resulted in a net loss of Rs. 58,442 after taking into account the 10 per cent. forfeiture.

Government have stated that to avoid such losses in future instructions have been issued in January, 1959 stipulating that as a general rule permission to withdraw from a bid should not be given if the net compensation due to the displaced person is adequate to cover the bid, unless the transaction is to be set aside on other grounds.

### MINISTRY OF SCIENTIFIC RESEARCH AND CULTURAL AFFAIRS

52. *Irregular payment of allowances.*—Certain work-charged staff, employed outside the municipal limits of Delhi/New Delhi, were paid by a Department, during the period 1st January, 1947 to 30th November, 1956, house rent allowance and city compensatory allowance amounting to Rs. 31,605, even though these allowances were admissible only to staff, whose places of duty were within the municipal limits. The irregularity was first brought to the notice of the Department in January, 1954 and later, reported to the Administrative Ministry in March, 1954. Nevertheless, the payment was continued to be made for nearly three years thereafter and was stopped only from 1st December, 1956. Government issued orders in December, 1958, waiving the recovery of the entire overpayment of Rs. 31,605.

No responsibility for the overpayment has been fixed.

53. *Grants-in-aid paid much in excess of actual requirements.*—Large amounts of non-recurring grants-in-aid were paid by the Ministry during the years 1954-55 and 1955-56 to certain Technological and

Rural Education Institutions for construction of buildings, purchase of equipment etc., on the condition that some definite proportion (usually one-third) of the total estimated expenditure was to be borne by the Institutions concerned from their own resources. Instead of paying grant-in-aid equal to two thirds of the expenditure the Ministry not only released grants much in excess of its share in a number of cases but also contributed more than the entire capital expenditure incurred by the Institutions in certain cases, a few instances of which are given below:—

- (i) Non-recurring grants-in-aid amounting to Rs. 3,65,000 and Rs. 10,20,675 were paid to two and eight Institutions during 1954-55 and 1955-56 respectively. No expenditure was, however, incurred by any of the Institutions during the respective financial years. In one case the sanction to the grant of Rs. 64,777 was cancelled in March, 1957, but the amount already paid in 1955-56 was not recovered. It was explained in April, 1959 that a proposal of the Institution regarding the adjustment of the grant for Rs. 64,777 was under consideration of the Government. A general review showed that in certain other cases, where grants were stated to have been utilised in full, the grants were in fact used over a period of succeeding years as in the statement below:—

	Rs.
1955-56 . . . . .	2,97,001
1956-57 . . . . .	2,65,651
1957-58 . . . . .	3,92,578
1958-59 . . . . .	22,068

- (ii) For establishing a private School of Printing Technology, the Ministry agreed to contribute upto 50 per cent. of the total non-recurring expenditure subject to a ceiling of Rs. 4.5 lakhs. The amounts paid as grants-in-aid and the expenditure incurred therefrom during the 3 years ending 1955-56 are shown below:—

Year	Amount of grant paid by Government	Total expenditure incurred on the School
	Rs.	Rs.
1953-54 . . . . .	1,00,000	. . .
1954-55 . . . . .	35,000	1,02,466
1955-56 . . . . .	1,65,000	2,96,708
TOTAL	3,00,000	3,99,174

On a 50% basis the Ministry's share should have been Rs. 1,99,587.

- (iii) To assist an Institution working at a loss it was decided to give annual non-recurring grants-in-aid amounting to two-thirds of the annual non-recurring expenditure incurred by the Institution and recurring grants-in-aid amounting to two-thirds of the excess of the expenditure over income, excluding receipts from public subscriptions and other external sources. It was stipulated that the balance of both non-recurring and recurring expenditure should be found by the Institution either from grants from the State Government and/or Private benefactions.

During the years 1951-52 to 1955-56 non-recurring grants aggregating Rs. 14,00,700 were paid against a total expenditure of Rs. 11,12,968 only. Even though the Institute failed to raise sufficient funds to meet its stipulated share the Ministry continued the grants and made also an *ad hoc* grant of Rs. 80,405 during 1955-56 to wipe out accumulated deficits.

- (iv) In the cases of three Technological Institutions, which were to be paid non-recurring grants for capital expenditure during the three years ending 1955-56 on a two-thirds basis, the grants actually released by the Ministry were found to be far in excess of requirements. In two cases the amounts paid even exceeded the spending capacity of the Institutions concerned as would appear from the table below:—

Sl. No.	Total amount of non-recurring grants paid during 1953-54 to 1955-56	Total expenditure incurred till end of the year 1955-56	Two-third share of the Ministry of the total expenditure incurred	Amount paid in excess of Governments' share	Amount paid in excess of requirements.
	1	2	3	4	5
	Rs.	Rs.	Rs.	Rs.	Rs.
1.	2,50,000	1,44,871	96,580	1,53,420	1,05,129
2.	14,68,000	14,92,000	9,94,667	4,73,333	—24,000
3.	2,15,000	1,86,548	1,24,365	90,635	28,452
	19,33,000	18,23,419	12,15,612	7,17,388	1,09,581

It was explained by the Ministry that the non-recurring grants were paid in instalments on the basis of the estimated capital expenditure by the Institutions and that they could not be utilised during the financial year in which these were sanctioned and paid, for reasons such as procedural delay in carrying out construction works and difficulties in making arrangements for purchase of equipments from abroad. The larger unnecessary releases of grants result in locking up of funds. This should have been avoided by the Ministry by making the grants available only when necessary formalities had been fulfilled and regulating payments of instalments on the progress of expenditure shown in quarterly reports received.

### MINISTRY OF STEEL, MINES AND FUEL

54. *Extra expenditure due to application of incorrect rate of exchange.*—As a result of negotiations by a Central Purchase Organisation with the Trade Representative of a Foreign Government, for the purchase of 85,650 metric tons of steel, a contract was entered into on 20th June, 1958 with the Foreign Trade Organisation at the prices agreed to on C.I.F. basis in U.S. dollars per metric ton. The payment for the steel was to be effected in Indian rupees. Instead of entering into a contract either on the basis of dollars as already approved by the Government or in rupees converted at the standard rate of Rs. 4.7619 per dollar ruling on that date, the Purchase Organisation entered into a contract on the basis of sterling (adopting the rate of Rs. 4.8 per dollar). This unauthorised deviation by the Purchase Organisation resulted in an extra expenditure of Rs. 3 lacs to Government.

In July, 1958 the Ministry asked the Purchase Organisation to persuade the sellers to accept the standard rate of conversion but the sellers refused to do so basing their stand on the concluded contract.

55. *Placement of contracts on a black-listed firm.*—During August—September, 1954, the Ministry of Works, Housing and Supply black-listed a firm with all its branches and associate firms under intimation to all the Ministries of the Central Government. The persons connected with this firm floated a limited company in another name at the end of the year 1954. A Purchase Organisation under the Ministry of Steel, Mines and Fuel placed on the new company about 52 contracts valued at about Rs. 23 crores during the period June, 1955 to October, 1956 for the import of steel. The audit of some of these contracts has disclosed irregularities of a serious nature, involving



heavy losses to Government and the matter is under correspondence with the Purchase Organisation.

In order to secure uniformity in the principles and procedure of blacklisting firms, the Ministry of Works, Housing and Supply issued general instructions in March, 1956 whereby the blacklisting order was extended to new firms/companies floated/run under different names by any of the partners of the blacklisted firm. In October, 1956, the Ministry of Steel, Mines and Fuel further issued separate orders banning all business dealings with this firm, both in the old name as well as in the new name. Even after the issue of these orders, the Purchase Organisation placed ten contracts during the period November, 1956 to January, 1957 valued at Rs. 4.12 crores. The Purchase Organisation has explained that these orders had to be placed as advance letters had been issued between 21st April, 1956 and 10th October, 1956 in respect of 7 contracts while verbal commitments had been held out in respect of the remaining three, before the issue of blacklisting orders by the Ministry of Steel, Mines and Fuel, in October, 1956.

56. *Delay in effecting recoveries.*—In February, 1956, a Central Purchase Organisation placed a contract with an Indian firm for the supply of 7,945 tons of imported steel to be shipped from foreign ports by December, 1956.

The firm shipped 2,629 tons by December, 1956, another 1,204 tons by March, 1957 and expressed its inability to supply the balance and requested for its cancellation. The Purchase Organisation obtained the advice of Government Solicitor, who stated in July, 1957, that Government were entitled to recover from the defaulting firm the difference between the contract price and the market price provided the market price was higher.

The Purchase Organisation, however, did not take any effective steps to work out the recoverable amount and prefer the claim against the firm till Audit urged for prompt action in October, 1958. Claims for Rs. 3,08,621 (extra cost on account of risk purchase) and Rs. 14,586 (liquidated damages) were preferred against the firm in January, 1959 and February, 1959 respectively but the recovery of the amounts is still pending (September, 1959).

57. *Non-recovery of dues from a firm.*—In March and May, 1954, a Central Purchase Organisation issued import licenses to a manufacturing firm for the import of about 3,530 tons of billets for their own consumption, on the condition that in case the landed cost of the

material was less than the corresponding statutory price, the difference would be paid to the Steel Equalisation Fund. On demand by the Organisation on 3rd August, 1955 for the payment of the difference, the firm contended on 16th August, 1955 that it was entitled to retain 4 per cent. remuneration on landed cost which was admissible under the Public Notification, dated 22nd April, 1952 to commercial importers who dispose of such imports under the authority and manner prescribed by the Purchase Organisation. The firm's request was acceded to in January, 1956 and they were allowed to retain remuneration amounting to Rs. 67,640.

In December, 1956 it was pointed out by Audit that as the steel was consumed in the importer's own works, they were not entitled to the remuneration either in terms of the Public Notification or conditions of the licenses granted to them. Government agreed with this view and directed the Purchase Organisation in September, 1957 to effect recovery of Rs. 67,640 from the firm. The actual recovery is still awaited (January, 1960).

58. *Loss due to non-enforcement of the terms of contracts.*—On 11th May, 1956, a certain firm offered 2,000 tons of M.S. Angles and 5,000 tons of M.S. Rounds, after negotiation, to a Central Purchase Organisation at C.I.F. price of Rs. 724 and Rs. 698 per ton, on the condition that if their prices were found to be higher than the prices obtained against tender enquiry (to be issued within 15 days) for similar type of the material and the same specification, they would be asked to reduce their prices accordingly within 30 days; and in case of their non-acceptance of the reduced price, they would be allowed to sell the material elsewhere at the landed cost. The firm was informed about acceptance of their terms of offer on 17th May, 1956 and simultaneously tenders were invited on 16th May, 1956 for similar type of material. As the lowest quotations received in respect of tender enquiry were Rs. 659/4 per ton for Angles and Rs. 663/8 to Rs. 683/12 per ton for various items of M.S. Rounds, the firm was asked on 25th June, 1956 to reduce their prices accordingly or in the alternative to sell the materials elsewhere at full landed cost. The firm did not accept the lower prices on the plea that materials offered against the open tenders were of continental products of Re-rolling Mills while the stores offered by them were of better quality, strength and finish, being the products of main producers of Japan. On 14th July, 1956 the firm was informed that their plea was unacceptable. The matter was further negotiated with the firm when they agreed to accept a small reduction in price viz. Rs. 4 and Rs. 3 per ton in

respect of Angles and Rounds respectively and final contracts stipulating the prices of Rs. 720 and Rs. 695 per ton were accordingly issued on 10th August, 1956 and 12th August, 1956 respectively.

Failure of the Purchase Organisation to enforce the originally agreed terms or to enter into fresh contracts with other lower tenderers resulted in avoidable extra expenditure of Rs. 2,25,082.

There was also no justification for resorting to purchase by negotiations as the stores do not appear to have been required urgently.

59. *Extra payment for the cost of Billets.*—In September, 1956, a Central Purchase Organisation placed a contract with a certain firm for the supply of 4,000 tons of steel billets against an urgent demand of Railways. The rates payable to the firm were Rs. 705 per ton for 2,500 tons, to be shipped by October/November, 1956 and Rs. 685 per ton for 1,500 tons to be shipped after November, 1956, with a further stipulation that in case the shipment of 2,500 tons was delayed beyond November, 1956 the price of Rs. 685 per ton would apply to the delayed shipment.

The firm shipped only 508 tons by November, 1956 and the balance out of 2,500 tons was shipped in December, 1956/January, 1957. Meanwhile, on 19th November, 1956 the firm represented that they could not ship the balance by November, 1956 due to Suez Canal crisis and requested for deletion of 'price reduction clause in case of delayed shipments' incorporated in the contract. After checking the facts with the Indian Embassy abroad, the Organisation accepted the firm's request and issued an amendment to the contract on 25th February, 1957 deleting the price reduction clause although it was not competent to do so. This resulted in extra payment of Rs. 39,840.

60. *Extra expenditure on freight adjustment.*—In para 39 of Audit Report (Civil), 1958, mention has been made of a Purchase Organisation which had exceeded its powers in entering into a large number of purchase contracts involving large amounts.

It was noticed that though the Organisation had no powers to effect purchases by negotiation, it had conducted negotiations in June and July, 1955 with a firm and persuaded it to accept the lower rates, at which purchases of the same commodities were being made from other suppliers in the same period by tender.

However, while placing contracts on the above firm on 27th June, 1955 and 7th July, 1955 (at the same C.I.F. rates as were payable to other firms), a freight variation clause was introduced with

a basic freight rate of 72 Shillings per ton for shipment to Bombay and/or Madras Port, as against a basic freight rate of 80 Shillings per ton included in the contract with the other firms. The fixation of a lower basic freight rate in the contracts with this firm resulted in an additional payment of 8 Shillings per ton and a total extra expenditure of about Rs. 23,000.

61. *Loss due to non-revaluation of steel material.*—(a) The rules of the Iron and Steel Equalisation Fund provide for an adjustment in favour of the Fund or against it, by all registered producers, on any readjustment in the value of billets in stock with them at the close of the business on the date of change in price.

The prices of billets were raised by Government on 1st of June, July and October, 1955 and again on 1st May and 11th June, 1956. The Organisation administering the Fund did not prefer claims arising out of re-valuation against a certain producer manufacturing steel hoops on each such revaluation but lodged the claims for Rs. 6,085, Rs. 22,803, Rs. 57,295, Rs. 4,262 and Rs. 51,332 (total Rs. 1.42 lacs) on 4th, 7th and 11th April, 1956, 8th February and 25th July, 1957 respectively. Meanwhile, the producer requested on 7th June, 1957 for withdrawal of the claims on the ground that there had been no corresponding increase in the price of the steel hoops on the stocks held by them as on 1st June, 1955, 1st July, 1955 and 1st May, 1956 and that the increase allowed in the price of hoops on 1st October, 1955 and 11th June, 1956 did not correspond to the full increase in the price of billets.

The request of the producer was considered by the Organisation which decided on 29th July, 1957 to withdraw the claims of Rs. 1.42 lacs on the considerations that if the prices of hoops were enhanced suitably at that late stage, to take account of the increase in the cost of steel billets the producer would not be able to realise the extra amount on sales already made and would have to claim the short fall from the Iron and Steel Equalisation Fund. However, in arriving at the above decision, the Organisation seems to have overlooked the fact that the increased sale prices allowed to the producer in October, 1955, and June, 1956 for hoops were based on the revised prices of billets on those dates and that a recovery of Rs. 47,585 corresponding to the increases in the price of billets allowed in the increased price of hoops, should have been legitimately effected.

(b) Subsequently the Organisation decided on 29th July, 1957 that the stock of billets with the above registered producer as on 30th June, 1956 should be revalued on the basis of increase in price

notified on 11th June, 1956. Consequently a claim of Rs. 50,398 was preferred on 23rd April, 1958 but the recovery is still pending (September, 1959).

In addition, recoveries amounting to Rs. 3.9 lacs arising out of other transactions for the period 1st July, 1956 to 31st March, 1959 are also outstanding against the same producer (September, 1959).

62. *Irregular payment of subsidy.*—A fabricating contractor of a railway placed a contract in May, 1955 on a firm for the supply of 1,878 tons of certain types of M.S. Plates, at controlled rates, to meet his requirements in connection with 1954-55 Railway Wagon Building Programme. The firm supplied the material from its own stocks imported earlier on private account under a commercial licence. In September, 1955 the latter approached the Central Purchase Organisation for a *pro forma* contract in its favour to enable it to claim as subsidy the difference between its own landed cost for the M.S. Plates and the controlled price received by it from the fabricator. The firm's request was acceded to and an *ex-post-facto* contract to cover the purchase was placed on it in February, 1956 entitling it to claim subsidy amounting to Rs. 2.25 lacs from the Iron and Steel Equalisation Fund.

The above deal discloses also the following irregularities:—

- (i) Supplies from material imported on private account were not eligible for subsidy and the issue of an *ex-post-facto* formal contract, was therefore, irregular.
- (ii) The Purchase Organisation had no powers at that time to enter into contracts except on an 'Open Tender' basis.
- (iii) The import price of the plates was much less in 1954 than in 1955; in some cases the import price was even lower than the controlled prices for M.S. Plates prevailing in India in 1954. Had the fabricator placed his demand in 1954 with the Purchase Organisation instead of negotiating the deal directly with the importer, the entire extra expenditure of Rs. 2.25 lacs by way of subsidy might have been avoided.

63. *Extra expenditure in the procurement of second hand rails.*—In order to meet the requirements of transmission poles of the Rural Electrification Schemes in the States, a Central Purchase Organisation placed contracts, after inviting tender, with three firms A, B and C on 27th May, 1955, 14th June, 1955 and 7th May, 1955 for the supply of 30,000 tons, 36,000 tons and 1,000 tons respectively of

imported secondhand rails. The shipments were to be completed by the firms A and B by November, 1955 and firm C by October, 1955. No security deposit was taken from the firms.

The contract with firm 'A' stipulated that the inspection for quality and weight would be arranged by Supply Organisations at Washington and London. This firm secured and offered for inspection about 50 per cent of the contracted quantity by July, 1955 but as the details of arrangements of inspection remained under correspondence between the Central Purchase Organisation and the Overseas units, the stores were not inspected in time. The actual supplies inspected amounted to 6,911 tons of rails but another 1,250 tons of rails which had also been inspected, could not be shipped due to the imposition of a ban by the foreign Government. For the balance of 21,839 tons, the firm reported on 17th April, 1957 its inability to supply on the grounds that (a) due to delay in arranging inspection its principals had to dispose of the stocks elsewhere and (b) that the prices of second-hand rails had hardened in the over-seas market due to increased demand following the liberal issue of import licences by the Central Purchase Organisation itself to other Parties.

Firm 'B' did not supply any quantity within the stipulated period and when they were subsequently asked about the supply, they disputed the specification of the stores mentioned in the contract. The matter dragged on till February, 1957 when they indicated their inability to honour their commitment due to rise in the world market prices of steel.

Firm 'C' informed the Purchase Organisation on 26th September, 1955 that the foreign suppliers on whom the firm had placed the contract had defaulted and requested for cancellation of the contract.

The contracts of the three firms were cancelled on 6th July, 1957, 28th February, 1957 and 18th June, 1957 respectively without invoking the provisions of the risk-purchase clause on the following pleas, viz.:—

- (a) that owing to the deteriorating foreign exchange position, purchase at higher prices would not be possible; and
- (b) that the question of obtaining liquidated damages did not arise as this was not a case of delayed shipment, but one of failure to make supply.

The Purchase Organisation then advised the indenting State Governments to make their own arrangements of purchase through

commercial importers and the Stores were accordingly purchased elsewhere by the Governments at an extra expenditure of about Rs. 20 lacs. In addition, the indenting Governments suffered potential loss of revenue due to the delay in the execution of the schemes.

### MINISTRY OF WORKS, HOUSING AND SUPPLY

64. *Avoidable expenditure due to non-acquisition of land before invitation of tenders.*—The Departmental rules provide that tenders for works should be invited only after all the preliminaries had been completed. It was noticed, however, in a C.P.W. Division that tenders for two works of raising and strengthening bunds estimated to cost Rs. 3,19,040 and Rs. 2,93,474 were invited on the 5th January, 1959 without acquiring land for excavating earth. Single tenders for Rs. 3,08,134 and Rs. 2,74,513 respectively (3·4 per cent. and 6·4 per cent. below the estimated rates) were received from a contractor who stipulated that in case the acceptance of the tender was not communicated to him within a week's time, his offer should be treated as withdrawn. The contractor was informed on 21st January, 1959 that as land acquisition proceedings might take two months he should keep his offer open until then, but he did not agree.

It was decided in February, 1959 to invite fresh tenders. Since there was no response, negotiations were started and ultimately it was decided in April, 1959 to award different parts of the work to petty contractors within a ceiling of 15 per cent. and 12 per cent. respectively, above the schedule rates.

The land was acquired in March, 1959, and possession was handed over to the C.P.W.D. on 12th May, 1959. Payments for Rs. 1,64,638 and Rs. 75,639 have so far (September, 1959) been made to the petty contractor for part of the work. An extra outlay of about Rs. 40,000 representing the difference in cost of the items executed at the rates paid and those quoted by the original tenderer has already been made on the work. Arrangements still remain to be made for the execution of the remaining portion of the work estimated to cost about Rs. 3·5 lacs (October, 1959).

65. *Defective planning of works and consequential avoidable extra expenditure.*—The progress of work in connection with the construction of residential accommodation, should normally be so planned and regulated as to ensure the provision of ancillary services (water, electric and sanitary) within a period of about two months after the construction of the buildings proper.

The contract for masonry work on 624 'H' type and 564 'G' type quarters at a certain station was awarded to contractors on the 4th April, 1957, the stipulated dates of completion being 3rd March, 1958 and 3rd December, 1957. The buildings were actually completed in May, 1958 and December, 1958 respectively. The provision of ancillary services was, however, not planned and provided promptly as explained below:—

- (i) The wood work relating to 624 'H' type quarters (awarded on 26th March, 1957 to a Government Housing Factory) and the work of internal sanitation and water supply (awarded on 23rd December, 1957), which were due for completion on the 25th March, 1958 and 22nd May, 1958 respectively were actually completed on the 8th November, 1959 and 31st July, 1959.
- (ii) The estimate for filtered water supply was technically sanctioned in August, 1957 only *i.e.* about 4 months after the work of construction of the quarters was awarded to the contractors, but as the source from which the water was to be taken was contaminated, it was decided to obtain water supply from another source. A revised estimate for providing water mains from the new source was technically sanctioned in July, 1958 *i.e.* more than 15 months after the construction of the quarters was taken up. The tenders were invited only on 14th November, 1958 *i.e.* about 4 months after the technical sanction had been accorded. The work was stipulated for completion on the 19th April, 1959, but was actually completed only on 22nd December, 1959.

8,000 rft. of cast iron pipe required for laying the water mains were purchased, on the plea of urgency, from a Local Body in December, 1958, instead of through the Director General of Supplies and Disposals, at a cost of Rs. 4,82,372 involving an extra expenditure of Rs. 47,449 over the rate contract prices.

Some of the quarters were handed over without provision of electricity to the agency responsible for their allotment to Government servants during the period November, 1959 to January, 1960. The delay in completion of the essential services has resulted in delay in the allotment of the quarters and consequential loss of revenue in the form of house rent recoverable from the Government servants. Besides this, there is appreciable expenditure on account of watch and ward of the buildings, and payment of house rent allow-



ance to the Government servants concerned. The question of recovery of liquidated damages for delayed execution from the various contractors also arises.

66. *Loss of revenue and avoidable expenditure due to lack of proper planning.*—In connection with the construction of 2,400 'H' type and 1,200 'F' type quarters in a city the construction of 616 'H' type and 220 'F' type quarters estimated to cost Rs. 33,75,761 was divided into sections and was awarded after tender during February and March, 1957 for building portion alone to contractors. The construction of the 'H' type quarters was authorised to be commenced in February, 1957, and that of the 'F' type quarters in March, 1957, the time allowed for completion being eleven months, in each case from the date of commencement. The construction of the 'H' type quarters was, however, completed only in April, 1958, and the 'F' type quarters in November, 1958.

The provision of doors and windows and ancillary services, *i.e.*, water, sanitary and electric installations was, however, not taken up immediately after the masonry works were finished. Sanitation and wood works were completed between October, 1959 and January, 1960. The work on 'Outfall sewers' was awarded to a contractor only on the 30th December, 1958 to be completed within six months, but on the 29th January, 1959, the contractor pointed out a serious difficulty, *viz.*, the existence of certain unauthorised hutments across the alignment of the sewers with the result that the excavation work, laying of pipe line etc. in a length of about 300 rft. was held up. A proposal for the diversion of the sewer line away from the hutments involving an extra expenditure of Rs. 2,500 only, was made in June, 1959, but was not implemented. The huts were cleared only on 15th September, 1959 but the work on the sewers has not yet been completed (February, 1960). The other essential services, *viz.*, water and electricity are also yet to be provided.

Besides the expenditure on account of payment of house rent allowance to the Government servants for whom the quarters are intended, the loss of revenue (rent) works out to nearly two lakhs and thirty thousand rupees upto October, 1959, and it is expected to go on increasing by about Rs. 16,700 a month till the quarters are handed over to the agency responsible for their allotment. Government have also incurred additional expenditure of Rs. 4,360 (October, 1959) on the watch and ward of the unfinished quarters. The amount

of liquidated damages recoverable from the contractors on account of delay in completion of works has not yet been determined by Government.

67. *Delay in preferring of claims.*—An estate belonging to a registered Society was requisitioned on 3rd May, 1945 by the Defence Department under the Defence of India Rules. The property was handed back to the Society on 30th November, 1946 in pursuance of an agreement entered into by the Government with the owners on 26th November, 1946 which provided, that ownership of the entire estate and the Society building thereon, together with all assets, movable or immovable, created by the Government during their occupation for purpose of the war, standing or left lying on the estate, would pass to the Society in full settlement of all claims between the Society and the Government.

The Defence Authorities had advised the C.P.W.D. on the 27th November, 1946 to clear all the materials, stores, furniture etc. from the place, as the buildings were to be handed over on the 30th November, 1946.

At that time the C.P.W.D., which had contracts with certain contractors for supply of bricks, whose kilns were situated within the estate, had departmental stocks of bricks costing Rs. 1,53,000 lying in the estate. The Society treated the bricks as their property under the terms of the agreement and removed bricks worth Rs. 1,34,754. The Ministry of Law when consulted in June, 1949 opined that the bricks were not assets created for the purpose of war and were not covered by the agreement and should be paid for by the Society.

The question remained unsettled for several years and was again referred to the Ministry of Law in September, 1957, who held that the Government had a strong case for recovering the value of the bricks and that a formal notice of demand be sent to the Society. The notice has since been served (August, 1959) but the results are not known. Meanwhile the bricks, which were borne on stock accounts, were shown as "issued" in September, 1956 by debiting the value to a suspense head of account. It is not clear why the C.P.W.D. was not consulted before the Defence Ministry derequisitioned the estate and why the C.P.W.D. did not remove its assets in time.

68. *Extra expenditure due to lack of scrutiny of contract documents.*—In a C.P.W. Division for a work estimated to cost Rs. 4,11,309 the lowest tender submitted on the 28th April, 1956, for

Rs. 3,88,950 was accepted by the Additional Chief Engineer, and the acceptance conveyed by the Executive Engineer, on behalf of the President on the 7th July, 1956 to the tenderer who had deposited an earnest money of Rs. 10,000. Later, while completing the agreement, it was noticed that one slip pasted on the last page of the tender which envisaged also the supply of certain stores from C.P.W.D. godowns and the recovery of storage charges at 5 per cent. over and above the issue rate, was not signed by the contractor.

The contractor, when asked to start the work, wrote back to the C.P.W.D. contending that he did not take into account the slip pasted on the last page of the tender relating to 5 per cent. storage charges, places of delivery, etc., and that his quotations were based on the assumption that the materials would be supplied by the C.P.W.D. on the site of work and without the levy of 5 per cent. storage charges.

A notice was served on the contractor on the 27th July, 1956 asking him to show cause why his earnest money should not be forfeited towards penalty of 10 per cent. of the estimated cost for delay in commencing the work in terms of the agreement. As the contractor did not give a suitable reply fresh tenders were invited for the work on the 20th August, 1956. The lowest tender on this occasion for Rs. 4,28,316, was accepted by the Additional Chief Engineer on the 3rd December, 1956, which involved an additional expenditure of Rs. 39,366 on the work.

The first contractor served a notice on the Executive Engineer on the 11th December, 1956 asking for refund of the earnest money and also claiming payment of Rs. 10,000 on account of damages. The case was referred to the Ministry of Law, who opined that since the acceptance of the tender had not been communicated by the competent authority, viz., the Additional Chief Engineer, in the name of the President, no contract was ever concluded, that the parties were never "ad-idem" and that no question therefore arose of the responsibility of the tenderer for breach and remedies of Government in respect thereof. The claim of the contractor for damages was also considered untenable. The refund of earnest money to the contractor was made in February, 1958.

As the tender submitted by the first contractor was not properly examined before it was accepted and as the acceptance was not properly communicated, Government had to incur an extra expenditure of Rs. 39,366.

69. *Extra expenditure due to delay in acceptance of a tender.*—In a C.P.W. Division, tenders for a work estimated to cost Rs. 46,33,625, were invited on the 17th May, 1957 and the lowest tender for Rs. 44,38,899, i.e., at 4.2 per cent. below the estimated cost, was considered for acceptance subject to the concurrence of the Ministry of Finance for undertaking the scheme. The Ministry of Works, Housing and Supply was approached by the Chief Engineer, on the 12th June, 1957, for obtaining this concurrence but meanwhile the contractor withdrew his offer on the 13th August, 1957, stating that the market conditions had changed materially. Tenders for the work were invited again after making certain changes, resulting in reduction of estimated cost to Rs. 43,94,097 and opened on the 11th December, 1957. The lowest tender, from another contractor, for Rs. 45,83,021, i.e., 4.3 per cent. above the estimated cost, was accepted. The Ministry of Works, Housing and Supply communicated the clearance of the Finance Ministry on the 11th December, 1957.

The fresh tender has cost the Government an extra amount of Rs. 2,69,942 which could have been avoided had the necessary concurrence of Finance been obtained before the contractor withdrew his offer.

70. *Infructuous expenditure on renting a building and unauthorised occupation and non-recovery of rent.*—At a certain station, a building consisting of 36 flats, was requisitioned on the 12th April, 1943, on a rent of Rs. 2,315 per month, for the use of War Technicians, at the instance of the late Department of Labour. On vacation by the Labour Department (4th April, 1946), the building was earmarked for housing the Trainees under the Technical Training Scheme. But the building remained vacant for the period from 4th April, 1946 to 16th August, 1946, except for 4 flats.

Subsequently, the control of the building was transferred to an Estate Office on 6th August, 1946 but before this happened, 17 of the flats were forcibly occupied by certain riot-affected and displaced persons. Nine of these flats were vacated in June, 1953, but the remaining 8 are still under unauthorised occupation. The total amount due from the unauthorised occupants calculated upto March, 1959, is as under:—

	Rs.
(a) Amount due from persons who have already vacated	1,70,147
(b) Amount due from persons who are still in occupation	1,27,051
	<hr style="width: 100%; border: 0.5px solid black;"/> 2,97,198

The amount at (b) is increasing at Rs. 1,082.52 per month.

It has been stated by the Ministry that the recovery of the outstanding amounts will be taken up with the Rehabilitation authorities.

71. *Payment of compensatory allowance to non-entitled persons.*—Government sanctioned, in April, 1955 compensatory (Local) allowance to the staff of a certain Engineering Circle. In December, 1955, the sanction was given retrospective effect from the 1st October, 1954, the date on which the Circle was created. Although the payment of this allowance to clerical staff was made conditional on their staying at the site of the work, no such condition was imposed in the case of other staff. As a result of references made by Audit in September, 1956 it was eventually clarified by Government in November, 1957 that the allowance was to be paid only to the officers and staff working and residing at the site of the work. As these conditions had not been mentioned in the original sanction issued in April, 1955, the allowance had been paid to some non-entitled officers and staff serving in the Circle. Government decided in January, 1959, that while the payment of the compensatory allowance to these non-entitled persons should be discontinued with effect from 1st July, 1957, the amounts over-paid to them prior to that date should not be recovered. The recovery of the amount paid in respect of the period October, 1954 to June, 1957 aggregating about Rs. 38,157, has been waived by Government in January, 1959.

72. *Delay in execution of works by contractors.*—The contracts entered into by the C.P.W.D. stipulate *inter alia* that in the event of the contractors not adhering to the time schedule they would be liable to pay compensation at one per cent. of the estimated cost of the contract work for each day of delay, subject to a maximum of ten per cent. of the said cost.

In 1954 the Ministry of Law ruled that even if any extension of time was granted to contractors, in circumstances where the responsibility for the delay rested with them, the right of the Government to recover liquidated damages from them was not lost. Accordingly instructions were issued to all Divisional Officers in June, 1954 that while communicating sanctions to extensions of time the fact that such extensions were granted without prejudice to the right of Government to recover liquidated damages was to be specifically mentioned. Power was also delegated by the Ministry of Works, Housing and Supply to subordinate authorities in September, 1957 to determine the quantum of compensation recoverable from the contractors in such cases.

During the course of local audit inspections, it was noticed in February-March, 1959 that contractors often took an unduly long time in completing contract works and that in a large number of cases where extensions of time had been granted, the question of determination of liquidated damages had not been considered at all, by the competent authorities, even though a saving clause was included in the orders giving extensions of time.

Non-levy of the liquidated damages in all such cases, waiving the rights of Government under the contract, is difficult to justify especially in those instances where the delay in the completion of the works had put Government to financial loss and administrative inconvenience.

73. *Overpayment to a contractor.*—The scrutiny of the accounts of a certain work which was given on contract in 1951-52 and completed in March, 1953 revealed the following irregularities:—

- (a) Under the rules the full value of materials issued to a contractor for use on a work is ordinarily recoverable from the first available running bill. It was, however, observed that the value (Rs. 11,193) of materials supplied to the contractor was not recovered.
- (b) Though on account payment had been made for a certain quantity of work done, the work actually carried out was much less. This resulted in overpayment of Rs. 3,710 to the contractor and also indicates that the certificates given by the engineering authorities on the 'on-account' bills were given without actually checking the measurement.

The final bill of the contractor passed in January, 1953 showed a sum of Rs. 13,772 as recoverable from him.

- (c) Though orders were passed by engineering authority in January, 1953 for recovery of Rs. 20,494 on account of compensation for delay in completion of the work, no such recovery was effected.

Against a total amount of Rs. 34,266 recoverable from the contractor it is stated that interest bearing security of the value of Rs. 17,000 hypothecated to Government are available for adjustment.

The action taken by Government in effecting recoveries from the contractor is being watched.

## CHIEF TECHNICAL EXAMINER'S ORGANISATION

74. Para. 51 of the Audit Report (Civil) 1959, Part I gave a financial appreciation of the work done by the Chief Technical Examiner's Organisation during the half year ending 31st December, 1958.

Total figures of the overpayments detected and provisionally assessed, overpayments admitted and the amounts actually recovered since the creation of the organisation, in May, 1957 are shown in the table given below:—

Period	No. of cases of overpayment detected.	Amount of overpayment detected and provisionally assessed.	No.	Overpayment admitted by the Executive Engineers and intimated to A.G.C.R. for watching recovery	Amount actually recovered (as on 31st October, 1959)
		Rs.		Rs.	Rs.
6/57 to 12/57	121	3,15,660	13	60,783	40,561
1/58 to 6/58	91	3,74,837	48	1,18,164	78,309
7/58 to 12/58	149	5,01,972	67	2,26,476	48,624
1/59 to 6/59	214	4,63,923	138	1,83,371	27,480

The irregularities detected by the organisation broadly fall under the following categories:—

- (i) Use of inferior quality of material.
- (ii) Substandard work.
- (iii) Wrong computation of measurements.
- (iv) Issue of controlled materials in excess of requirements.
- (v) Manipulation of records.
- (vi) Work not executed but paid for.
- (vii) Less number of dismantled articles accounted for than those replaced.
- (viii) Defective drafting of contract agreement.

Some of the more important cases of irregularities noticed are given below:—

- (i) *Payment of cartage based on assumptions unsupported by records.*—An agreement for a work stipulated the supply of boulders partly from departmental stock and partly from a quarry within 2 miles from the site of work. Against the total requirement of 2,79,143 cft. the contractor was

supplied 3,33,586 cft. of boulders both departmentally and from the stipulated quarry. In addition the contractor was also paid a sum of Rs. 46,298 for the carriage of a further quantity of 1,96,931 cft. of stones stated to have been brought from another quarry at a distance of 22 miles from the work site which was not supported by any records. Although the quantity of 1,96,931 cft. included 26,549 cft. taken over by the Department from the contractor on termination of contract, carriage charges for the latter were again paid to him involving a double payment of Rs. 6,242. The total amount paid for the extra lead based on assumption including also the double payment thus amounted to Rs. 52,540.

- (ii) *Manipulation of measurements.*—The agreement for a road work stipulated that earth work in the road embankment would be paid on the basis of initial levels taken at the commencement of the work and final levels taken on completion. The inspection of the work and connected records revealed that the measurements of the initial levels and final levels were manipulated after they were recorded in the level book thus enhancing the quantity of earth work from 1,78,000 cft. to 6,03,139 cft. This resulted in an overpayment of Rs. 7,932.
- (iii) *Overpayment due to fictitious measurements.*—The spot inspection of a road work revealed that against 32,48,372 cft. of earthwork payable on the basis of cross-sections as prepared by the Executive Engineer and checked by the Chief Technical Examiner, quantity actually paid for was 36,59,716 cft. This resulted in an overpayment of Rs. 12,553 to the contractor.

Although considerable quantity of good earth was available within half a mile of the site of work, the contractor was allowed a lead of 3 and 5 miles to bring the quantity of earth alleged to be in short supply at the former site. Payment to the extent of Rs. 1,01,143 seems to have been made on the basis of measurements recorded purely on theoretical considerations (and without verification) as if good earth from a lead of 5 miles had been brought.

Against the prescribed 12" layer of good earth to be laid on the top of the road just below the soling, it was noticed



that in some cases the layer used was hardly 2", the balance consisting of mostly sand and sometimes malba.

- (iv) *Excess-measurements in a road-work.*—In the case of a road work, it was found that excess measurements for earth work were taken to the extent of 6,84,987 cft. resulting in an overpayment of Rs. 9,606. Also due to the fact that excess leads had been allowed in certain reaches a further overpayment of Rs. 7,413 was involved.

On opening out the roads at a number of places, shortage in the quantity of soling and metalling was observed. The overpayment on this account was assessed as Rs. 21,424.

- (v) *Irremediable loss.*—In connection with the development of certain plots of lands two contracts—one for levelling and the other for laying out of roads—were entered into with the same contractor. The road contract was awarded before the levelling contract and a rate of Rs. 42 per 1,000 cft. had to be paid as an extra item towards the cost of levelling the site on which the roads were to be laid out. If the road contract had been awarded subsequent to the levelling contract, the lower rate of Rs. 24/8/- would have been applicable to the entire levelling work. This resulted in an irremediable loss of Rs. 4,550.

- (vi) *Annual repairs and maintenance works.*—Site inspection of a number of maintenance works revealed that standard of maintenance works was very poor and that there was considerable scope for improvement. It was observed that the rates tendered by contractors in respect of annual repairs and maintenance of works were generally very low and sometimes unworkable. A few instances are given below:—

Name of work		Estimated cost	Rate tendered by the contractor
		Rs.	
(i) A/R & M/O.	132-CII Type Qrs.	23,158	46 % below estimated rate.
(ii) „ „	220-DI „	29,467	50 % „ „ „
(iii) „ „	346-DII „	34,181	48 % „ „ „
(iv) „ „	1656 Clerks' Qrs.	83,335	30 % „ „ „

The actual execution of these works revealed that the quality of work and the materials used therein were sub-standard and did not conform to required specifications.

Twelve cases of serious irregularities were reported by the Chief Technical Examiner for taking disciplinary action against the defaulting officers thus bringing the total number of such cases from the beginning to 36.

Disciplinary proceedings have been initiated in all the cases and 9 cases since finalised. Action has been taken against 21 officers—punishment varying from warning to reduction in pay.

Suggestions made to the Chief Engineer for improvements in the quality of works and the specifications were reported to be under examination of the Chief Engineer.

75. *Loss in the working of Government Hostels.*—Government is running a few hostels in Delhi and Simla and the proforma accounts of these hostels for the years 1949-50, 1950-51 and 1951-52 showed substantial losses, in the aggregate, as indicated below:—

Name of the hostel	Year	Loss (—) Gain (+)
1	2	3
		Rs.
1. Western Court, New Delhi	1949-50	(—) 5,965
	1950-51	(+) 13,373
	1951-52	(+) 2,082
2. Raisina Road Hostel, New Delhi	1949-50	(+) 10,545
	1950-51	(—) 7,425
	1951-52	(+) 102
3. Constitution House, New Delhi	1949-50	(+) 15,770
	1950-51	(+) 17,373
	1951-52	(+) 6,212
4. Pataudi House, New Delhi	1949-50	(+) 762
	1950-51	(—) 2,111
	1951-52	(—) 7,182
5. Kotah House, New Delhi	1949-50	(—) 28,573
	1950-51	(—) 21,506
	1951-52	(—) 35,946
6. Grand Hotel, Simla	1949-50	(—) 100,705
	1950-51	(—) 117,136
	1951-52	(—) 122,866

The net annual losses on all the units, taken together are as below:—

Year	Amount Rs.
1949-50	1,08,166
1950-51	1,17,432
1951-52	1,57,598
<b>TOTAL</b>	<b>3,83,196</b>

The above *pro forma* accounts were sent by Audit to the Ministry in 1955 with the request to intimate the reasons for considerable losses

as well as the steps taken, if any, to mitigate them. After prolonged correspondence the Estate Officer intimated, in February, 1959, that the loss in respect of the Grand Hotel, Simla, was unavoidable as the Hotel was intended primarily for the convenience of touring officers of the Central Government and as the rent charged from these officers included an element of subsidy from Government. Although the Ministry could not justify the loss incurred on Kotah House during the period in question they explained in November, 1959 that the short fall in rent realisation was unavoidable since 1954-55 as the main building had been converted into a State Guest House with effect from 1st April, 1954. It was also explained that a major portion of the Grand Hotel, was being used from April, 1957 as a Training College for Government officers. As no rent was recoverable for this portion and as private business has suffered a considerable set back in Simla due to the shifting of the Punjab Government/Government of India offices to the plains there would be a fall in the business of Grand Hotel in future also.

The financial results of the working of these Government Hostels for the period subsequent to 1951-52 could not be ascertained and the proforma accounts prepared, as the necessary data have not yet been made available to Audit, despite repeated requests.

76. *Arrears of Rent.*—In para. 45 of Audit Report (Civil) 1957—Part I, the total arrears of rent of Government property on 1st April, 1956 in an Estate Office were shown as Rs. 27·37 lakhs. The position of arrears at the end of subsequent financial years was as under:—

As on	Rent in Arrears (In lakhs)
	Rs.
31-3-1957 . . . . .	35·67
31-3-1958 . . . . .	42·38
31-3-1959 . . . . .	38·53

The break-up of Rs. 38·53 lakhs outstanding on 31st March, 1959 is given below:—

Recoverable from	Rs.
1. Government Servants . . . . .	26·18
2. Other Government departments . . . . .	3·14
3. Foreign Missions . . . . .	1·04
4. Private persons and organisations . . . . .	5·83
5. Members of Parliament . . . . .	0·89
6. Un-authorised occupants . . . . .	1·45
TOTAL . . . . .	38·53

Of the above amount, not less than Rs. 4·03 lakhs, relate to recoveries due upto March, 1951

The Head of office and the administrative Ministry were repeatedly requested by audit to take steps to arrest the increase in outstandings. It is reported that Government are adopting special measures to recover the arrears.

77. *Avoidable expenditure on freight.*—An overseas Purchase Mission chartered a vessel in October, 1956 for the shipment of 9,500 long tons of rice (5 per cent. more or less) to Bombay at Rs. 153·33 per long ton as freight.

On 7th November, 1956, the freight brokers advised that due to the closure of the Suez Canal, the owners of the vessel had demanded an extra freight of Rs. 19·05 per long ton for transport *via* the Cape of Good Hope. This demand was immediately refused by the Mission on the ground that the vessel owners were bound by the original Charter Party. On 19th November, 1956 a notice was served on the vessel owners by the Mission stating that in the event of their failure to arrange a vessel within forty-eight hours an alternative vessel would be chartered and the owners would be held responsible for damages resulting from their breach of contract. The owners, however, replied on 19th November, 1956 that in view of the closure of the Suez Canal the charter party had been frustrated but they would consider re-booking the cargo at an extra freight of Rs. 19·05 per long ton *via* Cape. On 23rd November, 1956, the Mission chartered another vessel at Rs. 178·57 per long ton for shipment of 10,096·27 long tons of rice *via* Cape of Good Hope, but no action was taken by the Mission for recovering from the original charter party contractors the additional cost.

On a reference by the Mission in July, 1959 the present Legal Adviser has held that as the performance of the contract was made impossible by the closure of the Suez Canal, the Contract would be considered as frustrated and the vessel owners would be excused from the Contract. It is not clear why the Mission had not at least acceded to the deviation charge of Rs. 19·05 per long ton demanded by the former vessel owners. If this had been done, an extra expenditure of Rs. 62,495 (approx.) could have been avoided.

78. *Inconsistency in the general conditions of contract regarding levy of liquidated damages.*—A Central Purchase Organisation placed 3 contracts on a firm in August, 1950, January, 1951 and March, 1951 for the supply of spare parts for tractors to a Central Unit by 31st January, 1951, 31st March, 1951 and 31st July, 1951 respectively. The contracts stipulated that the prices were subject to adjustment due to

any change in the makers' price list. The supplies were delayed and completed only on 9th March, 1953, 5th December, 1952 and 23rd June, 1952 respectively. The stores were inspected and accepted after the expiry of the delivery dates without any formal extension of the delivery dates by the Purchase Organisation. In terms of the contract, the firm preferred a claim of Rs. 25,751 on account of increase in the price (plus custom duty and sales tax etc.) and the same was paid on the advice of the Ministry of Law who pointed out that although the period of delivery was the essence of the contract, the stores in this case had been accepted after the expiry of the original delivery dates without notifying to the contractor that the price variation would not apply in respect of stores delivered after the stipulated periods. Meanwhile on 28th August, 1953 the indenter (the Central Unit) suggested that Rs. 25,751 paid to the firm for increase in price could be claimed as liquidated damages for loss incurred by the Unit due to delayed delivery. But according to further legal opinion obtained on 30th June, 1954, no liquidated damages could be claimed as the stores had been accepted after the expiry of the delivery date without giving notice to the firm that such damages would be claimed for delay in supplies.

It was pointed out in Audit on 19th March, 1955 that the liquidated damages could be levied in terms of clause 11 (iv) (a) of the General Conditions of the Contract which states that "the purchaser is not deprived of his right to recover liquidated damages if the supplies are accepted by the Inspector/Consignee after the expiry of the stipulated delivery date". The Ministry of Law, however, opined that clause 11(iv)(a) *ibid* was inconsistent with para 3 of Section 55 of the Indian Contract Act which requires that notice should be given to the suppliers at the time of acceptance of the stores, of their intention to claim compensation for delay in supplies.

Despite the above opinion of the Ministry of Law impugning clause 11(iv) (a) of the General Conditions of the Contract that clause has not been amended till now to bring it into conformity with the provisions of the Indian Contract Act.

79. *Losses due to cancellation of a contract.*—On 23rd October, 1951 a Central Purchase Organisation contracted with a certain firm for the supply of 10,000 steel boxes for an Ordnance factory. The contract, *inter alia*, provided that the delivery was to commence three weeks after the receipt of the steel sheets which was a controlled item and after the approval of the advance sample of box to be delivered by 27th November, 1951.

The first advance sample (prepared from bazar quality steel) was submitted on 26th November, 1951 by the firm which was informed on 13th December, 1951 that there were some minor defects to be eliminated. Three further samples, made from the correct type of sheets in accordance with specifications, were called for to be tested and certified prior to bulk manufacture.

The firm submitted the three samples only on 11th November, 1952 and these were also found to be defective and the firm was asked on 24th November, 1952 to submit three fresh samples, with the warning that approval to the steel sheets to be used would not be given before it was tested by an approved Government metallurgist. The local Inspecting Officer was directed on the same date to draw a sample of the material from the firm's stock and send it for metallurgical test, but he could not do this as on a visit of the firm's premises on 18th December, 1952, he did not find any stock of raw material. Meanwhile the three samples of the boxes submitted by the firm on 16th January, 1953 were approved on 19th January, 1953 by the Inspecting Officer subject to removal of minor defects. The approval of the raw material was received on 9th June, 1953 from the Government metallurgist but this was not communicated to the supplier. The firm lifted the bulk of the steel sheets from the controlled stock holder in May, 1953.

Meanwhile as sufficient stocks of the boxes had accumulated in the factories the indenter desired on 15th April, 1953 to cancel the order in full or in part if possible without financial repercussions, the deliveries being deferred in the meanwhile. Thereupon the Purchase Organisation in consultation with the Law Ministry, gave notice to the firm on 25th May, 1953 to complete the contract by 12th June, 1953 failing which the contract would be cancelled at the firm's risk and expense. The firm protested, on 11th July, 1953, that as the approval of the sample of the raw material had not even then been received by them and the stock holders had not received all the sections of the steel required for the manufacture of the boxes they could not proceed with the supply until these conditions were fulfilled. They, therefore, asked for extension of delivery period upto 30th September, 1953 which was turned down and in consultation with the Ministry of Law, the contract was cancelled on 30th July, 1953.

The firm thereupon referred the case to arbitration on 28th August, 1953 claiming Rs. 75,000 as damages due to wrong cancellation of the contract. In November, 1954 the arbitrators awarded a

sum of Rs. 63,000 (with subsequent interest at 6 per cent.) in favour of the firm subject to their delivering to Government all the finished and semi-finished goods left with them, which were estimated to be worth Rs. 30,000. In January, 1957 another award of Rs. 15,341 representing payment of storage charges and the costs of arbitration proceedings was also made in the firm's favour. Both these awards were accepted by the Government and a sum of Rs. 79,541 was ultimately paid to the firm during March, and May 1955 and April, 1957.

The facts of the case reveal that apart from the excessive delay in getting the raw material approved, the agreement was so loosely worded that the contractor could himself delay taking delivery of the raw material and thus avoid responsibility for execution within the stipulated period.

80. *Extra expenditure in the supply of Bearing Plates.*—A Central Purchase Organisation placed a contract on a firm on 19th August, 1955 for the supply of 48,000 bearing plates to Railways @ Rs. 2 each, for delivery by 31st October, 1955 on the basis of the firm's statement in their tender that they had a stock of 10,000 plates ready for delivery and that they had sufficient raw material to commence manufacture immediately. The price per unit was based upon the price of pig iron ruling on 12th May, 1955 and any variation in respect thereof was to Government account.

The firm supplied only 5,000 plates by the stipulated delivery date. On 4th January, 1956, a voluntary extension of delivery time upto 15th February, 1956 was granted by the Purchase Organisation. Meanwhile the firm expressed on 30th December, 1955 their inability to complete the contract due to alleged non-availability of raw material and requested for the cancellation of the balance without financial repercussions. No action to cancel the contract was taken at this stage. As the firm did not make further supplies, the matter was referred to the Ministry of Law on the 10th December, 1956 who advised on 13th December, 1956 that the contract should be cancelled immediately although the right to make repurchase at the risk and expense of the firm was no longer open to Government due to the expiry of the period of six months prescribed for repurchase in the agreement and Government had also prejudiced their case by not taking proper action at the appropriate time. The outstanding quantity of 43,000 plates was thereupon, cancelled by the Organisation on 14th January, 1957 but at the risk and expense of the firm, who protested on 28th January, 1957 against

this cancellation and showed their willingness to complete the supplies at enhanced rates subject to the supply of a quota certificate for raw material. As the legal position of the Government had become weak and the price of raw material had also gone up, the Purchase Organisation entered into negotiations with the firm in December, 1957 as a result of which a fresh contract for the balance quantity of 43,000 plates was placed on 18th February, 1958 on the same firm at enhanced rate of Rs. 2.55 per plate based on the price of pig iron ruling on 7th December, 1957 involving a total extra expenditure of Rs. 24,020. The Organisation also agreed to issue a quota certificate for the raw material. According to the revised contract, the firm was to complete the supply by 31st July, 1958 but only a part, i.e., 5,000 Nos. was delivered within the contract period; and for the balance the delivery period was extended upto 31st May, 1959 subject to reservation of rights for liquidated damages. The firm has not completed the supplies upto October, 1959.

81. *Avoidable expenditure due to defective clauses in the contracts for the supply of Castor Oil.*—(i) In August, 1950, a Central Purchase Organisation placed a Running Contract on a firm for supply of castor oil to Railways for the period ending 31st October, 1951. The contract stipulated that

(a) "The Inspecting Officer should be informed when and where, the goods will be ready for inspection, sufficiently in advance (at least a week, if possible) to ensure delivery by the due date".

(b) "Each and every consignment will not necessarily be inspected but the stocks and the consignments held by the contractors will be inspected from time to time by the Inspectorate, who on receipt of individual demands, will issue inspection certificates for the supplies accepted" and

(c) "The price of castor oil applicable to supplies tendered for inspection during any month will be calculated at the average monthly price of seeds (good quality) prevailing during the preceding months".

(ii) The firm tendered for inspection on 25th July, 1951, 1582 Maunds of Castor Oil but the Inspector refused to inspect the stores in the absence of any Supply Order received by the firm from any Direct Demanding Officer. The firm received a demand for 1228 Maunds on 6th August, 1951 and tendered the oil for inspection in August, 1951 from the same consignments, as were offered by them



earlier in July, 1951. The inspection was carried out on 22nd August, 1951 and the payment was made at the castor seed rates applicable for supplies made in August, 1951. The firm contended that the refusal of the Inspector to inspect the quantity tendered by them in July, 1951 was against the provisions of the Running Contract and demanded payment on the basis of the castor seed rates applicable for supplies during July, 1951. The firm subsequently took the case to arbitration and the Umpire gave an award on 13th January, 1957 of Rs. 18,322 against Government representing the difference between the prices of castor oil prevailing in July, 1951 and in August, 1951.

(iii) Two more running contracts for the supply of Castor Oil were placed on 28th September, 1951 one with the same firm and another with a different firm on the same terms and conditions as in the contract placed in August, 1950 except that Inspection Clause (b) permitting bulk inspection was omitted under the impression that with the deletion of the clause the firms would not tender oil for bulk inspection before a Supply Order was placed on them by Direct Demanding Officers and if the firms did so, the Inspector could refuse to inspect the stuff. The two firms mentioned above tendered for inspection, 4,500 and 4,000 Maunds of castor oil in November, 1951 before receipt of Supply Orders from any Direct Demanding Officer. The Inspector refused to inspect the material but on receipt of Supply Orders between November, 1951 and April, 1952, the oil was inspected and the payments at reduced rates as applicable to supplies made during November, 1951 to September, 1952, were made. The firms demanded payment on the basis of rates as were applicable to November, 1951 but on refusal the firms went into arbitration. In both the cases (*viz.*, 4,500 Maunds and 4,000 Maunds) the Umpire gave awards on 13th January, 1957 and 13th February, 1957 against the Government to the extent of Rs. 83,235 and Rs. 43,361 respectively being the difference between the rates claimed by the firms for the months in which castor oil was originally tendered for inspection and the rates applicable to the months in which the stores were actually accepted for inspection and paid for.

Government was thus put to an avoidable extra expenditure of Rs. 1,44,918 mainly due to defective clauses in the running contracts. The contracts are even now being placed on the same terms and conditions; and no adequate action has been taken (October, 1959) to remove the lacuna in the inspection clause of the contract.

## SECTION II

## STATE ENTERPRISES

## MINISTRY OF COMMERCE AND INDUSTRY

## SINDRI FERTILIZERS AND CHEMICALS LTD.

82. (i) *Short recoveries of By-products.*—When the installation of the Coke Oven Plant in Sindri was sanctioned in 1951 it was estimated that the net cost of coke produced in the plant would come to Rs. 26 per ton (against the then controlled rate of Rs. 34·75 nP.) after taking into account an estimated credit of Rs. 14·54 per ton, on account of the by-products of coking. The actual net cost of coke produced at Sindri was, however, Rs. 46·88 per ton in 1954-55 when the controlled rate of coke was Rs. 34·75 per ton. It was found by the Management that there were some mis-calculations in the original estimate in which the value of coal tar, a by-product, was taken at Rs. 132 per ton whereas it was possible to realise only Rs. 90 per ton. Further the credit for coal breeze at Rs. 34·75 per ton was also not correct and the interest on capital equipment etc. was calculated at a lower rate of 3% instead of at 4½%. These mistakes resulted in the estimated cost of coke in 1954 being Rs. 38 per ton (as against the controlled price of Rs. 34·75 per ton) after taking into account a credit of Rs. 12·39 per ton for the by-products.

The actual net cost of coke in 1956-57, however, rose to Rs. 53·59 per ton approximately, the credit from the by-products being to the extent of Rs. 9·06 per ton only. The Management has explained that the production of by-products has been restricted owing to reduced demand and the limited facilities for storage.

(ii) *Shortage of gypsum.*—Since the commencement of production from 31st October, 1951 to the 31st of March, 1958 the Company has received 1,64,357 tons of gypsum (valued at Rs. 61·17 lacs) short from the mines. The percentage of shortage on the quantity despatched varied from year to year, viz., 5·9 per cent. upto 1953, 2·09 per cent in 1953-54, 2·5 per cent in 1954-55, 3·5 per cent in 1955-56. In September, 1956 the percentage of normal wastage of gypsum was fixed at 4 per cent of the Railway weight, on the basis of the actual shortages noticed upto that date. The shortage however rose to 6·21 per cent in 1956-57 and 8·19 per cent in 1957-58, the value inclusive of freight being Rs. 9,45,939 and Rs. 10,08,318 respectively in these 2 years. The reasons for the gradual increase in the percentage of shortage need investigation.

## NAHAN FOUNDRY LIMITED

83. *Loss in manufacture of machinery.*—During 1953-54 and 1954-55, 640 centrifugal pumps and 779 chaff cutters, costing Rs. 1,59,285 and Rs. 64,657 respectively were manufactured in addition to a stock of 190 chaff cutters costing Rs. 15,770 in a Government Foundry. As there was no demand for these products, they had to be sold from 1st April, 1953 to 31st March, 1958 at rates below the cost of production. The total loss incurred in the disposal of 969 chaff cutters and 303 centrifugal pumps at below cost amounts to Rs. 15,588 and Rs. 27,978 respectively. 337 centrifugal pumps costing Rs. 83,874 were lying in stock (March, 1958).

The production of centrifugal pumps and chaff cutters has been discontinued from 1955-56.

## MINISTRY OF FOOD AND AGRICULTURE

## CENTRAL WAREHOUSING CORPORATION

84. The Central Warehousing Corporation was established on 2nd March, 1957 under Section 17 of the Agricultural Produce (Development and Warehousing) Corporation Act, 1956, with an authorised capital of Rs. 20 crores. The subscribed capital as on 31st March, 1958 amounted to Rs. 5,33,58,000. The main functions of the Corporation are (i) to acquire and build warehouses, and to rent them, for the storage of agriculture produce, seed, manure, fertilizers etc., to individuals, co-operative societies and other institutions and (ii) to arrange facilities for the transport of agricultural produce to and from the warehouses.

The accounts of the Corporation upto 1958-59 were subjected to a supplementary audit. Against a target of 100 warehouses to be constructed during the Second Five Year Plan, not a single warehouse was constructed by the Corporation upto the end of 31st March, 1959. It has, however, rented 9 godowns at several places since December, 1957 as an experimental measure.

Though the Board of Directors decided in March, 1959 to accelerate substantially the programme of the Corporation, it has been stated by the Corporation on 7th April, 1959 that the target of 100 warehouses for the Plan period would have to be revised downward for the following reasons:—

- (i) The Corporation came into *de facto* existence only in the middle of 1957 and several of the State Warehousing Corporations came into existence even later.

- (ii) Warehousing being a new venture, the Board of Directors preferred to start warehousing in hired accommodation as a measure of caution and in order to gain experience.
- (iii) The construction of warehouses had to await the acquisition of suitable sites, preparation of designs and investigations regarding availability of steel and other building materials, all of which were bound to take considerable time and add to the delay in starting construction work.

The expenditure on the rental of the hired accommodation and on the concerned establishment along with the corresponding receipts are given below:—

	1957-58	1958-59
	Rs.	Rs.
(a) Receipts from Warehousing . . . . .	1,145	76,195
(b) Rent paid by the Corporation for the hired godowns . . . . .	13,013	63,993
(c) Establishment expenses . . . . .	1,54,945	4,25,794
(d) Net loss to the Corporation . . . . .	1,21,457	4,30,458

Under Section 19(1) of the Act., the Central Government has fixed the minimum rate of annual Dividend guaranteed by it on the shares of the Corporation at  $3\frac{1}{2}\%$  per annum. The amount payable by the Central Government on this account works out to Rs. 1,34,735.65 and Rs. 3,80,921.06 for the years 1957-58 and 1958-59 respectively.

## MINISTRY OF IRRIGATION AND POWER

### DELHI STATE ELECTRICITY BOARD

85. *Loss of coal by pilferage.*—Between 1st April, 1955 and 9th October, 1956 the Delhi State Electricity Board lost about 12,894 tons of coal due mainly to persistent pilferage and partly to handling and transit losses. Assuming normal handling and transit losses to be 1% of the actual issues, the loss by pilferage between April, 1955 and July, 1957 would work out to about 10,315 tons. At the 1956-57 average cost of Rs. 35-12-3 per ton the value of the loss is more than  $3\frac{1}{2}$  lakhs.

This loss was covered in the trading accounts by making an *ad hoc* addition of 5 per cent. to the quantity of all issues of coal to the Power House. There was no resolution of the Board sanctioning this unusual practice. It was explained that the above

practice was taken over from the former Delhi Central Electric Power Authority Limited as it was found that a 5 per cent. pilferage did occur and that it was impossible to put a stop to it.

On 1st October, 1956 the management entered into an agreement with the representatives of the Central Power House Employees' Union, providing for the issue of 2 maunds of soft coke per month free to each Class III and Class IV employee working in the Power House on the date of the agreement, in return for an assurance that no coal would be removed from the coal-yard by the employees thereafter. This agreement cost the Board Rs. 49,620 in 1957-58. There is no resolution of the Board confirming this agreement although it was signed by the Chairman on behalf of the Board.

It is stated that following this agreement the current losses on coal (in handling, transit etc.) work out to less than 1% of issues.

### MINISTRY OF STEEL, MINES AND FUEL

#### NATIONAL COAL DEVELOPMENT CORPORATION LTD.

86. (i) *Loss of coal despatched from a colliery.*—At the weighbridge yard of a certain railway station excess coal from overloaded wagons sent from a Government colliery had to be taken out according to the Railway rules to allow the correct load being despatched. In some cases the unloaded coal was again loaded in underloaded wagons received from the same colliery to make up the correct load. The records pertaining to the weighbridge for the period from 1953—57 (upto 20th September, 1957) showed that the excess quantity taken out of the wagons was 3,122 tons of which the quantity re-loaded during that period was 1,360 tons. On this basis 1,762 tons of coal valued approximately at Rs. 30,000 should have been available at the weighbridge yard of the railway station but no stock was physically traceable. Further, such unloaded stocks of coal lying at the weighbridge yard was also not accounted for in the closing stock of coal of the colliery at the end of each year.

A Departmental enquiry committee set up in March, 1957 to investigate into the missing stocks recommended on 23rd September, 1957 that the Railway authorities should be held responsible for the shortage as the stocks of the coal were lying in the railway yard, controlled and looked after by the Railway Administration only. The Railway Board have, however, refused to accept any responsibility in the matter on the ground that the excess coal was unloaded and stacked by colliery labour and was re-loaded into other wagons.

by the same labour under the supervision of the colliery's representative. It has been since stated by the Ministry of Steel, Mines and Fuel on 16th July, 1959 that action is being taken for the write off of the loss. Certain remedial measures have since been taken by the Corporation.

(ii) *Unsatisfactory maintenance of accounts.*—The accounts of the above Company (i.e. National Coal Development Corporation) have not been maintained properly and the entire accounting system apparently requires reorganisation. Some of the defects and irregularities revealed during the scrutiny of the accounts for the year ending 31st March, 1958 are detailed below: —

- (1) The terms of transfer of the assets (book value Rs. 937·57 lacs) and liabilities (book value Rs. 123·09 lacs) from the Government to the Company as on the 1st October, 1956 have not yet been finalised by the execution of an Agreement of Transfer. The Company has stated that the terms of transfer are under negotiation with the Government of India and in the meantime the figures relating to the above items have been taken as provisional.
- (2) Due to non-maintenance of detailed records of Capital expenditure in the past certain items of plant and equipment which had become obsolete or unserviceable are being carried in the books at an inflated price.
- (3) The adequacy of depreciation provided for the fixed assets is not in many cases capable of verification due to want of details of such assets.
- (4) The accounts of collieries under development have not been kept in sufficient detail to facilitate the correlation of the Project estimates with the actual expenditure incurred on each Project under development.
- (5) Miscellaneous expenditure and losses totalling Rs. 289·89 lacs could not be analysed for want of details. Reconciliation between financial records and subsidiary registers had not also been effected.

The Company attributed the above defects to the fact that upto 1st October, 1956 the accounts of the State collieries were maintained on the Governmental pattern and that certain basic modifications were necessary in the above pattern to fit it into the commercial system of accounting. Such modifications are, however, yet to be made although 2½ years have elapsed since the change-over in the management.

(iii) *Outstanding book debts.*—A sum of Rs. 46,99,161 was outstanding in the books of the National Coal Development Corporation on 31st March, 1958 on account of book debts taken over from the State Collieries on 1st October, 1956. These included debts, totalling Rs. 13.76 lacs outstanding for nearly ten years and a major portion of which *viz.* Rs. 10.81 lakhs was recoverable from the Railways and foreign Governments. In some cases, the whereabouts of the parties were not known and in a few others the debtor firms had gone into liquidation.

It has not yet been determined whether the debts amounting to Rs. 2.95 lakhs against the private parties are barred by limitation since the legal position of the Company in this respect and the authority responsible for pursuing such claims have not been decided so far. The Ministry have stated that in most of these cases, it will not be easy to substantiate the claims as the connected records are not available. No provision for any possible bad debts has also been made in the accounts of the National Coal Development Corporation. The question of effecting recovery of these old debts is a matter of importance.

(iv) *Avoidable payment of interest charges.*—The Company obtained a loan of rupees four crores at 4½ per cent. interest from the Government in two instalments of rupees two crores each in January, 1958 and March, 1958. As the whole amount was not immediately required a total sum of Rs. 3.4 crores was deposited as “call deposits” @ 2½ per cent. per annum with the State Bank of India in several instalments in February, 1958 and March, 1958. This resulted in extra payment of interest charges amounting to Rs. 1,43,288 to Government due to premature drawal of the loans.

It has been explained by the Company that while the drawal of the first instalment of loan of Rs. 2 crores was in accordance with the expected subsequent disbursement during the next 6 to 8 weeks, the expenditure out of the 2nd instalment of Rs. 2 crores was spread over a longer period (about six months) than was anticipated.

#### HINDUSTAN STEEL LIMITED

87. (i) *Non-maintenance of proper system of commercial accounts.*—The management and direction of two steel Projects were taken over from the Government by the Company with effect from the 1st April, 1957. No Statement of assets and liabilities had been prepared at the time of transfer. An adequate commercial system of accounts has not also been introduced in these two Projects, nor

control accounts brought into use in the Headquarters office of the Company (in respect of the accounts maintained by the different Project authorities). Detailed assets registers, control ledgers like Store Purchase Ledgers, Total Debtors' and Creditors' Ledgers, etc. were not maintained by the two Projects. In one of the Projects, no Priced Store Ledger was maintained. Depreciation of the assets valuing Rs. 226 lakhs was not provided in the accounts of the year ended 31st March, 1958. The management has, however, stated that a sum of Rs. 111.5 lakhs has been provided in the accounts for 1958-59 on the plants that have gone into production as also on buildings, plant and machinery and motor vehicles. Allocation to the assets of overhead expenditure as on 31st March, 1959 amounting to Rs. 9.09 crores has not also been done. Standard forms of accounting and uniform system of accounts in all the three Projects have not been introduced. In most of the cases of losses, thefts, etc. sanctions for write off have not been accorded by the competent authorities and as such corresponding accounting entries could not be made or financial adjustments effected. The authorities have stated that action is being taken in respect of some of the items and that from 1959-60 a proper system of commercial accounts will be introduced.

(ii) *Increase in costs due to changes in design and payment of demurrage charges.*—(a) The Bhilai Project was undertaken in collaboration with the Government of U.S.S.R. A project study incorporating the main specifications and drawings were prepared by the Government of U.S.S.R. in December, 1955. On the basis of this report and subsidiary information obtained, the project authorities invited both tenders as well as resorted to negotiations with certain contractors for the construction work and supply of materials. The detailed drawings had, however, not been received in many of the cases before procurement action was taken. When these were received, it was found that provision had to be made for a large number of extra items which were not originally included in the project study and for an increase in quantities previously indicated; it also entailed special methods of construction in some cases. This added to the cost of the project by an estimated amount of Rs. 4 crores which has yet to be regularised.

(b) Many items of the plant, including heavy machinery as well as light structures, fully or partly assembled, were despatched in the ships of U.S.S.R. and other countries. Difficulties were encountered at Visakhapatnam in unloading the consignments because of the size of these machines and equipment. The rate of unloading was consequently slow and resulted in the detention of the ships. This was



93. *Contributions to International Organisations.*—The principal contributions to International Organisations included in the accounts for 1958-59 are as follows:—

Grant No.	Sub-head	Contribution to	Amount Rs.
21.—Miscellaneous Departments and Expenditure under the Ministry of Education and Scientific Research.	C. 2 (1)	United Nations Educational, Scientific and Cultural Organisation . . . . .	13,91,435
	C. 2 (4)	International Scientific Union	1,13,828
24.—External Affairs	K. (4)	United Nations Organisation . . . . .	88,08,948
	K. 6	U.N.W.R.A. for Palestine Refugees . . . . .	1,20,398
46.—Miscellaneous Departments and Other Expenditure under the Ministry of Food and Agriculture.	E. 1 (2)	(i) Food and Agricultural Organisation of the United Nations, Rome (Italy) . . . . .	15,42,188
	„	(ii) Commonwealth Agricultural Bureau, London . . . . .	1,49,440
50.—Miscellaneous Departments and Expenditure under the Ministry of Health.	B. 2 (2)	(i) World Health Organisation	8,26,879
	„	(ii) United Nations International Children Emergency Fund . . . . .	17,98,611
74.—Miscellaneous Departments and Expenditure under the Ministry of Labour and Employment	B. 2	International Labour Organisation . . . . .	11,84,070
93.—Miscellaneous Departments and Other Expenditure under the Ministry of Transport and Communications.	C. 3 (7)	International Civil Aviation Organisation . . . . .	4,84,000
	C. 3 (8)	International Tele-Communication Union, Geneva . . . . .	2,76,051
100.—Atomic Energy Research	B. 1 (1)	International Atomic Energy Agency . . . . .	9,47,021

Contributions of less than Rs. 1 lakh but exceeding Rs. 20,000 aggregating Rs. 3,81,471 were paid to seven other International Organisations.

## MINISTRY OF COMMERCE AND INDUSTRY

94. *Delay in the rendering of accounts of Grants-in-aid.*—With a view to provide incentive to the promotion of handicrafts, Government gave grants-in-aid to various State Governments, from time to time from the year 1953-54 on conditions that the State Governments had to implement the specified schemes, refund unspent balances and to render detailed accounts of expenditure incurred out of the grants, to their respective Accountants General. The refunding of unspent balances promptly and/or rendering of accounts are heavily in arrears, as would appear from the position detailed below as on 30th June, 1959:—

Year	Amount paid Rs.	Amounts for which utilisation certificates or refund of unspent balances are awaited Rs.
1953-54 . . . . .	4,47,939	2,34,377
1954-55 . . . . .	8,25,391	5,57,105
1955-56 . . . . .	8,01,799	4,82,293
1956-57 . . . . .	33,26,867	32,10,571
1957-58 . . . . .	15,25,435	12,79,644

## MINISTRY OF HOME AFFAIRS

95. *Air journeys of a Cabinet Minister.*—In April, 1958, a Minister on his journey to Calicut from Delhi used three I.A.F. planes, including an aircraft flown all the way from Jodhpur for the last lap of the journey of sixty miles only from Cannanore to Calicut. A war time disused airstrip at Calicut (Kozhikode) was cleared, levelled and made temporarily suitable for the landing of the aircraft, by the State Government at some cost, which was eventually borne by that Government after initial claim at the special request of the Government of India.

The same Minister used an I.A.F. plane for his journey from Delhi to Bangalore on 12th January, 1960. The plane returned empty to Delhi on the same day and returned after 5 days to Bangalore on 18th January, 1960 to bring the Minister back to Delhi.

The accepted principle for official journeys is that these should not coincide with attendance at political or private functions. This principle seems to have been overlooked in both the journeys undertaken by the Minister.

## MINISTRY OF REHABILITATION

96. *Relief and Rehabilitation of Displaced Persons.*—(i) The total expenditure on actual Relief and Rehabilitation of Displaced persons, in and outside Camps, during the year 1958-59 amounted to Rs. 8,14,33,933 and Rs. 4,38,33,678 respectively.

The expenditure on pay and allowances of officers and establishment at headquarters amounted to Rs. 37,85,270 and that in subordinate offices, etc. to Rs. 1,82,49,684 (total Rs. 2,20,34,954).

The percentage of expenditure on the pay and allowances of officers and the establishment, to the expenditure on Relief and Rehabilitation (inclusive of the loans paid to State Governments for disbursements among Displaced Persons) was 11·3 in 1958-59 against 10·6 (approx.) in the previous year.

(ii) The capital cost of constructing townships in various States amounted to Rs. 7,16,888 during the year. In addition, loans to the extent of Rs. 6,94,91,144 were granted to the State Governments, etc. in 1958-59, in connection with their Rehabilitation Schemes.

(iii) The progressive expenditure, incurred by the Ministry during the period from 1947-48 (post-partition) to the end of 1958-59, is indicated below:—

(1) *Expenditure on Displaced Persons:*

	Rs.
A—Custodian of Evacuee Property . . . . .	2,68,13,768
B—Attached and Subordinate Offices . . . . .	7,84,06,397
C—Evacuation . . . . .	4,62,78,825
D—Relief . . . . .	99,30,13,052
E—Rehabilitation . . . . .	38,79,23,648
F—Annual instalment of payment to Displaced Persons transferred from Capital Outside the Revenue Account	4,77,93,000
G—Miscellaneous Expenses . . . . .	62,21,967
H—Transfer of sale proceeds, etc. of Acquired Evacuee Property for credit to Capital outside the Revenue Account	26,09,34,920
I—Recovery of abducted women and children . . . . .	3,23,487
J—Irrecoverable loans and advances to Displaced Persons written off . . . . .	36,278
TOTAL (1) . . . . .	1,84,77,45,342

	Rs.
(2) Expenditure at Headquarters : Ministry of Rehabilitation	2,76,24,334
(3) Capital cost of construction of townships for Displaced Persons . . . . .	19,83,65,798
(4) Loans granted to State Governments for rehabilitation purposes . . . . .	1,33,60,88,545
TOTAL (1) to (4) . . . . .	3,40,98,24,019

(iv) The recoveries of loans effected from the State Governments during and upto 1958-59 were as follows:—

During 1958-59	Upto 1958-59
Rs.	Rs.
5,15,94,435	25,47,32,544

(v) The gross capital expenditure incurred on the payment of compensation to Displaced Persons during and upto 1958-59 amounted to Rs. 14,63,39,084 and Rs. 83,59,08,939 respectively. This comprised cash payments, value of Government property transferred and loans, etc. adjusted as compensation and does not include the value of evacuee property transferred or set off in kind.

N.B.—(The figures in this para do not include an expenditure of Rs. 99,97,647 relating to the Dandakaranya Development Scheme).

NEW DELHI;  
The 22nd April, 1960.

S. VENKATARAMANAN,  
Accountant General, Central Revenues.

Countersigned.

NEW DELHI;  
The 22nd April, 1960.

A. K. CHANDA,  
Comptroller and Auditor General of India.

## GRAND SUMMARY

*Grand Summary of Appropriation Accounts by Grants and Appropriations for 1958-59*

Volume and Page No.	No. and name of Grant or Appropriation	Original Grant or Appropriation	Final Grant or Appropriation	Expenditure	Expenditure compared with Original Grant or Appropriation More+ Less—	Expenditure compared with Final Grant or Appropriation More+ Less—
1	2	3	4	5	6	7
		Rs.	Rs.	Rs.	Rs.	Rs.
(Vol. II)						
1	1.—Ministry of Commerce and Industry . Voted	66,43,000	69,28,000	71,51,716	+5,08,716	+2,23,716
3	2.—Industries . . . Voted .	26,90,99,000	26,90,99,000	25,36,46,328	—1,54,52,672	—1,54,52,672
37	3.—Salt . . . . . Charged	5,02,000	5,02,000	3,63,240	—1,38,760	—1,38,760
	. . . . . Voted .	1,58,04,000	1,58,08,000	1,40,63,023	—17,40,977	—17,44,977
44	4.—Commercial Intelligence and Statistics . Voted	79,81,000	79,81,000	70,56,533	—9,24,467	—9,24,467

1	2	3	4	5	6	7
		Rs.	Rs.	Rs.	Rs.	Rs.
47	5.—Miscellaneous Departments and Expenditure under the Ministry of Commerce and Industry . . . . . Voted	1,90,64,000	2,43,32,000	2,12,59,753	+ 21,95,753	—30,72,247
(Vol. III)						
1	6.—Ministry of Community Development . . . . . Voted	21,99,000	21,99,000	19,26,246	—2,72,754	—2,72,754
3	7.—Community Development Projects and National Extension Service . . . . . Voted	13,13,27,000	13,13,27,000	12,67,40,036	—45,86,964	—45,86,964
(Vol. IV)						
1	8.—Ministry of Defence . . . . . Voted .	37,68,000	39,99,000	39,93,412	+ 2,25,412	—5,588
(Vol. V)						
1	13.—Ministry of Education and Scientific Research . . . . . Voted	68,92,000	68,92,000	66,18,235	—2,73,765	—2,73,765
4	14.—Archaeology . . . . . Voted .	1,09,70,000	1,09,70,000	92,67,635	—17,02,365	—17,02,365
8	15.—Survey of India . . . . . Voted .	1,71,11,000	1,71,11,000	1,62,35,533	—8,75,467	—8,75,467
19	16.—Botanical Survey . . . . . Voted	12,50,000	12,50,000	9,36,935	—3,13,065	—3,13,065
20	17.—Zoological Survey . . . . . Voted .	11,87,000	11,87,000	5,67,179	—6,19,821	—6,19,821
22	18.—Scientific Research . . . . . Voted .	6,38,98,000	6,78,98,000	6,54,84,334	+ 15,86,334	—24,13,666

26	19.—Other Scientific Departments	Voted	56,67,000	56,67,000	33,88,846	—22,78,154	—22,78,154
31	20.—Education	Voted	25,37,10,000	25,37,10,000	25,07,57,124	—29,52,876	—29,52,876
41	21.—Miscellaneous Departments and Expenditure under the Ministry of Education and Scientific Research	Voted	2,41,90,000	2,41,90,000	2,09,53,618	—32,36,382	—32,36,382
(Vol. VI)							
1	22.—Tribal Areas	Voted	8,02,99,000	8,43,80,000	7,41,49,468	—61,49,532	—1,02,30,532
9	23.—Naga Hills—Tuensang Area	Voted	3,64,57,000	3,64,57,000	2,92,84,705	—71,72,295	—71,72,295
23	24.—External Affairs	Voted	8,78,80,000	8,78,80,000	8,70,54,448	—8,25,552	—8,25,552
44	25.—State of Pondicherry	Charged	40,000	40,000	37,145	—2,855	—2,855
		Voted	2,98,88,000	2,98,88,000	2,39,48,128	—59,39,872	—59,39,872
67	26.—Miscellaneous Expenditure under the Ministry of External Affairs	Voted	4,09,000	4,09,000	3,68,315	—40,685	—40,685
(Vol. I)							
1	27.—Ministry of Finance	Voted	1,58,77,000	1,58,77,000	1,53,40,686	—5,36,314	—5,36,314
7	28.—Customs	Charged	5,000	8,000	6,994	+1,994	—1,006
		Voted	4,16,27,000	4,16,27,000	3,42,81,967	—73,45,033	—73,45,033
12	29.—Union Excise Duties	Charged	68,97,33,000	72,99,30,000	72,99,22,395	+4,01,89,395	—7,605
		Voted	7,86,89,000	7,86,89,000	7,32,95,471	—53,93,529	—53,93,529

1	2	3	4	5	6	7
		Rs.	Rs.	Rs.	Rs.	Rs.
19	30.—Taxes on Income including Corporation Tax, etc.					
		<i>Charged</i>	1,23,000	1,23,000	80,303	—42,697
		<i>Voted</i>	5,41,40,000	5,41,40,000	5,07,68,585	—33,71,415
26	31.—Opium	<i>Voted</i>	2,42,18,000	2,70,23,000	2,72,21,432	+30,03,432
55	32.—Stamps	<i>Charged</i>	8,48,000	[ 8,48,000	8,48,000	..
		<i>Voted</i>	2,34,05,000	2,55,85,000	2,38,22,868	+4,17,868
77	33.—Audit	<i>Charged</i>	20,47,000	20,47,000	19,55,980	—91,020
		<i>Voted</i>	10,02,58,000	10,02,58,000	9,72,63,544	—29,94,456
82	34.—Currency	<i>Charged</i>	11,12,000	11,12,000	10,92,000	—20,000
		<i>Voted</i>	3,70,14,000	3,70,14,000	3,16,98,831	—53,15,169
107	35.—Mint	<i>Voted</i>	4,77,07,000	5,73,07,000	5,42,86,877	+65,79,877
123	36.—Territorial and Political Pensions	<i>Voted</i>	22,09,000	22,09,000	20,42,211	—1,66,789
125	37.—Superannuation Allowances and Pensions	<i>Charged</i>	33,33,000	33,33,000	32,37,799	—95,201
		<i>Voted</i>	3,51,00,000	3,64,00,000	3,67,34,105	+16,34,105
130	38.—Miscellaneous Departments and other Expenditure under the Ministry of Finance	<i>Charged</i>	1,000	1,000	..	—1,000
		<i>Voted</i>	31,09,44,000	31,09,44,000	20,65,73,979	—10,43,70,021



14r	39.—Planning Commission.	Voted	2,10,00,000	2,10,00,000	1,88,95,307	—21,04,693	—21,04,693
144	40.—Miscellaneous Adjustments between the Union and State Governments	Voted	6,66,000	9,70,000	8,91,002	+2,25,002	—78,998
146	41.—Prepartition Payments	Charged	2,85,000	2,85,000	2,90,271	+5,271	+5,271
		Voted	34,42,000	34,42,000	18,07,343	—16,34,657	—16,34,657
150	Interest on Debt and other Obligations and Reduction or Avoidance of Debt	Charged	1,39,42,93,000	1,40,92,93,000	1,40,63,34,263	+1,20,41,263	—29,58,737
16r	Grants-in-aid to States	Charged	46,96,70,000	46,96,70,000	46,16,08,012	—80,61,988	—80,61,988
(Vol. VII)							
1	42.—Ministry of Food and Agriculture	Voted	73,54,000	73,54,000	67,37,361	—6,16,639	—6,16,639
5	43.—Forest	Voted	2,56,26,000	2,56,26,000	1,89,27,742	—66,98,258	—66,98,258
14	44.—Agriculture	Charged	1,000	1,000	..	—1,000	—1,000
		Voted	15,72,49,000	15,72,49,000	12,97,46,487	—2,75,02,513	—2,75,02,513
81	45.—Civil Veterinary Services	Voted	1,48,25,000	1,48,25,000	1,13,26,123	—34,98,877	—34,98,877
113	46.—Miscellaneous Departments and other Expenditure under the Ministry of Food and Agriculture	Voted	13,80,85,000	13,80,85,000	13,33,96,131	—46,88,869	—46,88,869
(Vol. VIII)							
1	47.—Ministry of Health	Voted	13,71,000	13,71,000	12,83,558	—87,442	—87,442
2	48.—Medical Services	Voted	5,18,73,000	5,18,73,000	5,19,52,170	+79,170	+79,170

1	2	3	4	5	6	7	
		Rs.	Rs.	Rs.	Rs.	Rs.	
15	49.—Public Health . . . . .	Voted	14,06,97,000	14,06,97,000	11,74,23,349	-2,32,73,651	-2,32,73,651
40	50.—Miscellaneous Departments and Expenditure under the Ministry of Health . . . . .	Voted	87,61,000	87,61,000	60,93,141	-26,67,859	-26,67,859
(Vol. IX)							
1	51.—Ministry of Home Affairs . . . . .	Voted	2,73,56,000	2,73,56,000	2,76,22,056	+2,66,056	+2,66,056
6	52.—Cabinet . . . . .	Voted	35,34,000	35,34,000	35,73,193	+39,193	+39,193
9	53.—Zonal Councils . . . . .	Voted	4,44,000	4,44,000	2,57,531	-1,86,469	-1,86,469
10	54.—Administration of Justice . . . . .	Charged	14,87,000	14,87,000	14,26,587	-60,413	-60,413
		Voted	2,25,000	2,25,000	2,12,831	-12,169	-12,169
13	55.—Police . . . . .	Voted	4,93,68,000	4,93,68,000	4,18,19,060	-75,48,940	-75,48,940
21	56.—Census . . . . .	Voted	8,34,000	8,34,000	6,37,418	-1,96,582	-1,96,582
23	57.—Statistics . . . . .	Voted	1,81,12,000	1,81,12,000	1,53,23,819	-27,88,181	-27,88,181
26	58.—Privy Purses and Allowances of Indian Rulers . . . . .	Charged	5,41,84,000	5,42,18,000	5,43,48,778	+1,64,778	+1,30,778
		Voted	4,91,000	6,02,000	5,35,484	+44,484	-66,516
27	59.—Delhi . . . . .	Charged	51,000	51,000	41,080	-9,920	-9,920
		Voted	7,73,27,000	9,68,27,000	9,26,10,169	+1,52,83,169	-42,16,831

95	60.—Himachal Pradesh	<i>Charged</i>	1,84,000	1,84,000	1,84,000	..	..
		Voted	4,62,40,000	4,62,40,000	4,77,10,042	+ 14,70,042	+ 14,70,042
204	61.—Andaman and Nicobar Islands	Voted	2,77,91,000	2,77,91,000	2,06,67,195	—71,23,805	—71,23,805
232	62.—Manipur	Voted	2,16,72,000	2,16,72,000	1,94,88,439	—21,83,561	—21,83,561
264	63.—Tripura	<i>Charged</i>	50,000	50,000	84,148	+ 34,148	+ 34,148
		Voted	3,28,73,000	3,28,73,000	2,79,66,822	—49,06,178	—49,06,178
305	64.—Laccadive, Minicoy and Amindivi Islands	Voted	19,74,000	19,74,000	9,43,119	—10,30,881	—10,30,881
315	65.—Miscellaneous Departments and Expenditure under the Ministry of Home Affairs	<i>Charged</i>	..	16,000	15,596	+ 15,596	—404
		Voted	8,75,72,000	8,75,72,000	6,12,87,090	—2,62,84,910	—2,62,84,910
(Vol. X)							
1	66.—Ministry of Information and Broadcasting	Voted	13,49,000	13,49,000	13,10,810	—38,190	—38,190
2	67.—Broadcasting	Voted	4,01,00,000	4,34,00,000	4,33,11,557	+ 32,11,557	—88,443
25	68.—Miscellaneous Departments and Expenditure under the Ministry of Information and Broadcasting	Voted	3,34,11,000	3,34,11,000	2,80,91,115	—53,19,885	—53,19,885

1	2	3	4	5	6	7
(Vol. XI)		Rs.	Rs.	Rs.	Rs.	Rs.
1	69.—Ministry of Irrigation and Power . . . Voted	19,67,000	21,31,000	22,13,258	+2,46,258	+82,258
3	70.—Multi-purpose River Schemes . . . Voted	1,28,07,000	1,38,07,000	1,06,36,336	-21,70,664	-31,70,664
7	71.—Miscellaneous Departments and other Expenditure under the Ministry of Irrigation and Power . . . Voted	1,05,10,000	1,05,10,000	89,86,010	-15,23,990	-15,23,990
(Vol. XII)						
1	72.—Ministry of Labour and Employment . . . Voted	17,47,000	20,97,000	20,77,359	+3,30,359	-19,641
3	73.—Chief Inspector of Mines . . . Voted	23,04,000	23,04,000	14,70,535	-8,33,465	-8,33,465
5	74.—Miscellaneous Departments and other Expenditure under the Ministry of Labour and Employment . . . Voted	8,80,17,000	8,80,17,000	6,01,54,223	-2,78,62,777	-2,78,62,777
(Vol. XIII)						
1	75.—Ministry of Law . . . Voted	19,39,000	19,39,000	18,18,561	-1,20,439	-1,20,439
3	76.—Elections . . . Voted	1,81,41,000	1,81,41,000	1,79,06,179	-2,34,821	-2,34,821
5	77.—Miscellaneous Expenditure under the Ministry of Law . . . Voted	5,44,000	5,44,000	5,09,772	-34,228	-34,228

(Vol. XIV)

1	78.—Ministry of Rehabilitation	Voted	40,45,000	40,45,000	37,85,270	—2,59,730	—2,59,730
4	79.—Expenditure on Displaced Persons and Minorities	<i>Charged</i>	..	1,000	425	+425	—575
		Voted	20,48,25,000	24,75,25,000	24,14,36,024	+3,66,11,024	—60,88,976
(Vol. XV)							
1	80.—Ministry of Steel, Mines and Fuel	Voted	33,49,000	33,49,000	33,14,878	—34,122	—34,122
3	81.—Geological Survey	Voted	1,31,85,000	1,31,85,000	86,90,587	—44,94,413	—44,94,413
5	82.—Exploration of Oil and Natural Gas	Voted	2,18,35,000	2,18,35,000	1,74,26,408	—44,08,592	—44,08,592
6	83.—Miscellaneous Departments and Other Expenditure under the Ministry of Steel, Mines and Fuel	Voted	49,62,52,000	49,62,52,000	42,21,06,411	—7,41,45,589	—7,41,45,589
(Vol. XVI)							
1	84.—Ministry of Transport and Communications.	Voted	76,62,000	79,62,000	78,95,719	+2,33,719	—66,281
8	85.—Mercantile Marine Department	Voted	62,10,000	62,10,000	57,10,270	—4,99,730	—4,99,730
15	86.—Lighthouses and Lightships	Voted	1,38,96,000	1,38,96,000	1,16,42,580	—22,53,420	—22,53,420
19	87.—Central Road Fund	Voted	4,28,99,000	4,28,99,000	3,46,01,345	—82,97,655	—82,97,655
32	88.—Communications (Including National Highways)	Voted	6,03,69,000	6,27,69,000	6,26,53,578	+22,84,578	—1,15,422
33	90.—Meteorology	Voted	1,61,46,000	1,61,46,000	1,54,87,870	—6,58,130	—6,58,130

1	2	3	4	5	6	7	
		Rs.	Rs.	Rs.	Rs.	Rs.	
38	91.—Overseas Communications Service . . . . .	<i>Charged</i>	7,00,000	7,00,000	6,96,011	—3,989	—3,989
		<i>Voted</i>	1,16,76,000	1,16,76,000	1,14,49,746	—2,26,254	—2,26,254
50	92.—Aviation . . . . .	<i>Voted</i>	3,79,52,000	3,79,52,000	3,32,87,771	—46,64,229	—46,64,229
59	93.—Miscellaneous Departments and other expenditure under the Ministry of Transport and Communications.	<i>Voted</i>	1,38,68,000	1,38,68,000	1,33,63,376	—5,04,624	—5,04,624
(Vol. XVII)							
1	94.—Ministry of Works, Housing and Supply	<i>Voted</i>	56,71,000	56,71,000	56,39,371	—31,629	—31,629
4	95.—Supplies . . . . .	<i>Charged</i>	..	74,000	60,171	+60,171	—13,829
		<i>Voted</i>	2,71,95,000	2,76,98,000	2,66,30,279	—5,64,721	—10,67,721
13	96.—Other Civil Works . . . . .	<i>Charged</i>	41,56,000	41,56,000	37,61,267	—3,94,733	—3,94,733
		<i>Voted</i>	25,12,32,000	28,02,25,000	27,07,11,410	+1,94,79,410	—95,13,59 0
27	97.—Stationery and Printing	<i>Voted</i>	7,19,67,000	8,15,67,000	7,95,60,739	+75,93,739	—20,06,261
47	98.—Miscellaneous Departments and Expenditure under the Ministry of Works, Housing and Supply . . . . .	<i>Voted</i>	88,56,000	88,56,000	84,85,991	—3,70,009	—3,70,009

(Vol. XVIII)

1	99.—Department of Atomic Energy . . . . .	Voted	9,08,000	10,08,000	10,24,413	+1,16,413	+16,413
3	100.—Atomic Energy Research . . . . .	Voted	3,30,80,000	3,30,80,000	2,92,22,249	-38,57,751	-38,57,751

(Vol. XIX)

1	101.—Department of Parliamentary Affairs . . . . .	Voted	2,25,000	2,25,000	1,83,200	-41,800	-41,800
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(Vol. XX)

1	102.—Lok Sabha . . . . .	Charged	67,000	67,000	62,629	-4,371	-4,371
		Voted	1,03,03,000	1,03,03,000	90,22,617	-12,80,383	-12,80,383
3	103.—Miscellaneous Expenditure under Lok Sabha . . . . .	Voted	34,000	34,000	33,149	-851	-851

(Vol. XXI)

1	104.—Rajya Sabha . . . . .	Charged	61,000	61,000	56,863	-4,137	-4,137
		Voted	33,31,000	33,31,000	30,81,989	-2,49,011	-2,49,011

(Vol. XXII)

1	Staff, Household and Allowances of the President . . . . .	Charged	18,37,000	24,33,000	24,44,490	+6,07,490	+11,490
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(Vol. XXIII)

1	105.—Secretariat of the Vice-President . . . . .	Voted	59,000	59,000	43,229	-15,771	-15,771
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(Vol. XXIV)

1	Union Public Service Commission . . . . .	Charged	42,05,000	42,05,000	39,60,781	-2,44,219	-2,44,219
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1	2	3	4	5	6	7
		Rs.	Rs.	Rs.	Rs.	Rs.
(Vol. II) 60	106.—Capital Outlay of the Ministry of Commerce and Industry . Voted	12,93,89,000	21,51,36,000	21,44,98,608	+ 8,51,09,608	—6,37,392
(Vol. III) 10	107.—Capital Outlay of the Ministry of Community Development . . . Voted	2,33,36,000	2,33,36,000	2,02,99,555	—30,36,445	—30,36,445
(Vol. V) 46	109.—Capital Outlay of the Ministry of Education and Scientific Research Voted	2,18,74,000	2,18,74,000	1,67,42,174	—51,31,826	—51,31,826
(Vol. VI) 69	110.—Capital Outlay of the Ministry of External Affairs . . . Voted	46,44,000	73,28,000	58,82,880	+ 12,38,880	—14,45,120
(Vol. I) 162	111.—Capital Outlay on the India Security Press . Voted	11,07,000	11,07,000	3,83,463	—7,23,537	—7,23,537
163	112.—Capital Outlay on Currency and Coinage . Voted	2,90,60,000	4,54,07,000	4,14,86,619	+ 1,24,26,619	—39,20,381
165	113.—Capital Outlay on Mints . . . Voted	46,20,000	46,20,000	41,47,987	—4,72,013	—4,72,013



167	114.—Commuted Value of Pensions . . . . .	Charged	1,00,000	1,00,000	42,720	-57,280	-57,280
		Voted	45,81,000	45,81,000	39,65,956	-6,15,044	-6,15,044
170	115.—Payments to Retrenched Personnel . . . . .	Voted	12,000	12,000	8,793	-3,207	-3,207
171	116.—Other Capital Outlay of the Ministry of Finance . . . . .	Voted	89,85,87,000	89,85,87,000	37,77,67,690	-52,08,19,310	-52,08,19,310
192	117.—Loans and Advances by the Central Government . . . . .	Charged	2,84,51,32,000	3,26,51,32,000	3,04,53,35,882	+20,02,03,882	-21,97,96,118
		Voted	78,01,83,000	1,23,01,83,000	1,13,35,05,678	+35,33,22,678	-9,66,77,322
198	Repayment of Debt . . . . .	Charged	50,98,06,39,000	50,98,06,39,000	48,33,21,06,524	-2,64,85,32,476	-2,64,85,32,476
(Vol. VII)							
130	118.—Capital Outlay on Forests . . . . .	Voted	9,51,000	9,51,000	7,92,785	-1,58,215	-1,58,215
131	119.—Purchase of Foodgrains . . . . .	Charged	3,20,000	3,20,000	1,44,805	-1,75,195	-1,75,195
		Voted	1,24,12,73,000	1,91,71,73,000	1,85,26,33,248	+61,13,60,248	-6,45,39,752
145	120.—Other Capital Outlay of the Ministry of Food and Agriculture . . . . .	Charged	4,000	33,000	32,275	+28,275	-725
		Voted	30,12,22,000	30,12,22,000	27,62,80,284	-2,49,41,716	-2,49,41,716
(Vol. VIII)							
42	121.—Capital Outlay of the Ministry of Health . . . . .	Voted	9,79,38,000	9,79,38,000	9,87,20,071	+7,82,071	+7,82,071

1	2	3	4	5	6	7	
		Rs.	Rs.	Rs.	Rs.	Rs.	
(Vol. IX)							
323	122.—Capital Outlay of the Ministry of Home Affairs . . . . .	Voted	1,12,61,000	1,12,61,000	76,88,828	—35,72,172	—35,72,172
(Vol. X)							
37	123.—Capital Outlay on Broadcasting . . . . .	Voted	2,15,59,000	2,15,59,000	1,99,90,375	—15,68,625	—15,68,625
(Vol. XI)							
13	124.—Capital Outlay on Multi-purpose River Schemes . . . . .	Voted	4,22,00,000	4,22,00,000	3,14,80,247	—1,07,19,753	—1,07,19,753
14	125.—Other Capital Outlay of the Ministry of Irrigation and Power . . . . .	Voted	5,58,49,000	5,58,49,000	4,28,74,653	—1,29,74,347	—1,29,74,347
(Vol. XII)							
28	126.—Capital Outlay of the Ministry of Labour and Employment . . . . .	Voted	11,55,000	11,55,000	7,04,008	—4,50,992	—4,50,992
(Vol. XIV)							
11	127.—Capital Outlay of the Ministry of Rehabilitation . . . . .	Voted	21,00,00,000	21,00,00,000	15,63,36,731	—5,36,63,269	—5,36,63,269
(Vol. XV)							
21	128.—Capital Outlay of the Ministry of Steel, Mines and Fuel . . . . .	Voted	1,72,91,88,000	1,77,86,88,000	1,59,95,47,524	—12,96,40,476	—17,91,40,476

(Vol. XVI)

65	129.—Capital Outlay on Ports . . . . .	on Voted	4,05,00,000	4,05,00,000	2,94,45,380	—1,10,54,620	—1,10,54,620
119	130.—Capital Outlay on Roads . . . . .	on Voted	15,00,00,000	16,50,00,000	14,81,42,639	—18,57,361	—1,68,57,361
121	132.—Capital Outlay on Civil Aviation . . . . .	Charged	5,00,000	5,00,000	87,747	—4,12,253	—4,12,253
		Voted	3,23,67,000	3,23,67,000	3,31,19,019	+7,52,019	+7,52,019
124	133.—Other Capital Outlay of the Ministry of Transport and Communications . . . . .	Voted	11,27,11,000	11,27,11,000	10,03,58,807	—1,23,52,193	—1,23,52,193

(Vol. XVII)

51	134.—Delhi Capital Outlay	Charged	8,90,000	8,90,000	6,52,268	—2,37,732	—2,37,732
		Voted	6,35,80,000	6,85,80,000	6,20,56,350	—15,23,650	—65,23,650
55	135.—Capital Outlay on Buildings . . . . .	Charged	5,70,000	5,70,000	3,02,251	—2,67,749	—2,67,749
		Voted	5,72,10,000	5,72,10,000	4,29,22,736	—1,42,87,264	—1,42,87,264
58	136.—Other Capital Outlay of the Ministry of Works, Housing and Supply . . . . .	Voted	3,55,74,000	3,55,74,000	3,32,21,589	—23,52,411	—23,52,411

1	2	3	4	5	6	7
		Rs.	Rs.	Rs.	Rs.	Rs.
(Vol. XVIII)						
5	137.—Capital Outlay of the Department of Atomic Energy					
	Voted	5,19,00,000	5,19,00,000	3,92,66,010	—1,26,33,990	—1,26,33,990
	GRAND TOTAL					
	} Charged	56,45,71,30,000	56,93,30,80,000	54,05,16,23,700 <sup>(a)</sup>	+25,33,52,688	+1,81,687
		10,54,73,40,000	11,98,65,97,000	10,43,65,62,959 <sup>(b)</sup>	—2,65,88,58,988	—2,88,16,37,987
	} Voted				+1,16,86,57,793	+42,43,475
						—1,27,94,34,834

(a) Does not include Rs. 1,02,67,52,645 adjusted in the accounts as reduction of expenditure, the details of which have been given by appropriations in Annexure B.

(b) Does not include Rs. 3,24,66,84,705 adjusted in the accounts as reduction of expenditure, the details of which have been given by grants in Annexure B.

It also excludes (—) Rs. 38,12,33,498 in respect of "Capital Outlay on Sterling Pensions."

**AUDIT CERTIFICATE**

The account above has been examined under my direction in accordance with the provisions of the Government of India (Audit and Accounts) Order, 1936, as adapted under the India (Provisional Constitution) Order, 1947, read with Article 149 of the Constitution of India. I am assured that my officers have obtained all the information and explanations that they have required and according to the best of my information I certify that the account above is correct subject to the observations in the report.

NEW DELHI;

A. K. CHANDA,

*The 22nd April, 1960. Comptroller and Auditor General of India.*

## ANNEXURE A

The following table gives a summary of the cases of losses, writes off, financial irregularities, etc., mentioned below the grants concerned :—

Volume No.	Page No. (Accounts)	No. and Name of Grant	Total No. of minor losses, irregularities, etc., under each Grant	Total amount of minor losses, etc., under each Grant	Brief subject
1	2	3	4	5	6
Rs.					
I.	MINISTRY OF FINANCE				
	6	27.—Ministry of Finance . . . . .	1	88	Theft of a cycle due to negligence.
	25	30.—Taxes on Income including Corporation Tax, etc.	1	7,994	Misappropriation of Govt. money by a Head Clerk-cum-Cashier.
	58	32.—Stamps . . . . .	1	4,633	Loss due to fire.
	140	38.—Miscellaneous Deptts and Other Expenditure under the Ministry of Finance.	1	305	Loss of imprest money by theft.
	149	41.—Pre-partition payments . . . . .	4	68,286	(a) Cost of material short recovered from the bills of a Contractor (Rs. 3,296). (b) Non recovery of hire charges of lorries (Rs. 120).

				(c) Savings Bank fraud and misappropriation of value of money orders and insured letters (Rs. 2,560) in the Posts and Telegraphs Department.
				(d) Loss on account of differences in the cost of raw materials against an "Acceptance of Tender" cost of arbitration, difference between the provisional price and final price in respect of supplies, etc. (Rs. 62,310).
166	113.—Capital outlay on Mints . . . . .	1	11,417	Extra expenditure due to delay in supply of a layout plan.
169	114.—Commuted value of pensions . . . . .	1	33,227 (£2,492)	Approximate loss of income tax on Transfer of pensions to the U. K. Government.
194-195	117.—Loans and Advances by the Central Government	2	1,962	(a) Theft of clamps (Rs. 331) and loss of Service stamps (Rs. 600) in Hirakud Dam Project.  (b) Value of materials not traceable (Rs. 1,031) in Hirakud Dam Project.

## II.

## MINISTRY OF COMMERCE AND INDUSTRY

16	2.—Industries . . . . .	2	19,100	(a) Theft of goods, loss of handicrafts in transit and due to devaluation of foreign currency, accidental fires, etc. (Rs. 14,911).  (b) Purchase of wrong type of cotton (Rs. 4,189).
41	3.—Salt . . . . .	1	4,45,111	Value of buildings, structures etc., damaged, salt found short, etc.

1	2	3	4	5	6
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III.

## MINISTRY OF COMMUNITY DEVELOPMENT

9	7.—Community Development Projects and National Extension Service.	1	4,000	Theft of money in the Railway train.
12	107.—Capital Outlay of the Ministry of Community Development.	1	26,621	Value of imported equipment burnt in a fire.

V.

## MINISTRY OF EDUCATION AND SCIENTIFIC RESEARCH

3	13.—Ministry of Education and Scientific Research.	1	619	Overdrawal of pay and allowances by an officer.
7	14.—Archaeology . . . . .	3	6,879	(a) Misappropriation of Govt. money (Rs. 4,019). (b) <i>Ex-gratia</i> payment (Rs. 2,000). (c) Loss of equipment in 'India 1958' Exhibition (Rs. 860).
25	18.—Scientific Research . . . . .	1	900	Irregular payment of conveyance allowance.
29	19.—Other Scientific Departments . . . . .	1	482	Irregular payment of special pay.
40	20.—Education . . . . .	6	26,412	(a) Shortage of Engineering Stores in a Technical Institute (Rs. 5,422). (b) Loss of books in a Training Institute (Rs. 931). (c) Grant-in-aid paid in excess of Government share (Rs. 2,202.) (d) Misappropriation of Scholarship money by the Head of an Institute (Rs. 3,495).



(e) Workshop tools stolen from the stores (Rs. 14,049).

(f) Waiver of recovery of outfit allowance (Rs. 313).

## VI.

## MINISTRY OF EXTERNAL AFFAIRS

1	22.—Tribal Areas . . . . .	1	4,448	Loss due to fire.
33-34	24.—External Affairs . . . . .	6	74,13,911	(a) Amount due as "mesne profits" from a tenant of foreign nationality (Rs. 1,620). (b) Loss of films and film equipment due to fire and theft (Rs. 14,025). (c) Embezzlement of money by the officer in charge of a Refugee organisation (Rs. 73,00,000). (d) Amount due from Canteens (Rs. 55,277). (e) Loss due to damage of a Cinema van (Rs. 29,133) in an accident. (f) Loss of furniture due to fire (Rs. 13,856).
66	25.—Pondicherry . . . . .	1	60,236	Value of Sera and Vaccines which became unfit for use.

## MINISTRY OF FOOD AND AGRICULTURE

13	43.—Forest . . . . .	1	1,808	Cost of uniforms rendered unfit for use.
66	44.—Agriculture . . . . .	2	18,486	(a) Value of a truck burnt in an accident (Rs. 8,997). (b) Value of publications damaged by flood (Rs. 9,489).

1	2	3	4	5	6
					Rs.
125	46.—Miscellaneous Departments and Other Expenditure under the Ministry of Food and Agriculture.	1		39,133	Payment of demurrage charges.
134-135	119.—Purchase of food-grains.	5		35,19,186	(a) Paddy and rice damaged by floods (Rs. 25,242). (b) Value of rice found short (Rs. 32,413) (c) Shortage of foodgrains and <i>ex-gratia</i> payments etc., (Rs. 25,47,710). (d) Payment of demurrage charges (Rs. 7,73,260). (e) Loss in taking over rice and paddy (Rs. 1,40,561).
162	120.—Other Capital Outlay of the Ministry of Food and Agriculture.	3		33,28,627	(a) Payment of demurrage (Rs. 90,478). (b) Value of sugar lost in transit-cum-storage, in auction, short landing and theft etc. (Rs. 15,766). (c) Loss on the disposal of agricultural implements (Rs. 32,22,383).

## VIII,

## MINISTRY OF HEALTH

14	48.—Medical Services	2		169	(a) Waiver of medical charges (Rs. 109). (b) Irrecoverable sum due from a non-entitled patient (Rs. 60).
48	121.—Capital Outlay of the Ministry of Health.	2		5,70,628	(a) Irregular payment of compensatory and house rent allowances (Rs. 990). (b) Loss in disposal of vitamin Compound tablets (Rs. 5,69,638).

Rs.

IX.

## MINISTRY OF HOME AFFAIRS

5	51.—Ministry of Home Affairs	2	5,681	(a) Waiver of overpayment of house rent (Rs. 4,868). (b) Waiver of overpayment of pay and allowances (Rs. 813).
20	55.—Police	2	10,194	(a) Money stolen from the Custody of a cashier at the counter of the Reserve Bank of India (Rs. 10,000). (b) Waiver of the cost of a rifle etc., lost by a constable (Rs. 194).
29	59.—Delhi	4	14,234	(a) Loss in the sale of "moong seed" (Rs. 445). (b) Excess of book value over the sale proceeds (Rs. 10,820). (c) Shortage of stores detected in a clothing godown (Rs. 2,259). (d) Irrecoverable stamp duty and penalty on documents impounded (Rs. 710).
100-101	60.—Himachal Pradesh	4	9,87,753	(a) Loss to a building by fire (Rs. 9,45,300). (b) Irrecoverable amount of advances and loss of livestock, pottery articles and accumulated stocks etc. (Rs. 8,787). (c) Non-accountal of Government money (Rs. 24,093). (d) Extra expenditure on demurrage and wharfage (Rs. 9,573).

1	2	3	4	5	6
		MINISTRY OF HOME AFFAIRS— <i>contd.</i>			
205	61.—Andaman and Nicobar Islands . . . . .	3	67,129	(a) Loss of mangrove poles (Rs. 2,208). (b) Payment of pay and allowances due to delay in disposing of the appeal preferred by an official (Rs. 11,325). (c) Loss due to death of 4 elephants (Rs. 53,596).	
305	64.—Laccadive, Minicoy and Aminidivi Islands.	1	10,682	Loss of coir and empty gunny bags and rice.	
X.		MINISTRY OF INFORMATION AND BROADCASTING			
1	66.—Ministry of Information and Broadcasting.	1	4,844	Loss of furniture due to non-maintenance of proper accounts.	
11	67.—Broadcasting . . . . .	1	1,420	Irrecoverable amounts of rent.	
31	68.—Miscellaneous Departments and Other Expenditure under the Ministry of Information and Broadcasting.	2	3,992	(a) Cost of publications damaged by white ants (Rs. 1,472). (b) Loss due to irregular award of a Printing work (Rs. 2,520).	
39	123.—Capital Outlay on Broadcasting . . . . .	1	212	Loss of equipment.	
XI.		MINISTRY OF IRRIGATION AND POWER			
2	69.—Ministry of Irrigation and Power . . . . .	1	311	Waiver of overpayment.	
5	70.—Multipurpose River Scheme . . . . .	1	8,075	Loss of tools and plant due to floods.	
XIV.		MINISTRY OF REHABILITATION			
2	78.—Ministry of Rehabilitation . . . . .	1	1,980	Waiver of irrecoverable amount of pay and recovery of electricity and water charges and loss of a typewriter, etc.	

9-10	79.—Expenditure on Displaced Persons and Minorities.	3	2,52,391	(a) Loss in running an Industrial Home. (Rs. 20,773). (b) Cost of 6 sewing machines stolen (Rs. 1,650). (c) Value of firewood and food stuff found short, articles lost or damaged due to theft and fire and <i>ex-gratia</i> relief etc. (Rs. 2,29,968).
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## XV.

## MINISTRY OF STEEL, MINES AND FUEL

11	83.—Miscellaneous Departments and Other Expenditure under the Ministry of Steel Mines and Fuel.	1	5,410	Non-recovery of excess rent paid to a landlord and theft of a typewriter and Scientific equipment, etc.
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## XVI

## MINISTRY OF TRANSPORT AND COMMUNICATIONS

14	85.—Mercantile Marine Department	3	6,032	(a) Irrecoverable amount of cost of training and cloth and theft of wall clock (Rs. 442). (b) Shortage of Cash (Rs. 1,090). (c) Theft of spare parts and water pump from a Training ship (Rs. 4,500).
58	92.—Aviation	2	13,057	(a) Waiver of overpayment (Rs. 1,065). (b) Waiver of overpayment of daily allowance (Rs. 11,992).
123	132.—Capital Outlay on Civil Aviation	2	2,892	(a) Loss due to damage of electrical installations (Rs. 1,108). (b) Shortage of cement bags (Rs. 1,784).

1	2	3	4	5	6
					Rs.
XVII		MINISTRY OF WORKS, HOUSING AND SUPPLY			
9	95.—Supplies		4	1,66,196	(a) Demurrage charges (Rs. 1,09,051). (b) Non recovery of extra cost on risk resale of surplus stores and repurchase of stores and enhanced value of an "Acceptance of Tender" etc. (Rs. 36,172) (c) Waiver of recovery (Rs. 11,473). (d) <i>Ex-gratia</i> Payment (Rs. 9,500).
21-23	96.—Other Civil Works		16	2,81,897	(i) Loss due to increase in cost of electricity (Rs. 14,836). (ii) Remission of rent (Rs. 8,125). (iii) Value of mild steel bars found short (Rs. 4,054). (iv) <i>Ex-gratia</i> payment (Rs. 15,000). (v) Misappropriation of Government money (Rs. 8,667). (vi) Waiver of overpayment to Government servants (Rs. 5,271). (vii) Waiver of irregular payment of arrears of salary (Rs. 2,031). (viii) Waiver of overpayment to officials (Rs. 532). (ix) Loss of buildings and tools due to fire (Rs. 38,458). (x) Loss due to non-inclusion of Departmental charges (Rs. 95,899).

- (xi) Value of wheels found missing in a C.P.W.D. Division (Rs. 1,672).  
 (xii) Loss of iron pipes by theft (Rs. 2,154).  
 (xiii) Loss of steel rods by theft (Rs. 1,199).  
 (xiv) Loss of brass nozzles by theft (Rs. 237).  
 (xv) Value of air-conditioning stores stolen (Rs. 1,123).  
 (xvi) Short recovery of electricity charges and rent ; irrecoverable amount of rent, and cost of suits, arrears of rent, etc. (Rs. 82,639).

34	97.—Stationery and Printing	1	1,36,245	Stores found short, damaged or rendered unserviceable, cost of certain printing jobs, raw materials and advertisement charges, not recovered, loss in transit, etc.
	TOTAL	109	1,75,95,295	

## ANNEXURE "B"

The following table shows by Grants and Appropriations, the total actual recoveries adjusted in the accounts as reduction of Expenditure:—

No. and name of Grant or Appropriation	Budget Estimate	Revised Estimate	Actuals	Actuals compared with	
				Budget Estimate More + Less —	Revised Estimate More + Less —
1	2	3	4	5	6
	Rs.	Rs.	Rs.	Rs.	Rs.
1—Ministry of Commerce and Industry . . . . .	..	46,000	..	..	—46,000
2—Industries . . . . .	7,38,24,000	8,21,73,000	6,60,87,764	—77,36,236	—1,60,85,236
3—Salt . . . . .	2,83,000	1,91,000	1,83,387	—99,613	—7,613
4—Commercial Intelligence and Statistics . . . . .	4,000	4,000	..	—4,000	—4,000
5—Miscellaneous Departments and Expenditure under the Ministry of Commerce and Industry.	1,05,000	1,26,000	..	—1,05,000	—1,26,000
6—Ministry of Community Development . . . . .	..	40,000	484	+484	—39,516
7—Community Development Project and National Extension Service . . . . .	1,05,60,000	1,10,54,000	84,59,825	—21,00,175	—25,94,175
15—Survey of India . . . . .	76,89,000	76,89,000	55,64,664	—21,24,336	—21,24,336
18—Scientific Research . . . . .	23,35,000	47,25,000	2,99,786	—20,35,214	—44,25,214



19—Other Scientific Departments . . . . .	1,58,000	10,25,000	[1,05,000	—53,000	—9,20,000
20—Education . . . . .	2,73,000	4,70,000	3,71,352	+98,352	—98,648
21—Miscellaneous Departments and Expenditure under the Ministry of Education and Scientific Research	16,000	16,000	16,000	..	..
22—Tribal Area . . . . .	2,25,94,000	77,77,000	73,66,360	—1,52,27,640	—4,10,640
23—Naga Hills—Tuensang Area . . . . .	70,000	..	3,500	—66,500	+3,500
24—External Affairs . . . . .	14,43,000	14,00,000	13,83,838	—59,162	—16,162
25—State of Pondicherry . . . . .	22,34,000	21,95,000	22,47,750	+13,750	+52,750
27—Ministry of Finance . . . . .	1,35,000	1,32,000	1,27,483	—7,517	—4,517
28—Customs . . . . .	6,000	..	5,350	—650	+5,350
29—Union Excise Duties . . . . .	2,19,56,000	1,97,91,000	1,69,23,665	—50,32,335	—28,67,335
32—Stamps . . . . .	5,44,000	5,45,000	5,43,819	—181	—1,181
33—Audit . . . . .	<i>3,00,000</i>	<i>3,00,000</i>	<i>3,00,000</i>	..	..
{ Charged . . . . .					
{ Voted . . . . .	2,94,28,000	2,95,92,000	2,83,88,571	—10,39,429	—12,03,429
34—Currency . . . . .	8,39,000	12,89,000	9,81,276	+1,42,276	—3,07,724
35—Mint . . . . .	30,000	30,000	21,010	—8,990	—8,990
37—Superannuation Allowances and Pensions . . . . .	<i>7,22,000</i>	<i>8,88,000</i>	<i>8,19,510</i>	+97,510	—68,490
{ Charged . . . . .					
{ Voted . . . . .	5,84,000	4,51,000	7,09,416	+1,25,416	+2,58,416
38—Miscellaneous Departments and other Expenditure under the Ministry of Finance . . . . .	1,00,000	1,00,000	..	—1,00,000	—1,00,000
<i>Interest on Debt and other Obligations and Reduction or Avoidance of Debt . . . . . Charged . . . . .</i>	<i>99,42,93,000</i>	<i>98,86,93,000</i>	<i>91,65,59,715</i>	<i>—7,77,33,285</i>	<i>—7,21,33,285</i>
42—Ministry of Food and Agriculture . . . . .	5,000	5,000	4,883	—117	—117

1	2	3	4	5	6
	Rs.	Rs.	Rs.	Rs.	Rs.
43—Forest . . . . .	18,66,000	17,05,000	3,46,467	—15,19,533	—13,58,533
44—Agriculture . . . . .	2,52,18,000	2,20,87,000	1,11,24,374	—1,40,93,626	—1,09,62,626
45—Civil Veterinary Services . . . . .	20,66,000	15,65,000	8,82,932	—11,83,068	—6,82,068
46.—Miscellaneous Departments and other Expenditure under the Ministry of Food and Agriculture . . . . .	59,00,000	31,12,000	5,29,781	—53,70,219	—25,82,219
48—Medical Services . . . . .	53,66,000	56,26,000	47,99,841	—5,66,159	—8,26,159
49—Public Health . . . . .	4,77,13,000	4,82,66,000	4,34,17,411	—42,95,589	—48,48,589
51—Ministry of Home Affairs . . . . .	..	11,000	..	..	—11,000
54—Administration of Justice . . . . .	3,000	3,000	535	—2,465	—2,465
55—Police . . . . .	5,82,000	4,64,000	5,15,200	—66,800	+51,200
56—Census . . . . .	..	..	27,209	+27,209	+27,209
57—Statistics . . . . .	..	..	11,900	+11,900	+11,900
59—Delhi . . . . .	10,13,000	9,26,000	4,11,969	—6,01,031	—5,14,031
60—Himachal Pradesh . . . . .	11,52,000	9,48,000	9,22,157	—2,29,843	—25,843
61—Andaman and Nicobar Islands . . . . .	37,20,000	35,20,000	24,87,145	—12,32,855	—10,32,855
62—Manipur . . . . .	4,57,000	5,83,000	3,29,240	—1,27,760	—2,53,760
63—Tripura . . . . .	2,89,000	2,96,000	1,97,349	—91,651	—98,651
65—Miscellaneous Departments and Expenditure under the Ministry of Home Affairs . . . . .	12,40,000	9,95,000	7,43,409	—4,96,591	—2,51,591

67—Broadcasting . . . . .	27,50,000	35,51,000	42,38,121	+14,88,121	+6,87,121
68—Miscellaneous Departments and Expenditure under the Ministry of Information and Broadcasting .	19,34,000	16,89,000	9,67,462	—9,66,538	—7,21,538
69—Ministry of Irrigation and Power . . . . .	..	9,000	..	..	—9,000
70—Multipurpose River Schemes . . . . .	37,84,000	59,02,000	56,15,606	+18,31,606	—2,86,394
71—Miscellaneous Departments and other Expenditure under the Ministry of Irrigation and Power .	22,83,000	27,06,000	16,04,889	—6,78,111	—11,01,111
74—Miscellaneous Departments and other Expenditure under the Ministry of Labour and Employment .	3,16,72,000	1,75,73,000	98,30,351	—2,18,41,649	—77,42,649
75—Ministry of Law . . . . .	60,000	50,000	57,457	—2,543	+7,457
76—Elections . . . . .	..	2,10,000	2,14,126	+2,14,126	+4,126
79—Expenditure on Displaced Persons and Minorities.	3,000	..	358	—2,642	+358
81—Geological Survey . . . . .	..	95,000	..	..	—95,000
83—Miscellaneous Departments and other Expenditure under the Ministry of Steel, Mines and Fuel .	27,88,58,000	21,76,19,000	16,30,02,378	—11,58,55,622	—5,46,16,622
84—Ministry of Transport and Communications . .	7,72,000	7,67,000	7,54,800	—17,200	—12,200
85—Mercantile Marine Department . . . . .	81,000	89,000	92,574	+11,574	+3,574
86—Lighthouses and Lightships . . . . .	90,62,000	70,68,000	59,59,421	—31,02,579	—11,08,579
87—Central Road Fund . . . . .	28,99,000	23,97,000	13,98,100	—15,00,900	—9,98,900
90—Meteorology . . . . .	9,16,000	8,57,000	8,03,703	—1,12,297	—53,297
92—Aviation . . . . .	54,64,000	37,38,000	17,73,539	—36,90,461	—19,64,461
93—Miscellaneous Departments and other Expenditure under the Ministry of Transport and Communications . . . . .	20,000	10,000	7,583	—12,417	—2,417

	1	2	3	4	5	6
		Rs.	Rs.	Rs.	Rs.	Rs.
94—Ministry of Works, Housing and Supply		65,000	64,000	85,877	+20,877	+21,877
95—Supplies		17,92,000	17,47,000	16,58,941	—1,33,059	—88,059
96—Other Civil Works	{ Charged Voted	14,17,000	14,17,000	11,03,893	—3,13,107	—3,13,107
		17,67,89,000	18,66,16,000	21,00,98,630	+3,33,09,630	+2,34,82,630
97—Stationery and Printing		4,67,73,000	5,21,83,000	4,47,94,644	—19,78,356	—73,88,356
98—Miscellaneous Departments and other Expenditure under the Ministry of Works, Housing and Supply		1,32,000	1,32,000	4,614	—1,27,386	—1,27,386
100—Atomic Energy Research		21,70,000	22,00,000	26,771	—21,43,229	—21,73,229
106—Capital Outlay of the Ministry of Commerce and Industry		4,19,81,000	5,56,00,000	1,19,21,097	—3,00,59,903	—4,36,78,903
107—Capital Outlay of the Ministry of Community Development		2,10,03,000	2,08,75,000	1,66,33,772	—43,69,228	—42,41,228
109—Capital Outlay of the Ministry of Education and Scientific Research		38,74,000	68,38,000	17,22,439	—21,51,561	—51,15,561
110—Capital Outlay of the Ministry of External Affairs		50,34,000	77,00,000	68,76,965	+18,42,965	—8,23,035
112—Capital Outlay on Currency and Coinage		2,21,46,000	1,65,06,000	1,36,84,499	—84,61,501	—28,21,501
114—Commuted Value of Pensions	{ Charged Voted	1,07,000	53,000	8,083	—98,917	—44,917
		78,75,000	83,76,000	83,73,206	+4,98,206	—2,794
115—Payments to Retrenched Personnel		27,000	24,000	23,746	—3,254	—254
116—Other Capital Outlay of the Ministry of Finance		11,59,04,000	17,49,31,000	17,33,21,848	+5,74,17,848	—16,09,152

117—Loans and Advances by the Central Government . . . . .					
{ Charged . . . . .	5,18,67,000	26,09,73,000	10,79,61,444	+ 5,60,94,444	—15,30,11,556
{ Voted . . . . .	22,42,00,000	7,11,30,000	7,08,49,369	—15,33,50,631	—2,80,631
119—Purchase of Food Grains . . . . .	1,18,19,00,000	1,61,16,00,000	1,65,05,35,412	+ 46,86,35,412	+ 3,89,35,412
120—Other Capital Outlay of the Ministry of Food and Agriculture . . . . .	26,20,45,000	28,07,92,000	31,45,05,895	+ 5,24,60,895	+ 3,37,13,895
121—Capital Outlay of the Ministry of Health . . . . .	8,23,67,000	8,22,06,000	7,79,49,090	—44,17,910	—42,56,910
122—Capital Outlay of the Ministry of Home Affairs . . . . .	37,99,000	37,99,000	37,43,447	—55,553	—55,553
123—Capital Outlay on Broadcasting . . . . .	1,00,59,000	1,20,00,000	1,24,99,018	+ 24,40,018	+ 4,99,018
125—Other Capital Outlay of the Ministry of Irrigation and Power . . . . .	3,49,56,000	2,68,53,000	2,82,91,222	—66,64,778	+ 14,38,222
126—Capital Outlay of the Ministry of Labour and Employment . . . . .	11,55,000	8,31,000	9,35,294	—2,19,706	+ 1,04,294
127—Capital Outlay of the Ministry of Rehabilitation . . . . .	4,66,94,000	8,94,97,000	9,82,12,231	+ 5,15,18,231	+ 87,15,231
128—Capital Outlay of the Ministry of Steel, Mines and Fuel . . . . .	5,85,34,000	4,14,75,000	2,70,10,890	—3,15,23,110	—1,44,64,110
129—Capital Outlay on Ports . . . . .	12,43,000	59,66,000	49,81,990	+ 37,38,990	—9,84,010
130—Capital Outlay on Roads . . . . .	69,69,000	66,70,000	66,31,876	—3,37,124	—38,124
132—Capital Outlay on Civil Aviation . . . . .	..	1,02,00,000	1,02,85,031	+ 1,02,85,031	+ 85,031
133—Other Capital Outlay of the Ministry of Transport and Communications . . . . .	1,83,12,000	56,82,000	33,13,647	—1,49,98,353	—23,68,353
134—Delhi Capital Outlay . . . . .	..	..	48,04,758	+ 48,04,758	+ 48,04,758

	1	2	3	4	5	6
		Rs.	Rs.	Rs.	Rs.	Rs.
135—Capital Outlay on Buildings . . . . .		3,00,00,000	2,00,00,000	2,39,92,871	—60,07,129	+39,92,871
136—Other Capital Outlay of the Ministry of Works, Housing and Supply. . . . .		49,69,000	47,84,000	47,73,097	—1,95,903	—10,903
137—Capital Outlay of the Department of Atomic Energy . . . . .		1,93,00,000	1,92,00,000	1,12,79,948	—80,20,052	—79,20,052
TOTAL . . . . .						
	{ Charged . . . . .	1,04,87,06,000	1,25,23,24,000	1,02,67,52,645	—2,19,53,355	—22,55,71,355
	{ Voted . . . . .	3,04,44,25,000	3,35,17,80,000	3,24,66,84,705	+20,22,59,705	—10,50,95,295

