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# CENTRAL GOVERNMENT

## APPROPRIATION ACCOUNTS

(INCLUDING PROFORMA COMMERCIAL ACCOUNTS)

(CIVIL)

1959-60

AND

THE AUDIT REPORT, 1961

PART I

AUDIT REPORT AND CERTIFICATE

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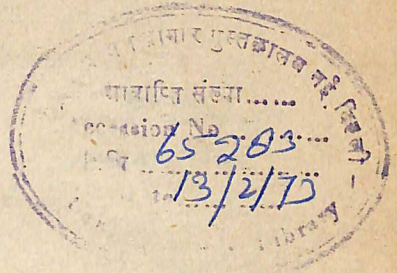
## ERRATA

<i>Reference</i>	<i>For</i>	<i>Read</i>
Page 5, Para 4, sub-para 4, table— Col. 2.	Appropriations	Appropriations
Page 6, Grant No. 60, Col. 3	7,9 ,95,471	7,95,95,471
Grant No. 68, Col. 2	21, 3,000	21,53,000
Grant No. 69, explanation— line 6.	(Rs. 6, 7,000)	(Rs. 6,47,000)
Page 7, Grant No. 128, Col. 2	20,20,00, 00	20,20,00,000
Page 9, Serial No. 9, explanation, line 2.	pe ty	petty
Page 36, line 11	MNISTRY	MINISTRY
Para 36, line 20	,160,000	1,160,000
Page 48, Para 53, Table, Col. (5)	60,78	60,783
Page 55, line 7	has	have
Page 75, Para 76, last item	5,12,5 8	5,12,518
Page 84, Grant No. 14, Col. 5	30, 3,53,369	30,83,53,369
Page 87, Grant No. 56, Col. 6	— 0,39,995	— 50,39,995
Page 91, line 13, Col. 2	10 —Capital Outlay, etc.	107—Capital Outlay, etc.
Page 102, Item (c), Col. 6	transi	transit
Page 106, Grant No. 46, Col. 1	Aff irs	Affairs





सत्यमेव जयते



# CENTRAL GOVERNMENT

## APPROPRIATION ACCOUNTS

(INCLUDING PROFORMA COMMERCIAL ACCOUNTS)

(CIVIL)

1959-60

AND

THE AUDIT REPORT, 1961

PART I

AUDIT REPORT AND CERTIFICATE



# TABLE OF CONTENTS

## PART I—AUDIT REPORT

	Reference to	
	Paragraph	Page
INTRODUCTION . . . . .	I	I

### SECTION I

#### A—APPROPRIATION ACCOUNTS—

General Results of Appropriation Audit . . . . .	2	2
Unnecessary/Excessive Supplementary Grants and Appropriations . . . . .	3	3
Savings in Grants and Appropriations . . . . .	4	4
Excesses over Voted Grants and Charged Appropriations . . . . .	5	9
Control over expenditure . . . . .	6	10
Overbudgeting and irregular re-appropriations . . . . .	6(i)	10
Surrenders made in excess of total savings in Voted Grants and Charged Appropriations . . . . .	6(ii)	10
Surrenders made in spite of excesses . . . . .	6(iii)	11

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

Summary of the cases of losses, writes off, etc. . . . .	7	11
Ministry of Commerce and Industry . . . . .	8—15	11
Ministry of External Affairs . . . . .	16	17
Ministry of Finance . . . . .	17—19	18
Ministry of Food and Agriculture . . . . .	20—23	21
Ministry of Health . . . . .	24	25
Ministry of Home Affairs . . . . .	25—26	26
Ministry of Rehabilitation . . . . .	27	27
Ministry of Steel, Mines and Fuel . . . . .	28—35	27
Ministry of Transport and Communications . . . . .	36—38	36
Ministry of Works, Housing and Supply . . . . .	39—59	38

### SECTION II

#### STATE ENTERPRISES—

Heavy Electricals Limited . . . . .	60	55
Nahan Foundry Limited . . . . .	61	58
National Small Industries Corporation Limited . . . . .	62	59
Sindri Fertilizers and Chemicals Limited . . . . .	63	60
State Trading Corporation of India Limited . . . . .	64	62



	Reference to	
	Paragraph	Page
STATE ENTERPRISES— <i>contd.</i>		
Industrial Finance Corporation of India . . . . .	65	64
National Coal Development Corporation Limited . . . . .	66	65
Hindustan Steel Limited . . . . .	67	66
Hindustan Shipyards Limited . . . . .	68	69
Indian Airlines Corporation . . . . .	69	70
Hindustan Housing Factory Limited . . . . .	70	70

## SECTION III

## OTHER TOPICS OF INTEREST—

Defects in the maintenance of accounts of furniture, etc. in		
Indian Missions abroad . . . . .	71	72
Use of the V.I.P. Flight of the Indian Air Force . . . . .	72	73
Investment in International Finance Corporation . . . . .	73	74
Clearance of Outstanding Objections . . . . .	74	74
Disposal of Inspection Reports . . . . .	75	74
Contributions to International Organisations . . . . .	76	75
Non-maintenance of Block Accounts of the assets . . . . .	77	76
Relief and Rehabilitation of Displaced Persons . . . . .	78	76
<i>Ad-hoc</i> settlement of subsidy with Railways . . . . .	79	78
Compensation to Officers and Crews of ships for War Injuries and for War damages to their effects . . . . .	80	79
Non-preparation of Capital and Revenue Accounts of Resi- dential buildings . . . . .	81	80
Non-maintenance of detailed accounts of materials . . . . .	82	81
 Grand Summary of Appropriation Accounts . . . . .		 83
 ANNEXURE A.—Summary of cases of losses, writes off, etc. . . . .		 96
 ANNEXURE B.—Statement showing by Grants and Appropriations, the total actual recoveries, etc. . . . .		 104



## PART I

### AUDIT REPORT, 1961

#### INTRODUCTION

The Report deals with major cases involving financial irregularities, losses and wasteful and nugatory expenditure relating to the accounts of 1959-60. A few cases relating to the subsequent period, noticed during current audit have also been brought into this report. Similarly, a few irregularities of the preceding years, which could not be reported earlier, as final decisions on these were pending, have now been incorporated in this report.

Out of 132 grants voted by Parliament for the year 1959-60, savings aggregating Rs. 92 crores (7 per cent. of the total voted grants) occurred in 123 grants. Supplementary grants totalling Rs. 95.7 crores were voted by Parliament in September and December, 1959 and March, 1960. But, the entire supplementary grants totalling over a crore of rupees taken under four grants and bulk of supplementary grants under other eight grants remained unutilised. These lapses show that estimates are prepared without properly assessing spending capacity.

The report brings out losses and extra expenditure aggregating over Rs. 30 lakhs, due to irregularities in the contracts entered into by the Iron and Steel Controller.

Provisional payments aggregating several crores of rupees made against contracts entered into by the Director General, Supplies and Disposals during the period 1942 to 1958 still await finalisation.

Acceptance of sub-standard works by the Central Public Works Department without detailed technical investigations involved Government in additional expenditure of over Rs. 6 lakhs in rectifying the defects therein; only a penalty of Rs. 7,317 was levied against the contractor.

The report brings out loss of revenue aggregating about Rs. 2 lakhs due to defective planning and execution of residential works. Such cases have also been mentioned in earlier Audit Reports but they continue to occur despite this.

In one case delay in the supply of drawings and designs for the construction of a building resulted in an extra expenditure of Rs. 1.85 lakhs.



Silver Refinery Plant installed in December, 1958 has not yet been commissioned due to repeated failures of the furnace crucibles supplied or made by the suppliers of the plant. This has resulted in infructuous expenditure totalling Rs. 10,47,421 up to January, 1961.

Manufacture of shoes for foreign Governments without getting the samples accepted by them resulted in their rejection valuing about Rs. 10.20 lakhs.

Non-utilisation of the available gas produced by the Coke Oven Plant at Sindri Fertilizers and Chemicals Ltd., to the full extent has resulted in loss of about Rs. 6.6 lakhs during February, 1956 to March, 1958.

The defective design of the Turbo Blower at Durgapur Steel Plant has involved recurring extra cost of about Rs. 8 lakhs per year in blowing out the surplus air.

The report brings out continued losses (which have aggregated to Rs. 13.06 lakhs during 1955-56 to 1958-59) in the Wood Works Department of the Hindustan Housing Factory since the Company was taken over by the Government on 16th August, 1955.

## SECTION I

### A.—APPROPRIATION ACCOUNTS

2. *General Results of Appropriation Audit.*—The following statement compares the total Grants or Appropriations for 1959-60 with the total disbursements:—

(In thousands of rupees)

<i>Particulars</i>	<i>Charged</i>	<i>Voted</i>	<i>Total</i>
1. Schedule to Original Appropriation No. 2 Act, 1959:			
(a) Voted by Parliament . . . . .	..	12,37,50.46	12,37,50.46
(b) Appropriations to meet expenditure charged on the Consolidated Fund of India . . . . .	59,68,51.18	..	59,68,51.18
2. Schedules to Supplementary Appropriation (Nos. 6 & 8) Acts, 1959 and the Appropriation Act, 1960 (No. 3 of 1960):			
(a) Voted by Parliament . . . . .	..	95,70.93	95,70.93
(b) Appropriations to meet expenditure charged on the Consolidated Fund of India . . . . .	6,37.68	..	6,37.68



(In thousands of rupees)

Particulars	Charged	Voted	Total
3. Net aggregate Grants or Appropriations	59,74,88,86	13,33,21,39	73,08,10,25
4. Aggregate Disbursements	58,10,45,70	12,42,93,66	70,53,39,36
5. Less (—) More (+) than granted	—1,64,43,16	—90,27,73	—2,54,70,89
6. Percentage of 5 to 3	—2.75	—6.77	—3.48

3. *Unnecessary/Excessive Supplementary Grants and Appropriations.*—The funds obtained by Supplementary Grants/Appropriations in a number of cases proved unnecessary or largely in excess of requirements. These were obtained mostly in March, 1960 and resulted in large savings under the grants as a whole. In some cases, the savings were surrendered partly. The statement below summarises the position:—

No. and Name of the Grant/Appropriation	Original Grant/Appropriation	Supplementary Grant/ Appropriation (Amount and month in which obtained)	Amount Saving	Amount surrendered in March, 1960
	Rs.	Rs.	Rs.	Rs.
<i>A—Entirely unnecessary Supplementary Grants and Appropriations</i>				
34—Miscellaneous Adjustments between the Union and State Governments	18,08,000	1,71,000 March, 1960	4,13,521	Nil
53—Privy Purses and Allowances of Indian Rulers (Charged)	5,36,78,000	3,19,000 March, 1960	8,58,638	40,700
79—Scientific Research and Cultural Affairs	13,06,98,000	34,62,000 March, 1960	80,70,801	58,09,712
107—Capital Outlay of the Ministry of Commerce and Industry	16,25,35,000	13,50,000 September, 1959	64,84,033	59,45,600
134—Capital Outlay on Roads	16,50,00,000	50,00,000 March, 1960	88,90,004	12,54,000



No. and Name of the Grant/Appropriation	Original Grant/Appropriation	Supplementary Grant/Appropriation (Amount and month in which obtained)	Saving	Amount surrendered in March, 1960
	Rs.	Rs.	Rs.	Rs.
<i>B—Partially unnecessary Supplementary Grants</i>				
18—External Affairs .	9,76,16,000	68,12,000 (Rs. 10,00,000 in September, 1959 and Rs. 58,12,000 in March, 1960).	18,08,483	Nil
21—Ministry of Finance	1,48,05,000	6,20,000 March, 1960	2,49,306	30,000
38—Agriculture .	10,04,83,000	1,51,02,000 March, 1960	1,49,66,336	1,44,57,562
91—Aviation .	7,09,37,000	5,23,81,000 March, 1960	1,09,28,233	50,80,000
94—Miscellaneous Departments and Other Expenditure under the Ministry of Transport and Communications . . . .	1,71,17,000	15,00,000 March, 1960	6,37,729	5,21,525
96—Supplies .	2,82,75,000	16,92,000 March, 1960	15,04,321	11,00,000
118—Loans and Advances by the Central Government .	2,11,99,96,000	16,00,00,000 March, 1960	8,98,80,862	8,65,89,500
129—Capital Outlay of the Ministry of Scientific Research and Cultural Affairs	2,37,85,000	34,62,000 March, 1960	1,89,076	Nil

4. *Savings in Grants and Appropriations.*—Savings aggregating Rs. 260 crores occurred under 123 and 29 Grants and Appropriations out of 132 and 36 Grants and Appropriations respectively. The comparative position regarding the aggregate savings in the last three years is as follows:—

Year	Amount
1957-58 . . . . .	Rs. 2,25 crores
1958-59 . . . . .	Rs. 4.43 ,,
1959 60 . . . . .	Rs. 2,60 ,,



It is clear from these figures that overbudgeting has been a regular feature for the last few years.

The extent of utilisation of the provision obtained under "Revenue", "Capital" and "Loans and Advances etc." is summarised below:—

(In thousands of rupees)

	Original and Supplementary Grant/ Appropriation	Expenditure	Saving	Percentage of saving
Expenditure on Revenue Account . . . . .	8,10,30,26	7,76,36,13	33,94,13	4.2
Capital Expenditure outside the Revenue Account . . . . .	5,98,43,72	5,53,72,37	44,71,35	7.5
Disbursements of Loans and Advances . . . . .	58,99,36,27	57,23,30,86	1,76,05,41	3

Some of the important cases of large savings under Grants and Appropriations and brief reasons therefor are given below:—

No. and Name of Grant	Original and Supplementary Grant/ Appropriations	Expenditure	Saving	Percentage
(1)	(2)	(3)	(4)	(5)
	Rs.	Rs.	Rs.	
<i>Voted Grants</i>				
3—Salt . . . . .	74,26,000	66,25,009	8,00,991	10.79
6—Ministry of Community Development and Co-operation . . . . .	27,40,000	23,34,887	4,05,113	14.79
Mainly, vacancies and less expenditure on contingencies.				
13—Ministry of Education . . . . .	59,43,000	47,31,823	12,11,177	20.38
Mainly, decentralisation of work pertaining to scheduled castes scholarships and economy measures.				
22—Customs . . . . .	3,96,57,000	3,57,26,401	39,30,599	9.91

Mainly, non-filling of vacant posts as a measure of economy (Rs. 6,30,500), non-purchase of two motor launches, apparatus and equipment (Rs. 3,29,000) and less charges paid to the Union Excise Department due to less expenditure on rewards, law charges, etc. (Rs. 24,83,633).



PART I—AUDIT REPORT

(1)	(2)	(3)	(4)	(5)
	Rs.	Rs.	Rs.	
26—Stamps	2,78,75,000	2,22,46,270	56,28,730	20.19
Mainly, unexpected fall in the demands for several varieties of stamps (Rs. 29,62,000), non-receipt of supplies of unwatermarked Banderol and stamp and cheque paper (Rs. 25,95,700).				
32—Miscellaneous Departments and Other Expenditure under the Ministry of Finance	44,00,24,000	31,82,48,619	12,17,75,381	27.67
44—Public Health	16,53,07,000	14,38,63,003	2,14,43,997	12.97
Mainly, less assistance to State Governments (Rs. 80,56,000) non-materialisation of schemes and vacancies (Rs. 22,53,300), non-finalisation of purchase of insecticides (Rs. 22,43,700), non-finalisation of purchase of contraceptives (Rs. 12,81,100), less receipt of D.D.T. from U.S.A. (Rs. 32,26,100) and less receipt of fresh proposals from private institutions (Rs. 6,36,800).				
59—Laccadive, Minicoy and Amindivi Islands	18,83,000	11,65,249	7,17,751	38.12
Mainly, (i) delay in procurement of engines for boats required for development of fishery schemes (Rs. 1,79,320), (ii) non-completion of survey work relating to blasting of rocks (Rs. 2,00,000), (iii) the Co-operative Societies Act, not extended to the Islands as anticipated (Rs. 1,06,000) and (iv) non-adjustment of cost of stores, medicines etc. (Rs. 38,957).				
60—Miscellaneous Departments and Expenditure under the Ministry of Home Affairs	11,66,05,000	7,97,95,471	3,70,09,529	31.74
Mainly, non-receipt of fire-fighting equipment for which indents were placed on the D.G.S. & D ; non-receipt of claims from State Governments ; non-implementation of certain schemes for welfare of backward classes, etc.				
68—Chief Inspector of Mines	21,53,000	15,46,143	6,06,857	28.19
Mainly, non-availability of suitable candidates for technical posts and non-receipt of equipment from abroad.				
69—Miscellaneous Departments and Other Expenditure under the Ministry of Labour and Employment	10,52,64,000	7,87,03,615	2,65,60,385	25.23
Mainly, non-finalisation of formalities for construction of houses for miners and non-receipt of the registered lease deeds of land (Rs. 80,43,350), less expenditure by State Governments on schemes for training of craftsmen, displaced persons, etc. resulting in less share of the Central Government (Rs. 1,03,59,700), non-purchase of typewriters and calculation machines and non-payment of grant to I.S.I. (Rs. 6,47,000) and non-procurement of equipment from abroad (Rs. 7,66,300).				



(1)	(2)	(3)	(4)	(5)
78—Zoological Survey	11,35,000	6,77,717	4,57,283	40.29
Mainly, non-filling up of technical posts due to recruitment difficulties (Rs. 2,85,690), non-availability of accommodation for opening of the regional stations (Rs. 99,577) and non-receipt of debits etc. (Rs. 34,949).				
112—Capital Outlay on the India Security Press	11,00,000	1,36,953	9,63,047	87.55
Mainly, delay in the construction of labour colony, staff quarters and hospital.				
114—Capital Outlay on Mints	48,54,000	11,51,868	37,02,132	76.27
Mainly, (i) non-utilisation of provision (Rs. 22,05,000) retained for acquisition of land for construction of residential quarters for the staff of the Government of India Mint, Bombay (payment for land acquired was actually made at the end of the year 1958-59 after the budget estimates for 1959-60 were finalised), (ii) unavoidable delays in the issue of administrative approval for and slow progress of work in the construction of quarters (Rs. 7,84,320) and (iii) non-receipt of plant and machinery from abroad (Rs. 6,18,222).				
118—Loans and Advances by the Central Government	2,27,99,96,000	2,19,01,15,138	8,98,80,862	3.94
119—Capital Outlay on Forests	13,97,000	4,61,073	9,35,927	67.00
Mainly, non-finalisation of purchase of one tug and three barges.				
121—Capital Outlay of the Ministry of Food and Agriculture	45,03,54,000	40,31,49,799	4,72,04,201	10.48
Mainly, less receipt of equipment under aid programme (Rs. 83,93,371), fall in indigenous production, short supply by S.T.C. and reduced cost of fertilizers (Rs. 2,94,90,780), non-finalisation of contract by C.P.W.D. (Rs. 9,41,616) and slow progress of construction work (Rs. 11,31,000).				
128—Capital Outlay of the Ministry of Rehabilitation	20,20,00,000	14,87,30,791	5,32,69,209	26.37
Mainly, slow progress of work and low inflow of displaced persons in the Dandakaranya Project.				



(1)	(2)	(3)	(4)	(5)
130—Capital Outlay of the Ministry of Steel, Mines and Fuel . . . . .	43,86,22,000	36,08,65,008	7,77,56,992	17.73
Mainly, (i) conversion of the Oil and Natural Gas Commission into a statutory commission (Rs. 32,54,126), (ii) reduction in contribution to the Indo-Stanvac Petroleum Project due to curtailment in the field survey etc. by the Oil Company (Rs. 19,30,061), (iii) delays in delivery of drilling rigs and other equipment, spare parts, etc. and non-payment for some items (Rs. 2,70,00,000) (iv) non-utilisation of provision made for the Kiruburu Iron Ore Project, due to late decision regarding appointment of foreign consultants (Rs. 47,62,000), (v) delay in finalisation of contracts and receipt of equipment for the works in the Indian Refineries, Ltd. (Rs. 80,00,000) and (vi) non-acquisition of land for the National Coal Development Corporation (Rs. 34,61,218).				
133—Capital Outlay on Ports . . . . .	3,03,50,000	1,85,63,724	1,17,86,276	38.83
138—Other Capital Outlay of the Ministry of Works, Housing and Supply . . . . .	7,14,97,000	4,80,76,184	2,34,20,816	32.76
Mainly, non-materialisation of proposal to convert Janpath Hotel into a limited company (Rs. 48,72,500) lesser expenditure by State Governments on Industrial Housing and Slum clearance schemes (Rs. 1,28,09,000) and delay in the sanction of projects by State Governments (Rs. 40,15,000).				
<i>Charged Appropriations</i>				
97—Other Civil Works . . . . .	28,23,000	19,85,037	8,37,963	29.68
118—Loans and Advances by the Central Government . . . . .	3,12,68,99,000	2,95,46,09,330	17,22,89,670	5.51
Repayment of Debt . . . . .	53,58,67,32,000	52,08,83,61,273	1,49,83,70,727	2.80

It will be noticed that in the Ministry of Health which deals with an important Social Service, large savings (Rs. 2.14 crores) have resulted due mainly to non-finalisation of the Schemes. The savings were, however, slightly lower than those in the previous year. The Ministry of Home Affairs was another Ministry which showed large savings (Rs. 3.70 crores), some of which were due to non-implementation of schemes for Welfare of Backward Classes. Non-implementation of housing schemes for Miners by the Central Government and less expenditure on schemes for training of craftsmen, displaced persons, etc. by the State Governments accounted for savings of nearly Rs. 2 crores under Grant No. 69. Grant No. 130 showed savings of Rs. 4.17 crores due to delays in progress of oil exploration schemes and certain mining projects. Slow progress in Industrial Housing



Projects and Slum clearance Schemes also resulted in savings of about Rs. 1.3 crores under Grant No. 138. The Grants Nos. 32, 44, 60, 69, 118, 121, 128, 130, 133 and 138 and charged Appropriations "Loans and Advances by the Central Government" and "Repayment of Debt" mentioned above were responsible for about 84 per cent. of the total saving of Rs. 260 crores.

5. *Excesses over Voted Grants and Charged Appropriations.*—There was excess of expenditure over nine Voted Grants and five Charged Appropriations during 1959-60 as against excess over eleven Voted Grants and four Charged Appropriations in 1958-59. These excesses are detailed below and require to be regularised under Article 115 of the Constitution:—

Serial No.	No. and Name of Grant	Original and Supplementary Grant/ Appropriation	Actual Expenditure	Excess
1	2	3	4	5
<b>(A) Voted Grants</b>				
		Rs.	Rs.	Rs.
1.	2.—Industries . . . . .	29,71,22,000	29,78,10,089	6,88,089
	Mainly, adjustment of debits pertaining to previous years.			
2.	31.—Superannuation Allowances and Pensions . . . . .	4,10,71,000	4,17,46,986	6,75,986
	Provision based on trend of actuals proved inadequate.			
3.	51.—Census . . . . .	33,58,000	36,86,039	3,28,039
4.	55.—Himachal Pradesh . . . . .	5,82,91,000	6,11,04,929	28,13,929
	Mainly, omission to provide funds.			
5.	57.—Manipur . . . . .	2,33,89,000	2,39,72,467	5,83,467
	Mainly, inaccurate estimate (Rs. 2,20,963) and undertaking of additional schemes at the fag end of the year (Rs. 2,23,128).			
6.	93.—Communications (including National Highways) . . . . .	6,92,90,000	7,07,57,462	14,67,462
7.	97.—Other Civil Works . . . . .	28,90,60,000	29,95,53,929	1,04,93,929
8.	111.—Capital Outlay of the Ministry of External Affairs . . . . .	78,66,000	82,17,713	3,51,713
	Unanticipated adjustment for cost of rice supplied late in the year and late receipt of demand from the outposts.			
9.	122.—Capital Outlay of the Ministry of Health . . . . .	12,47,97,000	12,57,27,482	9,30,482
	More local purchase of stores to build up stock, adjustment of unanticipated debits and petty excesses under various sub-heads ; partly counterbalanced by savings under various sub-heads.			



1	2	3	4	5
		Rs.	Rs.	Rs.
(B) Charged Appropriations.				
1.	35.—Pre-partition Payments . . . . .	5,37,000	7,65,403	2,28,403
2.	Interest on Debt and other Obligations and Reduction or Avoidance of Debt . . . . .	1,72,21,88,000	1,75,25,27,025	3,03,39,025
3.	55.—Himachal Pradesh . . . . .	2,17,000	2,17,207	207
	Provision made under voted section.			
4.	115.—Commuted value of Pensions . . . . .	3,53,000	4,32,685	79,685
	Mainly, belated receipt of final orders regarding classification.			
5.	137.—Capital Outlay on Buildings . . . . .	49,000	50,151	1,151

6. *Control over Expenditure—(i) Overbudgeting and irregular reappropriations.*—Cases of overbudgeting and instances of reappropriations which proved excessive or unnecessary have been mentioned in the Notes below the Appropriation Accounts of the Grants or Appropriations concerned.

(ii) *Surrenders made in excess of total savings in Voted Grants and Charged Appropriations.*—

No. and Name of Grant or Appropriation	Amount of savings	Amount of surrenders
3—Salt ( <i>Charged</i> ) . . . . .	36,219	62,500
13—Ministry of Education . . . . .	12,11,177	12,37,700
16.—Tribal Areas . . . . .	54,64,104	54,78,700
23—Union Excise Duties . . . . .	14,05,517	17,68,200
26—Stamps . . . . .	56,28,730	56,45,200
<i>Grants-in-aid to States</i> . . . . .	6,12,235	6,15,000
41.—Miscellaneous Departments and Other expenditure under the Ministry of Food and Agriculture . . . . .	34,50,737	34,66,647
74—Ministry of Scientific Research and Cultural Affairs . . . . .	93,013	94,000
82—Geological Survey . . . . .	95,83,707	98,52,735
84—Miscellaneous Departments and Other Expenditure under the Ministry of Steel, Mines and Fuel . . . . .	1,63,414	37,06,074
85—Ministry of Transport and Communications . . . . .	2,38,977	2,44,500
<i>Staff, Household and Allowances of the President</i> . . . . .	3,17,443	4,22,900
117—Other Capital Outlay of the Ministry of Finance . . . . .	14,91,81,338	14,92,53,795
118—Loans and Advances by the Central Government ( <i>Charged</i> ) . . . . .	17,22,89,670	18,67,32,900
130—Capital Outlay of the Ministry of Steel, Mines and Fuel . . . . .	7,77,56,992	7,83,70,043



(iii) In the following cases, funds were surrendered although there were excesses over the final grant/appropriation:—

No. and Name of the Grant or Appropriation	Excess over the final grant/appropriation	Amount of surrender
35—Prepartition Payments ( <i>Charged</i> ) . . . . .	2,28,403	82,800
97—Other Civil Works . . . . .	1,04,93,929	81,781
111—Capital Outlay of the Ministry of External Affairs	3,51,713	8,26,300

(ii) and (iii) seem to indicate that the technique of surrenders out of the grants and appropriations is defective and needs rectification.

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

7. 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

8. *Delay and irregularities in connection with India's participation in an International Fair.*—India participated in an International Fair held at Djakarta from 18th August, 1955 to 18th September, 1955. The decision to hold the Fair had been brought to the notice of the Indian Embassy at Djakarta on 1st November, 1954 by the Organisers, but it was only on 3rd May, 1955 that the Embassy forwarded their recommendations to the Ministry. The latter communicated their decision to take part in the Fair on 13th June, 1955 and the sanction for the expenditure, the plan for the pavilion and other instructions were issued by the Ministry in the beginning of July, 1955. The consignments of exhibits from India reached Djakarta on 19th August, 1955 and were cleared through the customs only on 28th August, 1955. The cumulative effect of the delays at various stages was that the construction of the pavilion had to be rushed through and the full benefit of competitive rates for the work could not be derived. Eventually, the Indian pavilion was completed and opened only on 3rd September, 1955, 16 days after the commencement of the Fair. One of the exhibits intended for display, a rice mill, took about a fortnight to be installed and was on demonstration for hardly 10 days. It is thus hardly likely that the full benefits of participation in the Fair were realised.



During the local audit of the accounts of the Embassy, in June, 1960, the following irregularities were also noticed:—

(i) Four contractors had quoted for the work of construction of the pavilion, but the quotations of only two, which were for Rs. 3,16,667 and Rs. 2,58,646, were considered; the other two contractors were considered unreliable. The first quotation included the cost of making show cases (Rs. 62,500), while the second one did not include this item. Although, the second quotation was thus actually higher, it was accepted without any recorded reasons therefor.

(ii) An expenditure of Rs. 3,24,555 was incurred on the construction of the pavilion, making show cases and furniture, installation of electrical equipment, etc. The expenditure on making the show cases was Rs. 9,829. After the Fair, the entire pavilion, including the show cases, furniture and electrical equipment, was disposed of for Rs. 23,333 only. The question of utilisation of the show-cases and electrical equipment for future Trade Fairs does not seem to have been considered.

(iii) Goods worth Rs. 9,700 were sold on credit to a representative of an Indonesian firm (without Government sanction) on the basis of an undertaking that payment would be made when goods were sold by him. The amount due from him has not been recovered so far (June, 1960).

(iv) Goods purchased on Government account and valued at Rs. 23,500 were also received for display in the Fair. Many of these items were not entered in the Stock register. No proper account of the sales was also kept. In the absence of these records, the disposal of all the articles could not be verified. Though more than 5 years have elapsed after the Fair, the results of physical verification of the stock in the Mission are still awaited.

9. *Extra expenditure in direct hiring of accommodation.*—The Development Commissioner, Small Scales Industries hired in April, 1956 directly a private accommodation at New Delhi with effect from 2nd May, 1956 on a rental of Rs. 1,600 per mensem plus house tax @ 10 per cent. and also the difference between the lease money payable for residential accommodation and office accommodation. Having agreed to these conditions in a letter issued to the owner of the building, the Commissioner asked the Estate Office to enter into a formal agreement with the land-lord on these terms. The latter referred the matter to the Ministry of Works, Housing and



Supply who held that the action of the Department in making a direct deal was not correct under the prescribed procedure and that, as the construction of building had been completed on 11th June, 1956, it attracted the provisions of the Rent Control Act, 1952 requiring fixation of rent by the Rent Controller. The Law Ministry held that the Development Commissioner's letter to the owner did not create a legally binding contract as it had not been issued in the name of the President, as required under Article 299 of the Constitution, and that it had not been signed by an officer authorised under the Notifications issued thereunder. As such, the provisions of the Rent Control Act could not be invoked. It was, therefore, suggested that the premises should be vacated immediately and a rent per annum equal to  $7\frac{1}{2}$  per cent. of the capital cost of construction (being the reasonable rent sustainable in law) might be offered to the land-lord for the period of occupancy and that in case the owner filed a suit, it should be defended. This advice was, however, not accepted by the Ministry of Works, Housing and Supply in consultation with Finance as, according to them, it might not be desirable to have recourse to the suggestion made by the Law Ministry in view of the commitment already made.

The building was ultimately vacated on 31st October, 1957 and a total payment of Rs. 33,286, according to the terms originally agreed in April, 1956 (comprising rent Rs. 28,749, house tax Rs. 2,587 and additional ground rent Rs. 1,950) was eventually made in December, 1957, July, 1958 and March, 1960 for the period of actual occupancy. Assuming Rs. 813 per month as the reasonable rent (@  $7\frac{1}{2}$  per cent. of the capital cost of Rs. 1,30,000) an extra expenditure of about Rs. 18,700 was caused to Government.

10. *Irregularities in disbursement of grants/loans to a private institution.*—On 10th November, 1954, an Institution (registered on 8th December, 1954 under the Societies Registration Act) applied to the erstwhile All India Khadi and Village Industries Board for payment of grants and loans in connection with the development of certain Village Industries. Although the Institution was a new one and had no funds of its own, the Board approved the Schemes without ascertaining the capacity of the Institution to implement them and disbursed during the period December, 1954 to April, 1955 grants and loans aggregating Rs. 52,162 and Rs. 55,063 respectively. The



grants and loans were subject, *inter alia*, to the following terms and conditions:—

- (i) The loans would be repayable within the period of 12 months to 5 years depending upon the nature of the scheme and (except for a sum of Rs. 8,000 which was interest free) would carry interest @ 3 per cent. per annum.
- (ii) Statements of accounts duly certified by qualified Auditors and showing the manner of utilisation of grants and loans should be furnished by the Institution.
- (iii) The assets created out of grants would be the property of the Board.

The Institution expressed its inability in May, 1955 to implement some of the approved schemes. Accordingly, at the instance of the Board, the institution paid grants and loans to the extent of Rs. 21,475 and Rs. 23,465 respectively to another institution. In July, 1955 the auditors who audited the accounts of the institution, pointed out the unsatisfactory financial position of the institution. In October, 1955 the Board also received an adverse report from a responsible person against the state of affairs of the institution. In spite of all these adverse factors, the Board disbursed further grants and loans amounting to Rs. 6,000 (Rs. 3,000 each) to the institution in March, 1956.

Due to heavy losses, the institution was closed down on 5th September, 1957 and the entire amount of loan *viz.* Rs. 34,598 and a grant of Rs. 2,460 (spent on unauthorised objects out of the balance grant of Rs. 33,687) is recoverable from the institution.

In July, 1959, the Khadi and Village Industries Commission (which had succeeded the Board from 1st April, 1957) persuaded another institution to take over the assets of the defunct institution (including buildings and other capital assets created by it at a cost of Rs. 28,852 out of grants received from the Board) at a price of Rs. 18,438 to be treated as loan repayable by the institution to which the successor institution has agreed. The Commission has thus suffered a loss of Rs. 45,012 as a result of injudicious disbursement of grant/loan to the institution from time to time. The loss is yet to be regularised.

11. *Purchase of Khadi for Government requirements.*—(A) Pursuant to arrangements approved by Government in October,



1953, all Government requirements of Khadi are planned by the Director General of Supplies and Disposals, on the All India Khadi and Village Industries Commission at prices quoted by the latter (without independent verification as to their reasonableness or resorting to the normal system of purchase by open tenders). The Commission in turn allocates the demand amongst the certified Khadi Institutions according to their individual capacity etc. and pays them at rates fixed by the Commission in accordance with its rules after deducting the usual wholesale trade discount. As a working arrangement, the Commission had agreed that this scheme would be run on 'no profit, no loss' basis and that any profit accruing thereunder would be passed on to Government consignees through the Director General, Supplies and Disposals.

In respect of supplies made during 1954—59, the Commission made a profit of about Rs. 21 lacs (after meeting their overhead charges). Out of this, an amount of Rs. 2.78 lacs only has been passed on to the Director General, Supplies and Disposals till now. For the balance the Commission is contending that it need not be refunded to Government, on the plea that it would not be appropriate to treat this scheme as separate from the Commission's other trading activities and that the overall working results over a period of years of all the trading schemes should, for this purpose, be taken into account. The retention of this profit does not appear to be justified, when the Scheme was intended to run on 'no profit, no loss' basis and the purchases by the Government are made on wholesale basis at rates fixed by the Commission.

(B) Under the Certification Rules of the Commission, the Commission is entitled to receive wholesale trade discount @  $9\frac{3}{4}$  per cent. from the selling Institutions (even in respect of purchases made from them for supplies to Government). In respect of the period prior to 1st October, 1958 the Commission had obtained a reduced trade discount of  $6\frac{1}{4}$  per cent. only for which adequate justification is not forthcoming. The additional benefit which has thus been granted to the Institutions and which should have normally increased the figure of Rs. 21 lakhs mentioned under 'A' above is estimated at about Rs. 10 lacs.

(C) Though the purchases made by the Commission for supplies to Government indentors were treated as "wholesale" for the purpose of earning wholesale trade discount and for the purpose of payment of rebate to the consumers, yet these sales were treated as "retail"



for the purpose of sale subsidy. The Institutions were thus paid by the Commission sale subsidy @ 3 nP. per rupee in contravention of Government orders. The total overpayment to the various Institutions from the inception of the Scheme to the end of 1959-60 on this account works out to about Rs. 14 lacs.

12. *Irregularities in the disbursement of grants and loans.*—The erstwhile All India Khadi and Village Industries Board disbursed in 1956, grants of Rs. 10,500 and loans (partly interest-bearing, Rs. 7,720, and partly interest-free, Rs. 5,500) of Rs. 13,220, to a private institution. The institution was to execute an agreement and deed of hypothecation on the prescribed form and to submit audited statements of accounts and monthly progress reports showing the manner of utilisation of the funds released.

The institution did not comply with the above requirements. In July, 1958, the internal auditors of the Khadi and Village Industries Commission (which succeeded the Board from 1st April, 1957) made an adverse report on its working. But, despite this fact, no effective steps were taken by the Commission to ensure the safety of the funds entrusted to the Institution, till October, 1959 when, as a sequel to persistent adverse reports from the Regional Organiser, a request was made to the Registrar of Co-operative Societies of the State to enquire into the matter. As a result of the Registrar's investigations, the institution was brought into liquidation. A claim for the recovery of the total amount of Rs. 23,720 together with interest thereon, has been lodged with the liquidator in August, 1960 and the recovery is awaited (March, 1961).

13. *Irregular payment of subsidy.*—In para. 29 of the Central (Civil) Audit Report, 1960 a mention was made of certain irregularities in connection with the disbursement of Production and Sales subsidies and Sales rebate and the matter was stated to be under investigation by the All India Khadi and Village Industries Commission. The investigations conducted by the Commission reveal that an amount of Rs. 6.21 lakhs was irregularly paid to various institutions and was recoverable. Of this amount a sum of Rs. 1.30 lakhs is stated to have since been recovered (February, 1961).

14. *Infructuous expenditure.*—On the recommendation of a Tea Delegation which visited Australia in November, 1955 Government decided in July, 1956 to open a small office in that country to look after the general interest of the Indian Tea Industry. In May, 1957, Government also accorded approval to the appointment of a national



of that country to hold charge of the office. The Tea Board hired accommodation for the proposed office in Melbourne with effect from 1st September, 1957.

The foreign national did not accept certain clauses of the agreement and declined on 26th May, 1958 to accept the appointment. It was, therefore, decided on 5th September, 1958 to appoint an Indian national to the post. On 2nd April, 1959 it was also decided to locate the proposed office at Sydney being a bigger tea trade centre. The premises hired earlier in Melbourne with effect from 1st September, 1957 were ultimately surrendered on 30th April, 1959, resulting in an infructuous expenditure of Rs. 16,340 on account of rent for an office building which was never used.

15. *Loss in the publication of a weekly bulletin.*—On the recommendations of an Enquiry Committee, Government decided on 23rd June, 1952 that weekly lists of import licences should be consolidated by the Chief Controller of Imports and Exports in the form of a printed booklet and made available to business community on payment. It was assumed that the Scheme would be a self-financing one and would run on 'no profit, no loss' basis. It was also decided that at the end of every six months, a Proforma Account showing the working results of the Scheme should be drawn up.

The first bulletin was issued by the Department in September, 1952 and half-yearly subscription was fixed at Rs. 75. As the subscription was unable to meet the working cost of the booklet, the rates of half-yearly subscription were raised to Rs. 115 in January, 1954 and again to Rs. 180 from January, 1957 and the supply of complimentary copies was reduced from 291 to 222.

Though the Scheme was intended to run on 'no profit, no loss' basis, it suffered a loss of Rs. 5.77 lakhs upto 31st March, 1960.

### MINISTRY OF EXTERNAL AFFAIRS

16. *Extra expenditure.*—An Indian Mission requested Government in October, 1952 for permission to employ cleaners at the residence of the Head of Mission at Government expense. The Government replied in June, 1953, that this proposal could not be accepted as the requirements of staff for the residence had been taken into account when fixing the frais. Despite this, the Mission allotted one cleaner from April, 1955 and a second from January, 1956 to work at the residence at Government expense. The expenditure on the pay and allowances of these two cleaners up to 31st March, 1959 amounts to



Rs. 29,604. In July, 1958 the Mission approached the Government for sanction to this arrangement on the ground that the residence was too large for the cost of cleaners to be met out of frais, but no reply to the request has so far been received. The Government have stated in December, 1960 that the delay in sending a reply is due to the reference made by the Mission in July, 1958 having been mislaid and that orders would be issued shortly.

### MINISTRY OF FINANCE

17. *Erroneous drawal of commission by authorised agents for the sale of National Savings/National Plan Certificates, etc.*—In paragraph 19 of the Audit Report, 1957, certain cases, in the Delhi Area, of irregular drawal of commission on the sale of National Savings/Plan Certificates by the authorised agents were reported. A test audit of commissions paid to the authorised agents in Madras, Bombay and Calcutta was undertaken subsequently (1959) at the request of Government. The following indicate the types of irregularities noticed and have been reported to Government for further investigation and such other action as they may consider necessary:—

#### (A) Madras:

(a) Irregular payment of commission to agents totalling Rs. 12,857 was made during 1954—59 in the following cases:—

- (i) Rs. 7,748 paid on Certificates purchased directly by the investors.

In these cases, presumably the agents either forged the signatures of the investors on the receipts or obtained the signatures of the investors in collusion with the Postal clerks.

- (ii) Rs. 1,275 on investments from Provident Fund money, etc.

In these cases, the scheme does not envisage payment of commission to the agents even though agents had been employed for the purpose.

- (iii) Rs. 3,834 which should be deemed under the rules as direct investment because of non-presentation of the receipt books at Post Offices by the agents at the time of remittance of the investment money.



(b) Under the scheme, agents in the city should ensure a minimum business of Rs. 5,000 a quarter and failure to do so would entail the termination of the agency. This condition was not enforced even in cases where there was failure in successive quarters.

(B) *Bombay:*

(a) Irregular commissions totalling Rs. 11,931 were paid to the agents during 1958-59 in the following circumstances:—

- (i) Rs. 1,630 in respect of applications which were not filed by the agents at the Post Offices within 10 days of receipt of money from the investors, or in respect of cases in which the agents did not deliver the Certificates to the purchasers within 30 days.

Under the rules, in these cases the commission is forfeited to Government.

- (ii) Rs. 10,301 on sale of certificates representing Provident Fund money.

Under the rules, no commission is payable in these cases even if the agents were employed for the purpose.

(C) *Calcutta:*

403 cases of irregularities of diverse nature relating to 1957-58 came to notice, and a departmental investigation was instituted. As a result of verification by personal contact with the investors in as many as 142 instances, the following major irregularities were detected:—

- (i) In 90 cases, presumably commissions to the extent of Rs. 3,888 were fraudulently drawn by the agents by forging the signatures of the investors on the counterfoils of the receipt books; in about 50 of these cases the agents had approached the investors at the counters of the post offices or the postal clerks had directed the investors to the agents who were available at the counters.

- (ii) In a few cases, the entries of date, serial number of certificates, etc. issued on the counterfoils of receipt books with the agents, were crossed and cancelled several times and new dates and numbers inserted.



18. *Loss due to non-recovery of service charges from a foreign Government.*—In terms of a Technical Assistance Agreement dated 25th June, 1953 between the Government of India and Government of U.S.A. the actual expenditure incurred for a period of approximately one year on the services of five foreign engineers for the operation of the Bokaro Thermal Plant built by Damodar Valley Corporation, was to be reimbursed by the latter Government up to an amount of Rs. 4,04,762.

The actual expenditure on the Engineers reimbursable by the Government of U.S.A. amounted to Rs. 3,33,557 but reimbursement was not obtained from that Government for any part of this expenditure as the India Supply Mission, Washington was not aware of the arrangement that the expenditure was to be met by the U.S. Government.

In November, 1958, when an attempt was made by Government of India to obtain reimbursement from the U.S. Government, they were informed that the agreement had lapsed in May, 1958 and the amount of Rs. 4,04,762 had been reallocated for other purposes.

19. *Infructuous expenditure on the Silver Refinery Plant due to failure of the suppliers in commissioning.*—In para 20 of the Civil Audit Report, 1959, mention was made of the extra expenditure of Rs. 4,34,827 (upto February, 1959) incurred on account of delay in the erection and installation of the Silver Refinery Plant. It was *inter-alia* stated therein that the work on the plant was completed only in December, 1958 and that its trial testing was in progress (February, 1959).

The plant has not been taken over from the suppliers even upto January, 1961. The delay has been attributed by the management to the repeated failures of the furnace crucibles supplied or made by the suppliers of the Refinery Plant. As a result of the failure of the suppliers in putting into service the plant so far, a further expenditure of Rs. 1,44,266 on pay, allowances etc., of the Foreign and Local personnel incurred from March, 1959 to January, 1961 has proved nugatory. In addition, the outlay on the work has gone up by Rs. 9,03,155 due to additional interest charges from March, 1959 to January, 1961.



The question of apportioning the infructuous expenditure between the Government and the foreign suppliers who are responsible for the proper performance of the erection, testing and putting into service of the plant under the agreement, is stated to be under the consideration of the Government since February, 1960.

## MINISTRY OF FOOD AND AGRICULTURE

20. *Non-enforcement of the terms of an agreement.*—Certain irregularities noticed in connection with the working of an agreement entered into with a firm in August, 1951, for extraction of timber in the forests of Andaman and Nicobar were commented upon in para 24 of the Audit Report (Civil), 1958 and para 38 of the Audit Report (Civil), 1960.

The terms of the above agreement provided *inter-alia* that the firm would set up in the Territory, certain factories within 48 months of the signing of the agreement and that Government would render all reasonable assistance, such as, providing land, securing import permits for getting building materials, machinery, plant, etc. Failure on the part of the firm to erect the proposed factories was to constitute sufficient ground for the cancellation of the agreement and for the forfeiture of the security deposit, unless the firm were prevented from fulfilling the obligation on account of *force majeure*, war and conditions beyond their control of which the Government would be the sole judge.

As the firm failed to erect the requisite factories within the stipulated period, which expired on 31st August, 1955, a notice was served on the firm on 5th May, 1956 to show cause why the penalty provisions in the agreement should not be enforced. The firm represented on 28th May, 1956 that they were prevented from establishing the factories mainly because a part of the land required was formally allotted to them only on 19th April, 1955 and that the remaining part of the land had not been allotted at all. The Ministry of Law advised on 20th November, 1956 that Government should formally allot the land and execute a lease deed; and in the absence of such a performance on the part of Government, the time for the erection of the factories should be extended. Accordingly, at a meeting with the



firm on 31st January, 1957, it was decided that the time limit for completion of the factories would be extended by 16 months from the date on which the firm were let into peaceful possession of the land under a letter of allotment formally executed on behalf of the President by an authorised officer.

The firm did not, however, take any effective steps for the erection of the factories and were again served on 18th May, 1959 with a notice of cancellation of the agreement. The firm replied on 24th July, 1959, that the reason for the delay was that sound title to the land was not given to them. The matter was referred to the Ministry of Law, who finally ruled on 19th April, 1960 that as Government had failed to make the allotment of land under a letter of allotment formally executed on behalf of the President by an authorised officer, the period of extension of 16 months had not begun to run and that the termination of the contract would be successfully challenged as illegal. The Government have initiated action in May, 1960 for the issue of a formal letter of allotment of the land to the firm.

The delay in the erection of the factories has deprived the country of the utilisation of logs of low grade or smaller size (which are not at present being extracted) and of decorative plywood etc. that could have been manufactured in these factories from the ornamental woods available in the territory.

21. *Suspected misappropriation of Government money.*—Special audit of the accounts of securities of an office in the months of June and October, 1959 disclosed loss of cash received as securities and other suspected items of misappropriation aggregating Rs. 40,189. The misappropriation was rendered possible mainly because of the non-observance of prescribed rules and of failure to exercise proper checks over the cash received in lieu of other prescribed forms of securities and because of failure to ensure that such amounts had been actually utilised for the purpose for which they were intended.

The cashier and his assistant have been placed under suspension and the Police investigation is in progress (December, 1960).

22. *General irregularities in the accounts of the scheme for the purchase of foodgrains.*—The local audit of the accounts of various food Depots in the Eastern Region has disclosed the following general



types of irregularities in the accounts of handling and storage of foodgrains:—

(a) *Loss on account of long storage.*—There is no systematic arrangement to ensure that the grains received earlier are disposed of first to avoid loss on account of deterioration in long storage. In five depots alone, grain weighing 85,815 Mds. valued at about Rs. 17 lacs stocked during the period October, 1954 to June, 1958, has not been disposed of till now (March, 1961). Some of these stocks have been declared as sub-standard. Apart from the deterioration of the stocks and locking up of storage space the Department is likely to suffer further loss with passage of time, if steps are not taken for their immediate disposal.

(b) *Infructuous movement of foodgrains.*—There are instances of frequent movements of foodgrains from one depot to another, instead of direct movements from the distributing centres; and also of supply of foodgrains to consignees from depots other than those situated nearest to the consignees. In 16 depots alone, during the period August, 1958 to February, 1960 an avoidable expenditure of about Rs. 3.67 lakhs was incurred on railway freight and handling on movements which could have been avoided with proper planning.

(c) *Defects in conducting physical verification of stocks and recording results thereof.*—The physical verification of the stocks in storage depots is not being conducted on a systematic basis. Even in many of the depots where only test checks are conducted, the results of such checks are not being recorded properly in the stock ledgers.

(d) *Defective weighment procedure.*—According to the standing orders of the Ministry, the consignments of foodgrains are required to be weighed 100 per cent. if non-standardised and 10 per cent. if standardised on arrival at rail-heads and again in the depots. These instructions are, however, not being followed in a large number of cases. In many cases, the weighment is not at all being conducted at the rail-heads, while in others only 10 per cent. weighment is conducted even though the consignments are non-standardised. Likewise, there is no uniformity in weighment procedure followed on receipt of consignments in the depots. In most of the cases, only 10 per cent. weighment is done but that too is not done immediately on its arrival. Non-observance of the correct weighment procedure makes it difficult—

- (i) to assess the correct loss in transit both by rail and by road;



- (ii) to fix the relative responsibilities on the Railways and the transport contractors;
- (iii) to recover the shortages from the carriers;
- (iv) to prepare authentic stock accounts.

It also leaves scope for manipulation in stock accounts and renders the expenditure incurred on 10 per cent. weighment infructuous.

23. *Unproductive expenditure on Timber Seasoning Plant.*—A plant for seasoning timber was installed in the Forest Department, Andamans at a cost of about Rs. 2.09 lacs in order to arrest the deterioration of timber in storage pending final disposal and to meet the increased demand of the local Public Works Department for seasoned timber.

The plant commenced working in January, 1957 but was closed down in September, 1957 due to accumulation of stock of seasoned timber. It was, however, restarted in May, 1959.

As against the installed capacity of 850 tons per annum the quantity of timber seasoned in the plant during the period of its working till 31st March 1960 was 522 tons 40.75 cft. as under:—

	Tons	Cft.
<i>A. Quantity seasoned.</i>		
1st period—January, 1957 to September, 1957 .	293	18.79
2nd period—May, 1959 to March, 1960 .	56	12.11
<i>B. Quantity seasoned and Ascru-treated.</i>		
During the period from June, 1959 to 31st March, 1960	173	09.85
TOTAL	522	40.75

Out of the above quantity only 52 tons 20.91 cft. have been sold to public and other Government departments, 93 tons 43.54 cft. used for departmental purposes and 31 tons 32.09 cft. exported to mainland upto 31st March, 1960. The balance of 344 tons 44.21 cft. valued at Rs. 1,12,000 is awaiting disposal.

The low utilisation of the capacity of the seasoned timber during the last three years is indicative of the fact that the scheme has not been properly planned and the outlay thereon is likely to prove largely unproductive. It has been stated (October, 1960) that necessary measures to popularise the use of treated timber are under the active consideration of the department.



**MINISTRY OF HEALTH**

24. *Infructuous expenditure.*—Certain plots of land at Calcutta were partly requisitioned and partly taken on lease on 19th April, 1947 from private parties and local bodies for starting a Medical College and Hospital. After the College and Hospital had functioned for about three years in barracks and temporary structures erected on these plots of land, Government decided in July, 1950 to close them down in stages and to derequisition the plots of land. The winding up operation began in June, 1951 and ended in December, 1952, but Government have not so far been able to restore the lands to the owners as, during the winding up period, displaced persons and other unauthorised persons occupied the lands and barracks as and when they fell vacant. As it is necessary to restore vacant possession of the lands to the owners and Government have not been able to do so, their liability for rent, taxes, etc., continues and they have so far (February, 1960) paid about Rs 11 lakhs on rent alone at Rs. 12,828 per month and Rs. 28,844 on account of electricity and municipal charges. A further sum of Rs. 27,265 is still to be paid by them on account of municipal taxes due upto March, 1960.

The Works, Housing and Supply Ministry had approached the State Government in March, 1954 for assistance in evicting the unauthorised occupants. The State Government, however, felt that alternative accommodation could be provided only to those persons who could prove their refugee status; and that the remaining large number of persons who failed to do so should be evicted under the normal law. The State Government accordingly provided alternative accommodation to about 91 displaced families but their removal has not resulted in the vacation completely of any of the barracks or plots so as to enable Government to restore them to the owners. It would appear that at present most of the occupants are those who could not prove their refugee status.

In August, 1960 the Ministry stated that suits for the eviction of the unauthorised occupants could not be filed so far, as the required particulars for the filing of the suits could not be furnished in spite of attempts made by the State Government to obtain them from the occupants.

Eight years after the removal of the hospital, Government appear to be in no better position than they then were to restore the land to the owners. Meanwhile, they continue to incur an expenditure of about Rs. 13,000 per month to no particular purpose.



**MINISTRY OF HOME AFFAIRS**

25. *Non-recovery of a Loan.*—Government sanctioned on 23rd November, 1951 an interest-free loan of Rs. 25,000 to be paid in five equal annual instalments, to the Criminal Tribes Welfare Board (an un-registered private body) for starting industries in a reclamation colony at Delhi, with the object of providing gainful occupation for the members of a backward community. The first instalment of Rs. 5,000 was paid on 21st March, 1952. Though an amount of only Rs. 5,000 was payable in the next year towards the second instalment, the entire balance of Rs. 20,000 was disbursed on 31st March, 1953.

The terms and conditions for repayment of the loan were not prescribed initially or even before the payment of the second instalment. No security was taken nor was any bond executed. The fact whether the body had any assets was not enquired into. The matter regarding the execution of an agreement was first taken up in July, 1956, but in December, 1959 it was considered that no useful purpose would be served by finalising the agreement, as the loanee had become defunct.

The amount of the loan was advanced by the loanee to a Co-operative industrial society, which went into liquidation due to mismanagement and embezzlement of funds. Neither of the bodies started any industries, and the purpose for which the loan was granted was thus defeated. Effective steps were not taken by Government at any time to ensure proper utilisation of the loan and to effect recoveries. Government are considering the question of writing it off.

Responsibility for the failure to effect recovery of the loan was not fixed as the Ministry, after going into the matter, came to the conclusion that the officers acted in good faith and in the honest belief that the advances to the body, made from time to time, were necessary for its proper functioning.

26. *Non-accountal of Civil Court Deposits.*—Consequent on a report received in June, 1958 from the District Judge, Tripura indicating certain defects in the procedure adopted in his court for refunds of court deposits, a special local audit of the accounts of the Court was undertaken in April, 1959. This revealed that an amount of Rs. 28,806 relating to Civil Court Deposits pertaining to the period from 1st July, 1957 to 31st March, 1959 had remained unaccounted for. As certain records were not available, it is not certain whether this is the



complete figure of the amount unaccounted for. The shortage had been rendered possible on account of non-observance of rules.

The need for rectifying the defective procedure was pointed out during the local audit and the matter has been ever since under the consideration of the Administration.

Following police investigations into the above shortage, certain cases are pending in the criminal court (February, 1961). Results of departmental enquiry, which has also been instituted, are awaited.

### MINISTRY OF REHABILITATION

27. *Irregularities in the accounts of rural evacuee properties.*—The Rules made under the Administration of Evacuee Properties Act, 1950 provided that each Custodian of Evacuee Property or the Officers authorised by him to act on his behalf should maintain proper records of the evacuee properties of the migrants to Pakistan. Most of these properties were later on acquired by Central Government under Displaced Persons (Compensation and Rehabilitation) Act, 1954 and the Rules made thereunder for the purpose of 'Compensation Pool'. The remaining properties are in the process of acquisition.

During the course of local audit of the various offices under the Custodian of Evacuee Properties of Punjab, conducted during the year 1959-60, it was noticed that no authentic records of the agriculture lands, rural evacuee houses and shops had been maintained. There are also no proper rent demand and collection registers showing the rent in respect of land, houses and shops recoverable from the occupants. In the absence of complete basic records, it has not been possible to check whether the land, houses and shops have been regularly leased out from year to year, whether there had been any unauthorised cultivation of lands and unauthorised occupation of houses and shops and whether sums due to Government have been correctly assessed, recovered and credited to Government account.

The local Managing Officers have furnished to audit certain statements on the basis of the unsatisfactory records maintained by them. These show that the arrears of rent and lease money as on 29th February 1960 recoverable from unauthorised occupants of land/houses and shops would amount to about Rs. 50 lakhs.

### MINISTRY OF STEEL, MINES AND FUEL

28. *Overpayment of Freight.*—Stores purchased in U.K. and Germany for the Durgapur and Rourkela Steel Plants are shipped to



India by Shipping Agents appointed by the High Commission, London. Under the terms of the agreement with the Shipping agents claims for freight are to be checked by them. These are paid as preferred, without further scrutiny by the High Commission as checks applied by the shipping agents were considered sufficient. This was objected to by Audit in October, 1957 as the procedure failed to safeguard the interests of Government. A test-check by Audit between April 1958 and April 1959 of freight payments amounting to approximately £ 1 million revealed overpayments of £ 4,000. At the instance of Audit, the High Commission finally referred the matter to the Government of India in June, 1959. Government immediately agreed to the suggestion of Audit of check before payment by the High Commission and sanctioned necessary staff in December, 1959. Arrangements for the scrutiny of past payments and of current claims have not, however, been made even up to January, 1961 and payments continue to be made without check. In the meanwhile, a further test-check of the freight claims conducted between May, 1959 and November, 1960 amounting to £ 300,000 revealed overpayments of £ 1,000. Freight claims totalling £ 7.8 millions had been paid till the end of November, 1960

29. *Avoidable loss due to increase in freight.*—On 6th January, 1956, the Iron and Steel Controller placed a contract with a firm for the supply of 1,428 tons (which was increased subsequently in May, 1956 to 1,695 tons) of imported steel material at Rs. 770 per ton c.i.f. Indian Ports. The c.i.f. price was based on a freight rate of 90 Sh. 6 d. per ton and any variation in freight rates was to be on Government account.

On 20th January, 1956, the firm sought certain clarification regarding payment, demurrage and inspection, etc., prior to commencement of supplies but the clarification on some of the points was not issued by the Steel Controller till 28th May, 1956 despite repeated reminders from the firm. As no supplies were made by the stipulated date, viz. April, 1956 the delivery period was extended on 28th May 1956 to 30th August 1956. The firm failed to adhere to the extended delivery period due to alleged shortage of steamer space and alleged delay in inspection by India Stores Department, London. The Iron and Steel Controller accepted the firm's latter plea and at the request of the firm, further extended the delivery period upto 3rd May, 1957, piecemeal, without reserving the rights to levy liquidated damages for belated shipments, or notifying to the firm that any increase in the



ocean freight occurring during the extended period would not be admissible to them.

As freight rates had increased considerably after August, 1956, an avoidable payment of about Rs. 33,000 was made to the firm on account of the increase in freight rate which occurred during the extended period of shipment.

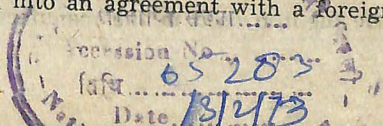
30. *Irregularities in a contract for the procurement of steel material.*—In order to meet a demand of the Railways, the Iron and Steel Controller placed a contract on 26th October, 1956 with a firm for the import of 10,348 tons of crossing sleeper bars from the Continent. The firm could not effect shipment within the stipulated date viz., June, 1957 and applied on 2nd August, 1957 for extension of time upto March, 1958. This was not agreed to and the contract was cancelled on 20th August, 1957 without enforcing the risk purchase clause of the contract.

In the meantime, as the Railways required the steel urgently, they purchased 8,000 tons directly from another source, at a price which was Rs. 95 per ton more than the price contracted with the defaulting firm and this involved an extra expenditure of about Rs. 7.60 lakhs to the Railways.

The cancelled contract was, however, reinstated by the Steel Controller at the instance of Railways in January, 1958 at the original prices with the delivery date of 30th June, 1958 subject to reservation of rights to impose liquidated damages on late shipment. While reinstating this contract, the Steel Controller failed to take into account the general fall in the steel prices then prevailing in the Continental market which was about Rs. 150 per ton less than the rate in the original contract. This failure gave an undue advantage of about Rs. 15 lakhs to the firm.

The supplies were actually completed by March, 1959. In February, 1960, the Steel Controller asked the firm to pay, in terms of the reinstated contract, a sum of Rs. 6.82 lakhs, being token liquidated damages calculated at 10 per cent. of 2 per cent. of c. & f. value for delay of each month or part of a month limited to 10 per cent. of the total c. & f. value of the contract. The firm has not paid the amount as yet (November, 1960). Government have stated that pending actual recovery of the amount from the firm, an equivalent amount has been withheld from their other claims against Government.

31. *Undue delay in the recovery of rebate.*—In March, 1956, the Iron and Steel Controller entered into an agreement with a foreign





firm 'A' for the purchase of steel material for 3 years from 1956 to 1958. The agreement, *inter alia*, provided that if, in any one quarter during the currency of the agreement, the Steel Controller received steel materials from some other firm of a Member country of Brussels Export Convention, at rates lower than the minimum selling price of the Brussels Export Convention in force at that time, the difference in price would be refunded by the firm 'A'. The claim was, however, to be preferred duly supported by documentary evidence within 30 days after the end of that quarter. In the third and fourth quarters of 1958, the Steel Controller procured similar steel materials from firm 'B' of a Member Country, through Indian Agents at rates lower than that of firm 'A'.

The rebate amounting to Rs. 4,90,978 for the third quarter could not be claimed from firm 'A' because the Indian Agents of firm 'B' did not furnish the relevant invoices to the Steel Controller in time. Accordingly, on 11th July, 1959 the Indian Agents were asked to make good the loss but they have refused to do so on the ground that no stipulation was made in the course of their negotiations for making available shipping invoices. Due to this omission, Government has been put to a loss of Rs. 4,90,978.

The claim for the fourth quarter of 1958 for a sum of Rs. 9,30,598 was preferred against the foreign firm 'A' on 29th December, 1958 but the firm refused to accept the claim on the plea that the contract with firm 'B' on the basis of which this claim had been preferred was not concluded in that quarter. As under the terms of the agreement with the firm the refund is due with reference to the supplies received during the quarter by the Iron and Steel Controller and not with reference to the contracts concluded during the quarter, the contention of the firm does not appear to be tenable. The amount has not been realised till now (December, 1960).

32. *Irregularities in the recovery of surcharge from one of the Main Producers.*—(A) In August, 1954 one of the main steel producing Companies started consuming special grade pig-iron produced by itself for the manufacture of spun pipes in one of its own foundries. Pending decision about the quantum of surcharge recoverable for the pig-iron so consumed, the Iron and Steel Controller started preferring claims provisionally at the rate of Rs. 20 per ton from December, 1954. In July, 1958, the Ministry issued instructions to the Steel Controller that, as it was not possible for the Company from the technical point of view, to state the different grades of the pig-iron used in the manufacture of spun pipes, this surcharge



might be calculated and adjusted provisionally on the basis of average surcharge payable on the pig-iron consumed in other foundries of the Company for the manufacture of castings from 11th June, 1956, subject to re-adjustment on fixation of final selling and retention prices. On 18th May, 1959, Government fixed with effect from 1st August, 1954 Main Producers' selling prices of special grade iron at Rs. 218 per ton at all Rail Heads in India and the retention price at Rs. 133 per ton *ex-works* of the Company, necessitating recovery after setting off freight disadvantage of surcharge at the rate of Rs. 70 per ton from 1st August, 1954 to 10th June, 1956 and Rs. 55 thereafter. In December, 1959, the Steel Controller accordingly issued a bill for recovery of surcharge amounting to Rs. 1.15 crores for the period 11th June, 1956 to 31st January, 1959, instead of from 1st August, 1954 onwards.

On 28th March, 1960, the Government in supersession of its earlier orders dated 18th May, 1959, revised the selling and retention prices of the special grade pig-iron as under:—

Period	Main Producers' selling price per L/ton.	Ex-works retention price per L/ton.	Surcharge became recoverable @ per ton
I-8-54 to 30-9-54	Rs. 163/-	Rs. 149/50	Rs. 13/50
I-10-54 to 31-12-55	Rs. 156/-	Rs. 149/50	Rs. 6/50
I-1-56 to 10-6-56	Rs. 156/-	Rs. 143/00	Rs. 13/00
II-6-56 onwards	Rs. 218/-	Rs. 143/00	Rs. 75/00

On 20th August, 1960, Government again cancelled its orders dated 28th March, 1960 and fixed the following revised selling and *ex-works* retention prices of pig-iron:—

Period from	Main Producers' selling price per long ton	Ex-works retention price	Surcharge recoverable (+) Surcharge payable (-)
I-8-54 to 30-9-54	Rs. 163/-	Rs. 149/50	Plus freight advantage of (—) Rs. 1.50 Rs. 8.50 Rs. 15 from (—) Rs. 8.66 I-8-54 to (—) Rs. 8.76 10-6-56 and (—) Rs. 9.09 Rs. 30/- the (—) Rs. 9.15 reafter sub- (—) Rs. 2.65 ject to ad- (—) Rs. 2.84 justment (—) Rs. 5.18 of freight ele- (+) Rs. 41.82 ment on the (+) Rs. 34.02 basis of (+) Rs. 33.23 actuals, (+) Rs. 32.14 (+) Rs. 30.85 11.8.
I-10-54 to 31-3-55	Rs. 156/-	Rs. 149/50	
I-4-55 to 17-7-55	Rs. 156/-	Rs. 149/66	
I8-7-55 to 19-9-55	Rs. 156/-	Rs. 149/76	
20-9-55 to 11-11-55	Rs. 156/-	Rs. 150/09	
12-11-55 to 31-12-55	Rs. 156/-	Rs. 150/15	
I-1-56 to 17-2-56	Rs. 156/-	Rs. 143/65	
I8-2-56 to 31-3-56	Rs. 156/-	Rs. 143/84	
I-4-56 to 10-6-56	Rs. 156/-	Rs. 146/18	
II-6-56 to 4-7-56	Rs. 218/-	Rs. 146/18	
5-7-56 to 14-10-56	Rs. 218/-	Rs. 153/98	
15-10-56 to 31-3-57	Rs. 218/-	Rs. 154/77	
I-4-57 to 30-6-57	Rs. 218/-	Rs. 155/86	
I-7-57 to 7-7-57	Rs. 218/-	Rs. 157/15	
8-7-57 to 29-2-60	Rs. 218/-	Rs. 160/23	



The downward revisions of the selling prices and increase in the retention prices of pig-iron, specially for the period prior to 11th June, 1956 has resulted in reduction of the surcharge recoverable from the Company to the extent of about Rs. 74 lakhs as compared to surcharge recoverable on the basis of Government orders dated 18th May, 1959. The revisions were made by Government on the representations of the Company, but without either the cost examination of the books of the Company or by reference to Tariff Commission. In the absence of such an examination and in view of the inability of the Company to state the different grades of pig-iron used in the manufacture of spun pipes, it is not clear on what basis the prices, which gave a definite advantage to the Company, were fixed.

(B) Rs. 1.13 crores and Rs. 91 lakhs (approximately) were also recoverable from the Company for the period prior to 1st March, 1960 in respect of adjustment of freight disadvantage and surcharge on spun pipes out of which Rs. 1.88 crores have been recovered and the balance of Rs. 16 lakhs is still recoverable (February, 1961).

33. *Purchase of defective Rails.*—In July and August, 1956, the Iron and Steel Controller placed two contracts valuing Rs. 6,33,90,198. on an Indian firm for the import from Japan of 90,000 tons of rails of quality conforming to Indian Railway Standard specifications, for supply to the Indian railways for track renewal programme. The contracts provided inspection of the materials by the mill's inspector before despatch accompanied by a certificate issued by him that they conformed to the required specifications. The materials were, in addition, to be inspected by the Inspectors of the Director General of Supplies and Disposals, at the place of manufacture prior to shipment, these officers having the right to be present during all stages of manufacture and being responsible to furnish an inspection test certificate in respect of each consignment.

In July, 1958, the Northern Railway reported that two of the rails laid on track on 29th May, 1958 had been detected, on 4th June, 1958, i.e., within 5 days of laying, to have cracked at the rail end. Further examination of these fractured rails by the Railway Metallurgist and the Railway Testing Research Sub-Centre at Chittaranjan in August, 1958 revealed that the failure of the rails was primarily due to defective rolling, all the rails manufactured during the period October, 1957 to January, 1958 being suspect. The investigation also revealed that the rails could not withstand 10



blows from a 10 pound hammer, as provided in the Indian Railways Standard specifications and that quite a few of them failed after receiving only two or three blows.

The matter was discussed in India in March, 1959 with the representatives of foreign manufacturers who agreed with the above findings and agreed to do their best in the matter. The defective rails have, however, not been replaced till the end of 1960; nor has the exact quantum of defective rails been ascertained, on the basis of which a claim could be preferred against the suppliers. A preliminary estimate is that about 18,000 tons of rails valued at Rs. 1.25 crores may be defective.

In the meanwhile, a sum of Rs. 10,57,333 was withheld by the Iron and Steel Controller from the suppliers' bills against defective supplies. A civil suit has been instituted in 1960 by the Indian firm for the amount withheld.

The results of the civil suit are still awaited (March 1961).

34. *Irregularities in a contract for the import of pig iron under Technical Co-operation Assistance.*—(A) In June, 1957, the Iron and Steel Controller placed a contract on an Indian firm for the import of 22,796 tons of pig-iron on c. and f. terms under T.C.A. The contract provided, *inter alia*, that, at least 50 per cent. of the cargo was to be shipped in U.S. Flag Vessels; and that ocean freight on all such shipments would be met from the Dollar Fund made available by the International Cooperation Administration in favour of the Government of India.

The firm, however, shipped the entire contracted quantity on chartered vessels of non-U.S. Flags, the freight for such vessels being on an average lower than that for U.S. Flag Vessels. As the contract with the firm was on c. and f. basis, the firm derived an undue benefit (of about Rs. 4.24 lakhs) by using the cheaper non-U.S. Flag Vessels in deviation of the terms of the contract. The Steel Controller informed the firm on 11th November, 1957 that it would be liable to pay the loss consequential to the breach of the contract. Government, however, decided in March, 1960 not to penalise the firm.

(B) A sum of \$ 9,744 representing the brokerage on freight paid to the charter brokers has been disallowed by the I.C.A. as being ineligible for reimbursement by them. This amount and a further sum of \$ 11,020 on account of supply of alleged inferior quality of 1,900 tons of pig iron against the above contract are recoverable



from the firm. Pending investigation and final decision in the matter, Government decided on 18th March, 1960, to withhold the firm's claims to the extent of an equivalent amount.

35. *Irregularities in the Geological Survey of India.*—Local Audit of the accounts of the Geological Survey of India, conducted in 1960 has revealed the following financial irregularities.

(A) *Avoidable expenditure on drilling operations.*—To explore the mineral resources in India, deep drilling operations were started on a major scale by the Department during 1955-56. In the year 1959-60, there were several cases of stoppage of drilling operations for long periods ranging from 31 to 274 days at a stretch. The total drilling days for 18 machines thus lost were 774, involving an expenditure of about Rs. 1.5 lakhs (@ Rs. 200 per drilling day).

It was stated by the Department that while planning, an average of about 200 working days of 8 hours per day in a year for each machine was taken as good progress which was the accepted practice in foreign countries. It was also stated that machines would need major over-hauls which would have to be carried out once in 2 years, suspending drilling operations for 4/5 months, on an average depending upon the availability of spare parts accessories, and the release of foreign exchange, etc.

The bulk of the expenditure incurred due to stoppage of drilling operations could have been avoided if, instead of engaging all the available machines in drilling operations, some machines were kept in reserve keeping in view the necessity of periodical over-hauling/repair and other unforeseen contingencies.

During the second half of 1959, the Department acquired 5 new machines which were allotted to new drilling parties instead of to the existing ones where the work was at a standstill. Moreover, two other machines were lying idle for want of repairs since March/December, 1958.

(B) *Infructuous expenditure incurred on a drilling party.*—In June, 1960, drilling operations were started at Dhanota (Rajasthan) for the investigation of copper, covering a belt of 8 miles where geologically it was necessary to go down to the depth of 420 feet.

Immediately after the operations had started, the Regional Engineer reported that the machine deployed was too small for the type of work required to be done there and stressed the need for allotment of a heavier machine. No decision for replacement of the



machine was, however, taken by the Department. On 16th August, 1960 and 19th September, 1960 further reports were received from the unit stating that in the working condition of the machine, which was an overhauled one, it might not be possible to reach the desired depth and that further drilling might involve the risk of losing all the casings, rods and bits. On the advice of the Regional Engineer, the operations were eventually stopped on 23rd September, 1960 on reaching the depth of 344 feet only.

The entire expenditure of about Rs. 27,000 incurred on the operations during the period from June to September, 1960, thus, proved to be infructuous.

(C) *Infructuous expenditure after suspension of a drilling operation.*—In January, 1958, a Circle Office of the Department recommended that the drilling operations at Warkalai (Madras) should be discontinued as the results obtained were not encouraging. The machine also went out of order on 17th March, 1958 and as a result, the drilling operations came to a stand-still. By this date an expenditure of Rs. 38,500 approximately had been incurred. Further the crew attached to the machine was retained at site upto 3rd week of July, 1958. This resulted in an infructuous expenditure of about Rs. 6,500 by way of pay and allowances of the crew.

(D) *Disposal of obsolete and unserviceable stores.*—Obsolete and unserviceable stores estimated to cost several lakhs of rupees are lying in stock for a long time resulting in avoidable expenditure on storage and maintenance and loss by way of deterioration of stores. There is no procedure in the Department to survey, segregate and consider disposal of unserviceable, surplus and obsolete stores from year to year.

It was stated by the Department that on account of rapid expansion of its activities in recent years, proper attention could not be given to the problem and necessary steps were now being taken in the matter (December, 1960).

(E) *Uneconomic purchase of a property.*—On 20th March, 1957, the Department purchased with the approval of the Government certain property at Calcutta for Rs. 1 lakh to be used as store godowns and car garages. No survey about the condition and suitability of the building for the purposes was got conducted by the C.P.W.D. before its purchase. On 27th March, 1957, the C.P.W.D. reported that the general condition of the building was not at all



satisfactory and that it could be used only as servants' quarters and garages. An expenditure of Rs. 15,000 has been incurred on general repairs to the building. The building has so far been used as residential quarters for class IV staff and for garaging a small number of cars. A portion of it, however, remains unutilised till now (February, 1961) for want of proper repairs.

Considering the general condition of the building, the use to which it has been put till now and the recurring expenditure on its maintenance, the purchase of the property at the above cost should be considered uneconomic.

### MINISTRY OF TRANSPORT AND COMMUNICATIONS

36. *Irregularities noticed in the accounts of a Tourist Office.*—In paragraphs 40 and 38 of the Audit Reports, 1958 and 1959 certain irregularities pertaining to a Tourist Office in Paris had been referred to.

The audit of the accounts conducted in February, 1959 revealed the further irregularities mentioned below:—

*Renovation, Decoration, Furnishings, etc.*—Detailed plans for the work to be executed were not prepared and no quotations invited, for various items of work and supplies. Orders were placed mostly on a single-tender basis, without the prior approval of the Head of the Mission. *Ex-post-facto* sanction of Government was also not obtained.

No work orders were issued to the contractors. There was also no evidence to show that the bills and estimates of the firm were checked either by the Tourist Office or by the Architect through whom the work was being done.

In almost every case, the cost of the actual work exceeded the estimates. Some examples are given below:—

	Estimates	Expenditure
	Units	Units
Staircase . . . . .	1,160,000	1,858,936
Facade of the shop . . . . .	850,000	1,043,000
Counter . . . . .	1,050,000	1,787,000



Despite Government's direction that expenditure should be incurred on an austerity basis, further instances of uneconomical expenditure were noticed as below:—

	Rs.
(i) Lighting of the staircase from below (for decorative purposes)	4,356
(ii) Facade of the shop	14,197
(iii) Glass and mirror work	8,544
(iv) Two tables for office— Rs. 1,336 Rs. 986	2,322
(v) 9 door handles	1,102
(vi) Glass pieces in the officer's room (3 glass tops for tables)	734
(vii) Brass hand rail (with two Ashoka Chakras costing Rs. 2,585)	8,972

*Publicity.*—During May, 1956 to June, 1958 an expenditure of Fr. 9,509,617 was incurred on publicity through an advertising agent who was to claim only the actual charges payable to the journals, etc. There was no evidence that the advertisement charges paid to the agent from time to time were checked with reference to the actual insertions or the printed tariffs of the concerned publications. Out of the total of 86 insertions, 24, for which Fr. 1,988,504 were paid, could not be checked as the relevant periodicals, etc., were not available. Out of 32 magazines in which the advertisements appeared, rate cards for only three were available.

A sum of Fr. 401,174 was paid to the agent for production charges of blocks, etc. (which were in the agent's custody) without any check on the quality and quantity of the material.

37. *Non-revision of aerodrome charges and non-assessment of air navigation charges.*—Considerable expenditure is incurred for providing "en route" technical facilities to aircraft flying over the Indian territory e.g., tele-communication; radio and other aids to navigation; air traffic controls; meteorological, search, rescue and aeronautical information, etc. Besides a capital expenditure of Rs. 47 lakhs incurred in 1958-59 on the provision of equipment, an amount of Rs. 93,45,845 was spent on these services from the Revenue Budget of that year.

The provision of air navigation services of this nature is required under the 1944 Chicago Convention on International Civil Aviation. The Convention recognises that suitable charges might be imposed by a country for providing such facilities; and some countries are actually



levying such charges. But no charges are levied by Government of India for the use of these facilities by aircraft which fly over India without landing at the aerodromes in India. In respect of aircraft landing at the aerodromes, charges for landing and housing only are levied but not for the other facilities. The question of recovering suitable charges for all these facilities was taken up by Audit with the Government of India in July, 1960 and they have now stated (December, 1960) that the matter is under their consideration.

As regards the landing and housing charges recovered from the aircraft landing at the aerodromes, these are being recovered at rates fixed originally in 1937 and revised in 1946. There has been considerable increase in the Capital and Revenue expenditure for providing necessary facilities since 1946, but the rates have not been revised further. Government have stated (in December, 1960) that the question of revising these charges is also under examination.

The non-levy of navigational charges and the delay in the revision of landing and housing charges all these years has resulted in loss of revenue to Government and undue benefit to aircraft operators.

38. *Inaccurate and fictitious measurements and drawal of funds to avoid lapse of budget grant.*—The Additional Deputy Commissioner (P.W.D.), Mokokchung (N.H.T.A.), in the Naga Hills drew cheques aggregating Rs. 43,100 on 31st March, 1957 for payment to some contractors for five works. The bills were prepared on the basis of measurements recorded in March, 1957 by certain Sectional Officers/Junior Engineer. The amount was not, however, immediately disbursed. In November, 1957, the works were remeasured and a sum of Rs. 14,438 only, being the value of works actually done by the contractors in respect of three works, was paid to them, while in the remaining two cases, it was found that the measurements recorded in March, 1957 were fictitious, as the works had not at all been executed.

The Disbursing Officer stated in September, 1958 that the bills were originally prepared in order to avoid lapse of budget grant, as it was expected that the works would be completed soon. A report on the disciplinary action taken against the officials concerned is awaited (November, 1960).

#### MINISTRY OF WORKS, HOUSING AND SUPPLY

39. *Overpayment to a firm.*—Quotations were invited by the C.P.W.D. on 9th March, 1956 for the supply of 319 tons of imported



steel of various categories. The notice inviting quotations stipulated *inter alia* the following specifications and conditions:—

(i) The Steel should have a tensile stress of not less than 28 tons per square inch and should be supplied in standard lengths from ready stock within a week from the date of supply order and delivered at the supplier's godowns at Bombay.

(ii) The rate payable would be subject to the approval of the Iron and Steel Controller and in case the rates approved by him were lower than those quoted by the suppliers, they would have to refund the difference. In case, however, the approved rates were higher, no excess would be paid over the rates quoted.

(iii) Payment would be made to the suppliers to the extent of 90 per cent. against delivery and the balance on verification of rates by the Iron and Steel Controller.

On 22nd March, 1956, a firm of suppliers quoted for 12 items but, at the same time, made it a condition that the rates for the six of the items quoted would be subject to the rates prescribed by the Iron and Steel Controller in February, 1956 for the purchase of imported steel. The quotation of the firm was accepted and orders were placed for the supply of certain categories of steel in increased quantities.

The firm submitted a bill for Rs. 2,59,534 on 31st March, 1956 and demanded 90 per cent. advance payment. When requested to take the payment after despatching the steel, the firm did not agree. As steel was required urgently, a sum of Rs. 2,33,581 was paid to them on 5th April, 1956 without taking delivery of the steel and without obtaining any security. The firm despatched some steel between 18th April, 1956 and 15th July, 1956. Sample tests carried out in June, 1956 and January, 1957, revealed that the steel was below the tensile stress specified and was comparable only with untested indigenous steel. On the basis of rates fixed by the Iron and Steel Controller for such quality of steel, the firm was entitled to a sum of only Rs. 1,85,680 against the advance payment of Rs. 2,33,581 already made. Efforts made to recover the overpayment of Rs. 48,071 were not successful and in January, 1959 the Department proposed to take the matter to the court. In the meanwhile, the firm moved the court for the recovery of a sum of Rs. 32,377 together with interest thereon from Government. Government, therefore, decided to contest their claim in counter-defence.



As a disciplinary measure, it was decided in July, 1960 to reduce by one-fifth the pension of the Executive Engineer concerned with the deal. No action was considered necessary against any other officer.

40. *Extra expenditure due to non-finalisation of drawings and designs.*—For the construction of Yojana Bhawan in New Delhi estimated to cost Rs. 22,14,160, the tender of a contractor for Rs. 21,23,189 (4.1 per cent. below estimate) was accepted. The work was to be commenced on 13th February, 1956 and completed within 18 months i.e., by 12th August, 1957. Although the departmental instructions prescribe that drawings and details should be ready before tenders are called for, the designs and plans for this building were ready only later and were supplied to the contractor piecemeal upto July, 1957. Only 13 per cent. of the work was completed by May, 1957; and on the plea of inordinate delay in the supply of designs and drawings, etc. by the Department, the contractor claimed on 12th June, 1957 an extra 5 per cent. above his agreement rates for the work done after 12th August, 1957. Alternatively, he suggested that the Department might make its own arrangements for the execution of the balance of work. Both the alternatives were rejected by the Department.

The contractor was informed on 31st July, 1957 that he was liable to pay a compensation of Rs. 2,21,416 (10 per cent. of the estimated cost of the work) and that action would be taken to award the remaining work to another agency at the risk and cost of the contractor if he did not accelerate the work. Finally, on the failure of the contractor to proceed with the work, the balance of work, estimated to cost Rs. 20,90,220 was put to tender and was awarded to another contractor on 8th January, 1958 for Rs. 21,89,435 (4.7 per cent. above the estimated rates) at the risk and cost of the original contractor.

The contractor sought arbitration and the award of the Arbitrator, delivered on 26th December, 1959, was against Government. The delay in the preparation and supply of plans and designs to the contractor has thus involved Government in an extra expenditure of Rs. 1,84,914.

41. *Loss due to acceptance of sub-standard work.*—In Construction Division No. III of the C.P.W.D., the construction of 344 double-storeyed clerks' quarters estimated to cost Rs. 14,44,100 was awarded to a contractor in October, 1948. The work was completed in October, 1950 at a cost of Rs. 15,18,970.



When the quarters were handed over to a Maintenance Division in May, 1951, it was found that some of the balconies were non-horizontal and that the finishing of terracing had cracked at various places. This was explained by the Construction Division as a defect in finishing and not a structural defect. At the time of finalising the contractor's claims in October, 1952, the Executive Engineer reduced the claim of the contractor for roofing work by Rs. 7,317 on account of unsatisfactory work instead of getting the defective work redone at the risk and expense of the contractor, as per terms of the contract.

Complaints of leaking roofs and falling of cement plaster continued to be received thereafter from the occupants. During the years 1955-56 and 1956-57, an expenditure of Rs. 41,206 was incurred on special repairs consisting of removal of terracing and putting mud-phaska with brick covering. Towards the end of 1959 a detailed technical inspection of the quarters on the first floor brought to light several structural defects necessitating replacement of roofs of all the first floor quarters. In June, 1960, Government sanctioned, therefore, replacement of roofs at a cost of Rs. 6,13,500.

The large expenditure on special repairs including renovating, in this case, has been necessitated by the acceptance of defective work in 1950 without apparently carrying out detailed technical investigations and after levying only a petty penalty on the contractor. Government have decided that no disciplinary action is required to be taken against any of the officers.

Besides the expenditure incurred on remedying the defective work, Government will also suffer loss of revenue due to the quarters remaining vacant during the period of special repairs.

42. *Acceptance of sub-standard work and avoidable expenditure due to defect in a contract.*—In Rehabilitation Division No. III of the C.P.W.D., the lowest tenders amounting to Rs. 10,18,496 were accepted in March, 1957 for the construction of 240 quarters in four groups. The work was completed between 11th September, 1958 and 11th November, 1958.

A technical examination of the work, conducted in August, 1958 by the Chief Technical Examiner, revealed that the plaster work had been very poorly done. He felt also that the small reduction in rates (ranging from 25 Np. to 50 Np. per 100 sq. ft.) already made by the Executive Engineer from the contractor's bills on account of the poor performances was not adequate, as replastering would necessitate



heavy extra-expenditure after a year or two. Another technical examination conducted in August, 1959 by the C.T.E. further revealed that (i) the strength of the mortar used in brick work was about 60 per cent of the normal stipulated specification and in view of this a reduction of 33 1/3 per cent. had been made by the Executive Engineer from the tendered rate (ii) the internal plaster, though totally unacceptable, had already been paid for at full rates in the running bills; and (iii) the external plaster for which payment at full rates was already made by the Executive Engineer was defective and would deserve only 90 per cent of the tendered rate.

It has been stated by the Ministry (December, 1960) that the total overpayment of Rs. 72,326, as assessed by the C.T.E., has been recovered from the contractor.

The contract did not include the usual condition that the rate for brick work was inclusive of fixing of frames, etc., when supplied. Due to delay in the supply of the frames, the contractor proceeded with the masonry work without fixing frames. When frames were supplied to him at a later stage he had to break the masonry to fix the frames and had to be paid Rs. 11,424 extra for this work.

The Ministry have stated (December, 1960) that disciplinary proceedings have been initiated against the officers responsible for the following lapses:—

- (i) Lack of proper supervision and not making timely recovery from the contractor.
- (ii) Non-communication of the defects to the contractor in time and not getting the defective work redone.

43. *Payment to a contractor in advance of work done.*—In a C.P.W. Division a work of construction of a multi-storeyed building (Krishi Bhawan) was awarded to a firm of contractors on 4th February, 1955. The cement required for the work was to be supplied by Government. Although the Cement registers maintained for the work showed that upto 20th March, 1955, the cement consumed was only 39 tons, cost of 190 tons of cement was recovered from the Second Running Bill of the contractor paid on 31st March, 1955 for work measured on 20th March, 1955. Investigations into the reasons for this abnormal variation established that measurements for work included in the Second Running Bill were fictitious and inflated and were recorded before the connected work had actually been executed. The excess quantity of cement showed in the Second Running Bill was made good by subsequent issues of cement.



The excess payment for work not actually done resulted in a temporary financial aid of Rs. 35,600 to the firm not contemplated in the agreement. Moreover, recording of measurements for work not done in an important initial record like the measurement book was improper.

44. *Purchase of stores not required.*—In connection with the construction of a Dairy Building, the 'E' Division of C.P.W.D. obtained, through the Director General, Supplies and Disposals, in March, 1959, 10 tons of Acid and Alkali resisting cement at the rate of Rs. 10,080 per ton and 65 tons of Acid resisting cement at the rate of Rs. 700 per ton at a total cost of Rs. 1,47,480 including Railway freight of Rs. 1,180. This was done in spite of the fact that earlier, in February, 1958, a supplying firm had informed the C.P.W.D. that, in the opinion of the manufacturers in the United Kingdom, Acid and Alkali resisting cement was not required for setting Cast Iron Grids. During the course of execution a major part of the Cast Iron Grid Flooring for which these special types of cement were purchased was, however, done with ordinary Portland Cement with the result that stores costing Rs. 1,28,717 became surplus to requirements. Government have stated (October, 1960) that the surplus is being reported to the Disposals Organisation and that they have ordered an enquiry into the circumstances in which such a large quantity of special types of cement was indented unnecessarily.

45. *Loss of Electrical goods.*—During the period July, 1957 to April, 1958 an Electrical Division obtained electrical goods valued at Rs. 74,129 on indents from the Central Electrical Stores Division for use on several repair and maintenance works. A physical check of the stores in the charge of the Section Officer of the indenting Division conducted in September, 1958 revealed that these materials were neither actually in his stocks nor were they utilised on the works for which they had been obtained. The matter has been taken to Court by the Police and two officials are reported to be under trial.

It is alleged that one of the officials involved could not also account for 215 ceiling fans in another case and this matter is also under investigation by the police.

46. *Overpayment to a contractor due to non-observance of rules.*—The final bill of a contractor drawn in March, 1954, about seven years after the completion (on 15th May, 1947) of a work, revealed an overpayment of Rs. 51,157 representing:—

- (i) Difference in the rates for additional, altered and substituted items of work paid on Running Account Bills upto



March, 1947 without the previous approval of the competent authority and those ultimately sanctioned in August, 1950.	Rs. 48,478
(ii) Non-recovery of cost of materials etc. supplied to the contractor.	Rs. 2,679
	<hr/> Rs. 51,157 <hr/>

A sum of Rs. 14,708 was set off against the sums due to the contractor. The balance of Rs. 36,449 is yet to be recovered. At the instance of the contractor the case was referred to Arbitration in July, 1957 and the Award is awaited (October, 1960).

Disciplinary proceedings were started in October, 1955 against the Executive Engineer concerned, but charges against him were dropped in January, 1960 in consideration of all factors and circumstances of the case including the record of the service of the officer.

47. *Delay in handing over of site resulting in extra expenditure.*—In Delhi State Division No. III of the C.P.W.D., tenders for a work were called for on the 30th July, 1957. A tender for Rs. 1,03,679 was accepted and the acceptance communicated to the contractors on 10th September, 1957. The site of work was, however, not made available in full to the contractors, who informed the Engineering authorities on the 18th November, 1957 that they would make necessary deposit and start the work only if the entire site was handed over to them within one week. Though the site was in fact got vacated by 25th November, 1957 i.e. by the time stipulated by the contractors, it was not made available to the contractors in time and so they withdrew their offer.

Fresh tenders were re-invited on the 26th December, 1957 and the tender of another contractor for Rs. 1,21,384 was accepted.

The delay in making the site available in full to the contractors resulted in an extra expenditure of Rs. 17,705.

48. *Loss of revenue due to delay in completion of ancillary services.*—The progress of work in connection with the construction of residential accommodation should normally be so planned and regulated as to ensure that the completion of the building and its occupation is not delayed for want of ancillary services (water, electric and sanitary). A period of about two months after the construction of



building proper for the completion of the ancillary services may be considered as reasonable.

In respect of the scheme for the construction of 568 'H' type quarters at New Delhi the contract for the building portion was awarded in 3 groups and the work was commenced on the 11th February, 1957. The building portion was completed between 10th January and 10th April, 1958. The ancillary services were, however, delayed and were completed on various dates between August, 1958 to May, 1959; consequently, the quarters could be handed over to the Director of Estates for allotment in batches only between October, 1958 and May, 1959.

Similarly, the building portion of 102 type II quarters and 160 type II (Special) quarters at Calcutta was completed on 31st December, 1955 and 30th April, 1956 respectively. The work of providing ancillary services in both the cases was, however, taken up only in September, 1956 and completed in December, 1956. These units were handed over to the Director of Estates for allotment in batches on different dates between November, 1956 and July, 1957. One unit was handed over as late as February, 1958.

Besides expenditure incurred on watch and ward (Rs. 22,917) of the vacant quarters and payment of house rent allowance to the potential allottees of the quarters, the delay in the completion of ancillary services in these cases has resulted in an avoidable loss of revenue in the form of house rent of about Rs. 63,000 in the former case and about Rs. 1,38,000 in the latter. Similar cases have been commented upon in paras 65 and 66 of the Audit Report, 1960.

49. *Loss due to "set" cement.*—In Construction Division No. IV of the Central Public Works Department, 1,032.5 tons of cement were collected for use on the construction of grain godowns at Hapur, which was started in January, 1957. Out of this, 913 tons only were utilised on the work upto November, 1959. The stock of cement at the site of work was kept throughout, at a level of over 2,000 bags (equal to 100 tons) through replenishments but no physical verification of the stock was carried out at any stage during the entire period in which the cement was in stock. It was noticed in June, 1959 that about 25 tons of cement had "set", but no precautions were taken to ensure that the balance did not deteriorate. In all 119.5 tons valued at Rs. 14,131 were found "set" and unserviceable on 28th November, 1959, when the stores were handed over to another Division.

The responsibility for the loss has not yet been fixed. The sanction to write off the loss is awaited.



50. *Loss of revenue due to incomplete and improper maintenance of accounts.*—The private parties requiring supplies of un-filtered water for construction of buildings have to enter into an agreement with Government in a standard form which stipulates, *inter alia*—

- (i) Advance payment of 1½ per cent. of the estimated cost of the building according to the sanctioned plan;
- (ii) In case of commencement of the construction work before assessment of the final cost of the building, a deposit of Rs. 400 as provisional cost of water supply, subject to final adjustment;
- (iii) In cases of continuance of water supply, beyond the expiry of the period stipulated in the agreement, or the completion of the construction work, whichever is earlier, recovery of additional charges ranging from Rs. 10 to Rs. 40 p.m. depending upon the cost of the building.

It was noticed during local audit in April, 1960 that hundreds of connections for supply of unfiltered water for purposes of construction of buildings had been given during the previous years. In most cases, the provisional amount of Rs. 400 had been deposited, but the additional amounts recoverable had not been assessed and realized. A detailed examination of 117 water connections, sanctioned during 1953 to 1958 revealed that the additional amount due to Government, but not assessed or realised, would be substantial in respect of these connections. The exact amount due from the parties cannot be worked out unless the accounts are finalised by the Divisional Officer.

The accounts of assessment and realisation of the amounts due, were found to be incomplete to the following extent:—

- (i) The accounts had not been reconciled with the cash book.
- (ii) The outstanding balances carried over from year to year after 1951-52 had not been checked and attested.
- (iii) There was no evidence to indicate that proper assessment of amounts due to Government had been made in all the cases entered in the Register of Connections.

51. *Overpayment in a C.P.W. Division.*—The work of construction of 1,000 quarters and 200 flats was awarded to two contractors during the year 1948 at an estimated cost of Rs. 23,73,000. They, however, abandoned the work after carrying out a portion of the work. The contracts were rescinded in August, 1949 and February, 1950 respectively. The balance of work was got executed through other contractors during 1951-52 at the risk and cost of the original contractors.



The extra cost recoverable from the original contractors worked upto Rs. 1,01,527. Their accounts were finalised only during 1959-60. It was found at the time that in addition to the amount recoverable on account of the extra cost, a sum of Rs. 1,36,760 was also recoverable from them as detailed below:—

(i) Non-recovery of

(a) cost of Government materials and terminal tax—  
Rs. 1,16,809.

(b) hire charges, cost of materials not returned—Rs. 18,834.

(ii) Payment made at enhanced rate for substituted items of work—Rs. 1,117.

In addition to the above dues, the Executive Engineer has also levied on the contractors, under the terms of the contract, a compensation of Rs. 2,37,300 for non-completion of work.

Efforts made by the Division to recover the above sums through other C.P.W. Divisions proved futile. The question of recovery from one of the contractors has been referred to arbitration at his instance.

Responsibility for the overpayments and non-recoveries is yet to be fixed (December, 1960).

52. *Unnecessary locking up of funds.*—Government sanctioned, in March, 1956 to the then Delhi State a short term loan of Rs. 20 lakhs carrying interest at  $3\frac{1}{4}$  per cent. per annum, repayable within 3 years of the date of drawal. The loan was for the purpose of acquiring land for providing house sites to various co-operative societies, under the Low Income Group Housing Scheme.

On 31st March, 1956, the State Government withdrew a sum of Rs. 19,90,000 and lodged it (outside Government account) in the current account of a departmental officer with the State Bank of India. The State Government did not utilise the money for the purpose for which it was intended and on 1st November, 1956 the Delhi State was integrated with the Government of India. In spite of objections by Audit, the Delhi Administration did not refund the amount into the Treasury for a long time. It was only after persistent reminders from Audit that the amount was refunded in instalments: Rs. 11,90,964 in October, 1957; Rs. 5,01,036 in March, 1958; Rs. 81,862 in July, 1958 and Rs. 2,16,138 in September, 1960.

The money was apparently drawn with a view to avoid lapse of budget grant at a time when the State Government was not in a position to utilise the loan. The unnecessary blocking of funds for



such a long period could have been avoided, had the Government of India taken effective steps to ensure that the loan was either properly utilised or refunded promptly.

53. *Chief Technical Examiner's Organisation.*—In para 74 of the Audit Report (Civil), 1960, a financial appreciation of the activities of the C.T.E.'s Organisation for the period ended June, 1959, was brought to notice.

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	Number of cases of overpayments detected	Amount of overpayments detected and provisionally assessed		Overpayments admitted by the executive Engineer and intimated to AGCR for watching recovery	
		Rs.	Number	Rs.	
(1)	(2)	(3)	(4)	(5)	
June, 1957 to December, 1957.	121	3,15,660	13	60,78	
January, 1958 to June, 1958.	91	3,74,837	48	1,18,164	
July, 1958 to December, 1958.	149	5,01,97	67	2,26,476	
January, 1959 to June, 1959	214	4,63,923	138	1,83,371	
July, 1959 to December, 1959.	211	4,20,12	126	3,43,811	
TOTAL	786	20,76,514	392	9,32,605	

An amount of Rs. 2,80,873 has been actually recovered from the contractors by 31st July, 1960. This is less than a third of the admitted overpayments.

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

- (i) Sub-standard execution of works.
- (ii) Inadequate design and incomplete specifications.
- (iii) Excessive measurements.



- (iv) Unauthorised financial benefits to contractors.
- (v) Important plans forming basis of payments not attached to the agreements.
- (vi) Issue rates wrongly shown in the agreements.
- (vii) Payment of excessive rates.
- (viii) Use of inferior quality of materials.
- (ix) Inordinate delay in the payment of final bills.
- (x) Inadequate assessment of compensation due to delay in completion of work.

Some of the more important cases of irregularities noticed during the half year ending December, 1959 are given below:—

(a) *Overpayment to contractors.*—In his 12th Running Bill for the extension of a Runway and Taxi-track at an aerodrome a contractor was paid at the rate of Rs. 38 per hundred cft. for an extra item of collection and stacking of mooram at site against the rate of Rs. 25.10 nP. payable under the terms of the agreement on the basis of Schedule rate plus or minus his abatement. The excess payment made to the contractor was assessed at Rs. 6,347. The matter is being pursued.

(b) *Overpayments due to sub-standard execution of works.*—(i) An Agreement for the work of construction of a certain R.C. Bridge provided that the cement mortar in the coursed rubble masonry would be of the proportion of 1 cement: 5 sand. The site inspection of the work and the chemical analysis of the samples of mortar revealed that the actual proportion of cement to sand was 1:7.8 with the result that the mortar was powdering off easily and also separated out loosely from the masonry in certain places. Due to sub-standard execution of work a sum of Rs. 46,750 was assessed as recoverable from the contractor. Disciplinary action has not so far (February, 1961) been taken against any officer.

(ii) In a work of construction of Staff quarters for the Posts and Telegraphs Department, an overpayment of Rs. 10,850 was assessed for poor quality of mortar used in brick and R.C.C. Works. The question of recovery has been taken up with the C.P.W.D.

(iii) The work of construction of a Flood Protection Bund around a Transmitting Station of the All India Radio was executed by two contractors. It had been stipulated in the agreements that the contractors should keep the top level and width of the Bund in accordance with the sanctioned designs and levels and that nothing extra would be paid if earth work in excess of the designed sections was done. In actual execution, however, the height of the filling was



found to be much greater than what was shown in the plans. On checking the levels at site, it was also found that the initial levels of the original ground recorded for purposes of computing the quantity of work done were lower by 3 to 4 feet than the actual ground level. This also had the effect of boosting up the quantity of earth work which was arrived at on the basis of cross-sections. The total overpayment involved on these accounts was worked out to Rs. 25,298.

An overpayment of Rs. 10,659 was also detected for sub-standard work of stone pitching *viz.*, less thickness of pitching and inferior types of stones used thus bringing the total overpayment in both the contracts to Rs. 35,957 which is approximately 15 per cent. of the value of the entire work. The overpayment has been accepted. Disciplinary action has not so far (February, 1961) been taken against any officer.

(iv) In the case of stone pitching works it was generally noticed that the stones were neither hammer-dressed on all faces nor did the thickness of stone used conform to specified thickness. In the case of two contracts for the work of pitching of a drain executed by the contractors during 1957 and 1958 against the thickness of the 9" pitching as stipulated in the agreement, the actual thickness at site was found to be 6.5" to 7.5". This resulted in an overpayment of Rs. 8,845 in one case and of approximately Rs. 25,000 in the other. The overpayment in the former case was accepted in full but in the latter case an overpayment of Rs. 18,000 only was admitted; for the balance, the matter is still under correspondence.

(c) *Annual repairs and Maintenance works.*—Tenders for a large number of annual repairs and maintenance works costing above Rs. 5,000 and even above Rs. 10,000 were called at a very late stage with the result that very little time was allowed to the contractors to do the work. This appears to have resulted in a natural tendency on the part of the contractor to do slipshod work hurriedly. In one case, a repair and maintenance work estimated at Rs. 47,053 was awarded to a contractor in January, 1959 with only two months' time to complete the job. When the work was inspected in the last week of March, 1959, it was observed that only 80 per cent. of the work could be completed. Even that was sub-standard and revealed a large number of defects. Ultimately, the contractor's account had to be settled on payment of reduced rates and a sum of Rs. 6,030 was recovered against the tendered amount of Rs. 28,311.

(d) *Working of Enquiry Offices.*—An examination of the working of Enquiry Offices of the C.P.W.D. revealed that no proper account of work turned out by skilled labour, such as masons, carpenters and



painters etc. as also of issue of materials to work-charged staff for utilisation in departmental works was maintained. It was, therefore, not possible for the Supervising Staff to check whether the staff gave a full day's work and whether all the materials issued had been utilised on the works for which they were intended. Storing of the departmental materials also left much to be desired as they were found lying scattered all over the place exposed to sun and rain. It was also noticed that the number of electricians, wiremen, khallasis and other electrical staff employed was excessive, if such staff is intended only for attending to the complaints received as seemed to be the general impression among the staff. The C.T.E. has suggested that if the existing staff is to continue, it should be considered whether the works which were now being got done under the annual repairs contracts, should not be economically got done through the work-charged labour.

*Disciplinary Action.*—Three 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 cases from the beginning to 39.

Disciplinary proceedings have been initiated in all the cases and eleven cases have been finalised. Action has been taken against 6 Executive Engineers, 10 Assistant Engineers and 7 Sectional Officers and penalties varying from warning to reduction in pay imposed on them.

54. *Avoidable payment of Sales Tax.*—In response to a tender enquiry issued by the Director General, Supplies and Disposals on 7th March, 1957 for the supply of 1,46,000 pulleys to Indian Railways, 6 offers were received, the lowest being from two unregistered firms 'A' and 'B'. These two offers were inclusive of sales tax. The offers were open for acceptance upto 23rd July, 1957. Two advance Acceptances of Tender were issued on 23rd July, 1957 to the firms 'A' and 'B' for a quantity of 37,500 and 18,750 pulleys respectively at the rates quoted by them but with sales tax in addition. The next day the Director General, Supplies and Disposals received from both the firms, letters demanding sales tax extra on the plea that the sales tax had not been included in their original offers through oversight.

On 5th October, 1957 it came to notice that the capacity of firm 'B' had been under-estimated at the earlier stages and that they themselves could supply the balance quantity. A second advance order for the balance quantity of 89,750 pulleys was, therefore, placed on



firm 'B' on 15th October, 1957. The terms and conditions of this were the same as in the first advance order; and formal contracts were duly entered into with both the firms for the quantities covered by advance orders.

A sum of Rs. 35,699 was paid as sales tax to the two firms on the entire quantity of 1,46,000 pulleys. It was pointed out by Audit in October, 1958 that as the original offer of the firms was inclusive of sales tax, the payment of any further amount on account of sales tax was irregular. The matter was taken up by the Director General, Supplies and Disposals with the firm on 8th January, 1959 and a refund of Rs. 13,351 was obtained from both the firms on the quantity of 56,250 pulleys for which the advance Acceptances of Tender had been issued on 23rd July, 1957. In respect of the balance quantity, the refund of sales tax was not enforced, on the plea that the order for this balance quantity had been placed after the receipt of firm's request for sales tax extra.

If, in the advance A/T, Director General, Supplies and Disposals had not agreed to pay sales tax in addition to the offered price, the firms would probably not have subsequently changed their offer. In any case, had the capacity of firm 'B' been assessed correctly at the time of placing advance A/T on 23rd July, 1957 the extra expenditure of Rs. 22,348 on account of payment of sales tax on 89,750 pulleys would have been avoided.

55. *Loss in ignoring the lowest offer.*—In April, 1956, the Director General, Supplies and Disposals received a demand from the Eastern Railway for the supply of pipes of 9 different sizes. The demand was advertised and covered on 26th November, 1956 on two firms, viz., 8 items on one firm and 1 item on the other. While placing orders for the latter for a quantity of 17,317 r.ft. at Rs. 5/11/2 per r.ft., a lower offer of Rs. 5/0/3 per r.ft. was ignored without any recorded reasons. This resulted in an extra expenditure of Rs. 11,815.

56. *Delay in finalisation of provisional payments.*—The Director General of Supplies and Disposals places a large number of contracts with a price variation clause in regard to freight and custom duty etc. Payments against these contracts are made initially at provisional rates pending finalisation by the Director General, Supplies and Disposals on receipt of requisite documents from the contractors. It has been noticed that there is undue delay in finalisation of such provisional payments. 327 Acceptances of Tender



involving payments aggregating Rs. 1.10 crores made during the period 1951-52 to 1958-59 still await finalisation.

Similarly, provisional payments made against 248 Rate Contracts entered during the period 1942 to 1958 await finalisation. The amount involved (estimated to be several crores) cannot be assessed precisely.

Delays of periods upto ten years in finally settling the prices are obviously unsatisfactory and may result in heavy losses to Government.

57. *Delay in the finalisation of provisional payments to Oil Companies.*—In January, 1951, the Director General, Supplies and Disposals entered into five rate contracts with principal Oil Companies for the supply of road dressing material, e.g., Bitumen and Bitumen Emulsion etc. These contracts stipulated payment at provisional rates pending finalisation on the basis of cost of production plus an agreed margin of profit.

One of the firms went into liquidation in June, 1952 and the contracts with the other 4 firms are being extended from year to year.

Later, in the years 1955, 1957 (in two cases) and 1959, Government issued amendments to these contracts deleting the existing price clauses and revising them as under:—

“The revised price formula proposed by you is under consideration. The acceptance of undernoted provisional rates does not commit Government to any existing or proposed formula for determination of final prices of bitumen.

The revised provisional prices for straight grades of bitumen \* \* \* \* are hereby accepted provisionally subject to final adjustment on the basis of final price formula to be decided upon by mutual agreement between the firm and the Government in due course.”

Under this arrangement, the total provisional payments made to the firms/companies from 1951-52 to 31st August, 1960 amounted to about Rs. 50 crores. In September, 1960, Government concluded an agreement with all these companies whereby all payments made prior to 1st April, 1959 have been treated as final on an *ad-hoc* basis. The payments thereafter still remain to be finalised. It is not possible to state if this *ad-hoc* basis of settlement has adequately safeguarded the interests of Government.



The position in regard to the payments made and the manner in which Government propose to finalise them in respect of a firm which went into liquidation in June, 1952 is not known; nor is it clear how overpayments, if any, would be recovered.

58. *Fraudulent payments.*—During the period May, 1947 to June, 1951 the Director of Supplies, Bombay placed 9 contracts on a certain registered firm for supply of reeling waste cotton unteased. In terms of the contracts the firm was entitled to receive advance 90 per cent. payment of the value of each consignment on inspection and proof of despatch and the balance 10 per cent. on receipt of consignee's proof of acceptance of the stores. The firm obtained 90 per cent. of advance payment on different occasions by preferring claims against the paying authorities supported by a copy of the Inspection Note showing the quantity of stores accepted in inspection and indicating the number and date of Railway Receipt under which the accepted quantity was put on rail as proof for despatch. In several cases, the firm did not submit their claims for the balance 10 per cent. payments. On making enquiries from the consignees, it came to light that some consignees had not received the goods at all while the others had received short quantities under Railway Receipts bearing numbers different from those quoted in the firm's advance 90 per cent. bills. On detailed examination, it was found that the firm had obtained extra payment to the extent of Rs. 1,52,310 from the paying authorities by quoting fictitious numbers and dates of Railway Receipts on their 90 per cent. advance bills. The firm has not refunded the excess payment so far and the case is under arbitration since 27th May, 1954. Criminal proceedings were started against the firm in 1957, which are also pending in a Court of Law.

59. *Undue price preference allowed to Hindustan Cables, Ltd.*—  
(A) As a result of a decision taken by Government in an inter-departmental meeting held in February, 1954 between the representatives of the late Ministry of Production and the Ministries of Communication and Finance, all requirements of the Posts and Telegraphs Department for cables are planned by the Director General, Supplies and Disposals on the Hindustan Cables Ltd. (a Government owned Company). The decision envisaged that the price to be paid to the Company would be the cost of production plus a profit margin of 6 per cent, subject to a ceiling represented by the then current landed cost of such cables. The ceiling is also subject to a suitable revision on account of price preference given



to indigenous production, on the basis of available data about actual production costs.

During the period September, 1954 to June, 1960, 27 acceptances of tender valued at about Rs. 6 crores were placed on the Company, stipulating payment at provisional prices based on the last imported price, pending examination of the actual production costs.

The Company has not been able to produce their cost figures till now (March, 1961). In view of this, Government decided that in respect of the Company's production upto 30th September, 1957, the provisional prices paid should be finalised generally on the basis of the last lowest landed cost (including customs duty) for equivalent imported stores. The imported price of cables includes an element of customs duty @  $37\frac{1}{2}$  per cent. to 40 per cent. of c.i.f. value. The finalisation of the prices without excluding the element of customs duty amounting to about Rs. 75 lacs, for the period upto 30th September, 1957 does not seem to be reasonable.

The prices in respect of supplies after 30th September, 1957 are yet to be finalised (March, 1961).

(B) The Company made a profit of Rs. 10.10 lacs, 16.31 lacs and 6.35 lacs (after providing for income tax of Rs. 7.60 lacs) for the years 1957-58, 1958-59 and 1959-60 respectively. In the circumstances explained above, these profit figures cannot be considered as representing the true working results of the Company. Further, payment on the above basis and the long delay in finalising the prices are unsatisfactory and are likely to lead to inefficiency in production.

**SECTION II**  
**STATE ENTERPRISES**  
**MINISTRY OF COMMERCE AND INDUSTRY**  
**HEAVY ELECTRICALS LIMITED**

60. (i) *Avoidable expenditure in the purchase of Piglead.*—In September, 1958 the Company invited tenders for the purchase of 65 tons of Piglead (special type of soft lead used for jointing pipes) to be opened on 1st October, 1958. Fourteen tenders were received and the lowest and the second lowest tenderers who quoted Rs. 65 per cwt. and Rs. 67.37 per cwt. kept their offers open only upto 4th and 3rd October, 1958 respectively on account of uncertainty of the market due to certain restrictions imposed on the import of the material. The Company, however, decided to place the orders on



the lowest firm, only on the 27th October, 1958. As the date of offer had expired, the firm expressed its inability to supply the material at the tendered rates. The other tenderers also showed their inability to supply the materials ex-stock. The Company issued orders on 21st May, 1959 for import of Piglead at Rs. 65 per cwt. Meanwhile, to meet urgent requirements, two orders for 22 tons each at Rs. 87 per cwt. ex-stock were placed on 14th January, 1959 and 11th February, 1959 respectively on the firm which was the lowest tenderer. The delay in the finalisation of the contract thus resulted in an extra avoidable expenditure of Rs. 19,360.

(ii) *Excess expenditure on the construction of Service Tunnel.*— A sum of Rs. 11,36,100 was sanctioned by the Government on 22nd August, 1958 for the construction of 7,080 rft. of a Service Tunnel out of which 5,000 rft. was required to be completed in the first phase. The work was awarded to the lowest tenderer in September, 1958 on 'item rate' basis. Subsequently, it was decided to accelerate the progress of work and complete the remaining 2,080 rft. also within the first phase. As it was considered that the additional work could not be awarded to the existing contractor owing to the slow progress in his work, fresh tenders were invited on 24th February, 1959 for this work. Three tenders were received on 9th March, 1959 at 74.4 per cent., 81.42 per cent. and 83.2 per cent. respectively above the Bhopal Schedule of Rates, 1955. None of these was, however, accepted on the ground that (i) two of the tenderers were already doing some other work for the Company and might not, therefore, be able to complete this work by the due date, i.e. 30th June, 1959; and (ii) third tenderer had stipulated a period of 8 months for completion of the work. Negotiations were, accordingly, carried on with two other contractors. But this was done on the basis of the highest rate of 83.2 per cent. above the Bhopal Schedule of Rates, 1955 instead of the lowest percentage of 74.4 per cent. as it was considered by the Administration that it was not possible to award lower rates to two of the contractors when the third contractor with whom also negotiations were being conducted had quoted the higher rate. It is interesting to state that ultimately the work was allotted to the other two contractors only but at the higher rate. Contracts were accordingly concluded with them in March, 1959. The total quantity of work awarded was also increased by withdrawing 3,000 rft. from the existing contractor in view of his poor progress of work. In respect of these contracts, it was noticed that one of these contractors was also engaged in



other construction works for the Company. There was, therefore, no justification for the rejection of the two lower tenders at 74.4 per cent. and 81.42 per cent. above the Bhopal Schedule of Rates, 1955 on the ground that the tenderers were already doing the other works for the Company. The extra expenditure involved in respect of 5,080 rft. amounts to approximately Rs. 51,000.

(iii) *Excess payment to Consultants.*—The Government of India entered into an agreement with Associated Electricals Industries Limited in November, 1955 for technical collaboration as their consultants on the establishment of Heavy Electrical Equipment Project. The agreement *inter alia* provided for payment by instalments, of a sum of £ 400,000 to the consultants as remuneration for their services. This was a fixed and all inclusive amount, which took into account the remuneration payable to subsidiary firms whose collaboration was, as provided in the agreement, to be secured by the firm of consultants, for the manufacture of static capacitors and hydraulic turbines. Under this Project, Government formed on 29th August, 1956 a company designated "The Heavy Electricals Limited".

The Consultants entered into an agreement with another foreign firm on 15th January, 1959 regarding the manufacture of static capacitors. Under this agreement the Consultants were to pay or reimburse the Subsidiary Consultants *inter alia* £ 6,000 in four instalments of £ 1,500 each, the first instalment being payable within six months of the receipt of the detailed project report. The subsidiary agreement however provided that all payments under the agreement shall be made by the Consultants to the Subsidiary Consultants as and when the corresponding payment shall be received from the Government or the Company by the Consultants, and the Consultants shall receive the payment as agent for the Subsidiary Consultants. The terms of the subsidiary agreement were approved and accepted by the Company and the Government of India on 15th January, 1959 although they were not a party to it.

In pursuance of the subsidiary agreement, the Consultants demanded from the Company the payment of the first instalment of £ 1,500 to the Subsidiary Consultants and the amount was paid by the Company. Subsequently, however, the Ministry in a letter dated 21st March, 1959 to the Company questioned the claim of the Consultants for the reimbursement of the payment made under the subsidiary agreement and stated that the intention of this clause



was to ensure that no tax liability fell on the Consultants for the payments to be made by them to the Subsidiary Consultants. They also pointed out that the Consultants had categorically stated in their letter dated 19th June, 1955 to the Enquiry Committee, Heavy Electrical Equipment Project that the lump sum payment of £ 400,000 would not be increased on account of their having to secure collaboration from the Subsidiary Consultants.

The Consultants refused to accept the contention of the Ministry on the plea that the subsidiary agreement which was finalised on 15th January, 1959 with the approval and acceptance of the Company and the Government superseded the terms of their letter dated 19th June, 1955.

It is not clear how Government came to approve and accept the agreement between the Consultants and the Subsidiary Consultants to which they were not a party and specially when its terms were inconsistent with the provisions of the main agreement with the Consultants.

(iv) *Purchase of Ultrasonoscope.*—On an urgent requisition from the Additional Chief Engineer for Ultrasonoscope, quotations were invited in July, 1957 from certain dealers. Only one quotation was received from a foreign firm and the order was placed on it in December, 1957 providing for delivery by air. The instrument was received in May, 1958 at a total cost of Rs. 22,701 inclusive of the airfreight of Rs. 733 (out of which a refund of Rs. 1,581 is awaited from the customs authorities).

The instrument was required for testing the welding work during the construction of the Training School Workshop. The instrument was not used till March, 1959. In April, 1959 it was given to the Engineers of the Company for testing the completed welding in the Training School but the Engineers were unable to operate the instrument. The question of training an officer and using the instrument, at the time of the construction of the main factory is said to be under the consideration of the Management. Meanwhile, the instrument is lying unused. This indicates that provision in the order for supply of the instrument by air, lacked justification.

#### NAHAN FOUNDRY LIMITED

61. *Loss in the manufacture of Sarovar Pumps.*—In order to develop new line of manufacture, the Company undertook *inter alia* the manufacture of Sarovar Pumps in 1953-54. Out of 80 Sarovar



Pumps cast, 47 Pumps were assembled and finished during 1953-54 and 1954-55. The total expenditure incurred on these Pumps amounted to Rs. 1,32,804 (including expenditure on Research and Cost of Patterns). 15 Pumps were sold in 1954-55 for Rs. 12,400 out of which 13 Pumps valuing Rs. 8,300 were, however, subsequently returned by the purchasers on account of certain inherent defects in the manufacture. The Company continued the assembling/finishing the pieces on which work was in progress at the time (June, 1954) the complaints were received and 22 Pumps were taken on stock after this date. The production was stopped in July, 1955.

The entire stock of 78 Sarovar Pumps together with the spare parts was classified as scrap as per the decision of the Board of Directors taken on 19th February, 1957. The net resultant loss on this manufacture amounted to Rs. 1,22,998 (after adjustment of a sum of Rs. 5,707 as scrap value) which was capitalised as "Research and Development Expenditure" and has since been written off out of the profits of the subsequent years (1954-55 to 1958-59).

#### NATIONAL SMALL INDUSTRIES CORPORATION LIMITED

62. *Loss in Supply of Shoes to foreign countries.*—(a) In October 1956, the Corporation received through the State Trading Corporation an order for supply of 3 lac pairs of shoes to Russia, to be completed by February, 1957. There were heavy rejections by the Russian Inspectors in the shoes supplied, and due to consequent delay in supply, the order was reduced in December, 1956 and again in March, 1957. It finally stood in May, 1957 at 2.5 lac pairs. The date of completion of the order was also extended to 31st August, 1957.

Because of the heavy rejections, the fabricators through whom the Corporation was getting the shoes produced, were reluctant to continue the production. The Corporation, therefore, assured the fabricators that if the shoes were accepted by their own inspectors, full payment would be made to them even though the Russians did not accept them. Production continued on this understanding. Continuity in production was recommended in the expectation of getting more orders from Russia or of finding new markets. As these expectations, however, did not materialise the National Small Industries Corporation had, in September, 1957, a surplus of 54,594 pairs of shoes which has not yet been marketed.

One of the conditions of this contract was that shoes found of sub-standard quality at the destination would be accepted by the consignees, subject to a reduction in the price payable by them. A sum



of Rs. 27,060 was thus deducted by the consignees for such sub-standard quality shoes. The Corporation in their contracts with the fabricators had also provided that such reductions in price would be passed on to the fabricators. As, however, the State Trading Corporation could not obtain the necessary particulars of sub-standard acceptances from the consignees and furnish them to the Corporation, the sum of Rs. 27,060 could not be recovered from the fabricators.

(b) In July, 1957, the Corporation received another order through the State Trading Corporation for the supply of 54,000 shoes to Poland. The order was placed by that country on the basis of samples sent by the Corporation, but subject to certain modifications. These modifications were, however, conveyed by Poland in terms not commonly used in the Indian trade and full clarification in the matter was not received till 30th September, 1957. The State Trading Corporation, however, requested the Corporation to proceed with the manufacture without waiting for the clarifications so that the shoes could be put up for inspection of the buyer's expert who was to arrive in India in November, 1957. By this time, the Corporation had accepted, after inspection, by their own inspectors, 13,132 pairs from the fabricators. But the expert did not accept these shoes and proposed basic changes both in material and construction. The whole production was thus rejected. The Corporation returned 2,003 pairs of shoes to the fabricators and the balance of 11,129 pairs is still lying in stock with the Corporation.

The total value of the shoes rejected by Russia and Poland in the above two contracts and still lying in stock with the Corporation since September/November, 1957 is Rs. 10,20,360. The Corporation is making efforts to dispose of these shoes, but so far unsuccessfully, since the shoes meant for use abroad do not seem to have ready local market. In November, 1959, the State Trading Corporation agreed to purchase the surplus shoes from the Corporation, but so far the purchase has not been effected.

#### SINDRI FERTILIZERS AND CHEMICALS LIMITED

63. (i) *Loss in the catering section of the South Hostel.*—In September, 1951 the Government of India sanctioned the continuation of the system of departmental management of the hostel on the condition that the entire cost of catering is recovered from the boarders and that no expenditure, direct or indirect, falls on Government. The Management was also authorised to revise the rates of hostel charges as and when required. Loss to the extent of Rs. 69,000 (incurred upto



31st March, 1951) was written off by the Government of India in August, 1958. Subsequently during the two years upto 31st March, 1953 no Proforma Accounts were drawn up.

During the period from 1953-54 to 1958-59 the direct expenditure in the Boarding section of the Hostel exceeded its income by Rs. 1,16,657 in addition to an estimated indirect expenditure of Rs. 36,765 (approximately) which has not been accounted for in the Proforma Accounts of the hostel. The receipts during these years (except in 1954-55, 1956-57 and 1958-59) did not cover even the cost of provisions consumed. The Management has stated that a committee was appointed in March, 1959 to go into this question and to suggest ways and means of remedying the position. The Committee's report is awaited (June, 1960).

(ii) *Payment of incentive bonus to the workers of the bagging plant.*—In 1952 an incentive bonus was sanctioned by the Managing Director to the workers of the Bagging Plant. The standard of performance was fixed at 400 bags per team of 17 workers and for every 100 bags in excess of 400, it was decided to pay As. 6 to each loader; As. 4/6 to each filler and stitcher and As. 3 to each helper. The question of revision of this minimum level of performance, was considered by the Management on a reference made by Audit in their reports for 1952-53 and 1953-54 pointing out that a team of 15 workers loaded 2588 bags in one shift on the 15th June, 1953 but no revision was actually made. During 1957-58 in a large number of shifts the output was more than 2500 bags per team (and in one case it was as high as 3,707 bags). The incentive bonus paid during 1952-53 to 1958-59 is as follows:—

Year	Amount of Bonus Paid
1952-53	Rs. 0.51 lakhs.
1953-54	Rs. 1.03 lakhs.
1954-55	Rs. 1.36 lakhs.
1955-56	Rs. 1.27 lakhs.
1956-57	Rs. 1.46 lakhs.
1957-58	Rs. 1.31 lakhs.
1958-59	Rs. 1.29 lakhs.

In view of the fact that the actual performance is now about 6 to 9 times the standard fixed in 1952, the revision of the basic rate of output needs urgent consideration.



(iii) *Loss on account of poor utilisation of available Coke Oven Gas.*—The total rated capacity of the Coke Oven Plant is approximately 10 to 11 million cft. of gas per day. During the period from February, 1956 to March, 1958 the average gas available for use was about 9 million cft. per day after making due allowance for wastage in the Torch. Of this, about 5 million cft. was available daily for use in the boilers. A gas burning plant was installed in January, 1956 for the purpose of feeding the boilers with the gas. But only about 1 million cft. of gas was utilised daily in the boiler between February, 1956 to September, 1956 and about 3 million cft. between October, 1956 to March, 1958. The rest of the gas (2066 million cft. approximately) was ignited as torch, during this period.

It has been explained that full utilization of the available gas was not possible due to technical defects and operational difficulties such as the need for periodic overhaul of boilers, cleaning of burners fitted in the boilers, which get choked up by impurities in the gas, and the time required for balancing conditions in the coke-oven plant whenever there was any interruption in the flow of gas to the Power House. The 4 boilers in the Power House are designed to utilise 11·5 million cft. of gas per day and should be capable of utilising at least 7 million cft. of gas per day even if one boiler remains idle by rotation during the entire period for purposes of overhaul, etc.

A million cft. of gas is said to be equivalent of about 20 tons of coal and on this basis the loss through non-utilisation of the available gas to the full would be about Rs. 6·6 lakhs during the period February, 1956 to March, 1958. The loss has continued thereafter also. Steps should be taken to ensure full utilisation of all the available gas.

#### STATE TRADING CORPORATION OF INDIA LIMITED

64. (i) *Excess payment to Importer-Distributor.*—In order to tide over acute scarcity of cement the Government of India negotiated in March, 1956 for the import of 75,000 tons of cement in equal quantities from three countries abroad during 1956-57. A private firm which offered to import the cement on behalf of the Government was appointed as importers and distributors. The firm quoted the rates of Rs. 4·4 and Rs. 9·4 per ton as distribution charges for deliveries ex-port warehouses and ex-city godowns respectively. The rates were based on the expectation that a major portion of the imported stock would be cleared ex-port. As this was contrary to the expectations of Government who anticipated that the major portion of the stock would be cleared ex-city godowns the rates were negotiated with the



firm and changed *ad-hoc* to Rs. 6-8 and Rs. 7-4 per ton for deliveries ex-port warehouses and ex-city godowns respectively, on the assurance from the firm that in the event of the actual expenditure being less than the revised rates, the difference would be refunded to Government.

Out of the total quantity of 75,200 tons of cement imported from May, 1956 to October, 1957, 74,432 tons were delivered ex-port warehouses and only 416 tons were delivered ex-city godowns. The Ministry has explained that the distribution arrangement could not proceed as anticipated on account of revision of the Government policy in regard to sale of imported and indigenous cement at a pooled price with effect from 1st July, 1956. The payment of the distribution charges to the firm at the increased rate of Rs. 6-8 per ton on the quantity of 74,432 tons as against Rs. 4-4 per ton originally quoted has resulted in net extra payment of Rs. 96,640 after deducting Rs. 70,000 subsequently refunded by the firm on an *ad-hoc* basis.

(ii) *Loss on export of Tobacco to Russia.*—In July, 1956 the Government of U.S.S.R. requested the Corporation to supply 44,80,000 lbs. of Flue-Cured Virginia Tobacco of 1956 crop. Accordingly, a contract was entered into with M/s Razno-Export, Moscow on 31st January, 1957. On a directive from the Government of India, the Corporation placed a formal order on 5th February, 1957 with the Tobacco Export Promotion Council whereby the Council became responsible for executing the contract in all respects and for obligations and liabilities arising out of the implementation of the contract on behalf of the Corporation. The tobacco was to be procured at 2½ per cent. below the F.O.B. Kakinada price; and as the price charged to the Russians was the F.O.B. Kakinada price, the difference formed the profit or service charges to the Corporation and was to be shared equally between the Corporation and the Council.

The Council could procure and ship only 23,68,719 lbs. of Tobacco out of the 1956 crop at the contracted price and made a profit margin of Rs. 26,760. It failed to obtain the balance quantity and advised the Corporation in July, 1957 to obtain the goods from the open market out of the 1957 crop. The Corporation purchased 15,53,108 lbs. from the open market out of the 1957 crop at prices higher than those agreed with the Russians, resulting in a loss of Rs. 1,38,958. This loss was not passed on to the Council under the agreement but borne by the Corporation itself as according to the legal opinion, the Council was not responsible for non-fulfilment of the contract from 1956 crop.



In explaining the failure to complete the contract with the Russians, the Corporation has stated that there was a large stock of medium flue-cured tobacco in June/July, 1956 which was being offered at distress prices. A directive was, therefore, received from the Government in October, 1956 that the company should enter the Tobacco trade in order to stabilise the price and promote exports. The negotiations for the supply of Tobacco started with Russians at the end of July, 1956 but the contract could be finalised only by January, 1957. In the meantime, contrary to expectations, the Russians also entered the Tobacco market independently and executed contracts with three private parties for 2,000 tons of tobacco of similar grade. The full requirements of Russian Contract could not, therefore, be secured out of the residual quantities of 1956 crop. Further, this being the first order from Russians, it was not considered expedient to request them to cancel the balance quantity and the decision was taken to procure the required quantities of tobacco from 1957 crop even at the risk of incurring a loss.

It would thus appear that, although the conditions of the tobacco market were favourable to the Corporation at the time they started negotiations with Russia, they suffered a loss of Rs. 1,38,958 in the deal due to the delay in finalising the contract. It is not also clear why the Russians were allowed to enter the Tobacco market direct, when negotiations were under way with them for a bulk supply contract.

## MINISTRY OF FINANCE

### INDUSTRIAL FINANCE CORPORATION OF INDIA

65. (i) *Introductory*.—The accounts of the Corporation for the year ended 30th June, 1958, were test checked under the proviso to sub-section 6 of Section 34 of the Industrial Finance Corporation Act, 1948 as amended in 1952.

The net profit for the year amounts to Rs. 28,20,490 after making provision for taxation amounting to Rs. 25,21,429. A sum of Rs. 11,50,000 has been transferred to the General Reserve Fund. Out of balance of Rs. 16,70,490 a sum of Rs. 11,25,000 has been utilised to meet the guaranteed dividend at the rate of 2½ per cent. under Section 5 of the Act, and the balance *viz.* Rs. 5,45,490 has been paid to the Central Government for reducing the Corporation's liability to Government on account of subvention drawn from them in previous years to meet the deficit of guaranteed dividend. A sum of



Rs. 53,45,490 was payable to the Government on account of subvention as on 30th June, 1958.

(ii) *Avoidable loss of Rs. 40,000.*—Appendix 'A' to para 20 of the Audit Report on the accounts of the Industrial Finance Corporation of India for the year 1953-54 referred to an amount of Rs. 2,83,717 due from Company 'E' whose assets were taken possession of in July, 1954.

The assets were sold for Rs. 1,60,124 in 1955 and 1956. A claim for the recovery of the balance of Rs. 1,65,730 (Principal Rs. 94,488 and interest and other charges Rs. 71,242) was lodged on 11th January, 1956 with the guarantors of the loanee company. The guarantors, however, represented on 24th July, 1956 that out of the above balance a sum of Rs. 81,600 pertained to the call money not recovered from the shareholders of the loanee company on account of the condition imposed by the Corporation that no steps should be taken during the next five years for recovery of calls in arrear from the defaulting shareholders, since the majority of them were refugees and the recovery would deprive them of their entire investment in the company. Accordingly the Corporation reduced its claim to Rs. 1,25,730 as the amount which could have been recovered from the shareholders came to Rs. 40,000 only.

The guarantors could not, however, pay even the reduced claim of Rs. 1,25,730 and the Corporation decided on 8th February, 1957 to compound it and recover a sum of Rs. 50,000 in five instalments as it was felt that the guarantors were in a position to repay the loan only to this extent. An amount of Rs. 40,800 has been recovered upto 1st April 1960 and the balance of Rs. 9,200 is due for recovery on 1st April, 1961. The Corporation has lost Rs. 1,32,442 (Rs. 1,15,730 plus Rs. 16,712 on account of interest and other charges from 11th January, 1956 to 30th June, 1960) in this transaction including a sum of Rs. 40,000 on account of its postponing recovery of the calls in arrear by the company.

### MINISTRY OF STEEL, MINES AND FUEL

#### NATIONAL COAL DEVELOPMENT CORPORATION LIMITED

66. *Extra expenditure on account of delay in acceptance of tenders.*—In February, 1957, tenders were opened for the construction of an office and 52 residential quarters required for a colliery under development in Madhya Pradesh. The value of the work as estimated was Rs. 3,51,180 whereas the lowest tenderer offered to



undertake the work for Rs. 5,19,950. The rates offered by the lowest tenderer were under negotiation with him for about 4 months by which time he increased his rates by 12 per cent. on account of general rise in the prices of material and wages of labour. The contract was given to him on 28th August, 1957 at the increased rates without calling for fresh tenders as it was found that the next higher tenderer wanted an increase of 35 per cent. over his original rates. It was explained that even if the order had been given earlier the contractor would have claimed the increase in rates of material and wages of labour and non-acceptance of the claim would have led to termination of the contract which would have been detrimental to the interests of the Corporation. As there was no stipulation in the tender notice for any increase on account of the general rise in the rates of material and labour the contention of the management is not tenable. The delay in the acceptance of the tender has resulted in an extra payment of Rs. 63,054 by the Corporation.

#### HINDUSTAN STEEL LIMITED

67. (i) *Delay in getting Equipment.*—The Rourkela Project had 187 vehicles of various types (excluding tractors) on 31st March, 1959. The maintenance and repair of these vehicles is to be done in a central garage of the Project. Although the project was started in 1955-56, action to provide necessary equipment in the garage was not taken till October, 1957. The Board sanctioned the purchase of equipment amounting to Rs. 1,57,900 in October, 1957 but purchase orders were placed only between August, 1958 and May, 1959 for some items. Equipment worth Rs. 94,000 was received upto May, 1960 but some more was still awaited and others had not even been ordered. As a result, the central garage could not undertake repairs promptly (e.g., 6 vehicles were found to have been lying in the garage unrepaired from 1957 or earlier) and repairs had to be got done at private workshops.

As regards the 6 vehicles under repair, it was stated by the Ministry in May, 1960 that action was being taken to assess whether it would be economical to repair these vehicles. Proposals to write off 5 of the vehicles were initiated as late as April, 1960 while the sixth vehicle was still to be overhauled. It has also been stated that only some specialised jobs will have to be entrusted to private agencies in future when the garage is fully equipped.

As the garage does not have sufficient accommodation, vehicles were being parked at the residence of the heads of departments,



their personal assistants and other staff. It was stated that this system of garaging avoided dead mileage between the garage and the officer's residence and was thus in the interest of the Project. Further, these would be gradually withdrawn and centralized after additional temporary garage accommodation has been constructed. The work of putting up temporary sheds inside the garage was awarded to a contractor in July, 1960.

(ii) *Unsatisfactory state of Records and Accounts of Vehicles.*—The log books of the vehicles do not indicate the purpose of journeys, nor record the milometer readings before and at the end of a journey. Mileages per gallon have been worked out only in a few cases and even in these cases there has been no attempt to analyse abnormal variations. The history sheets of the vehicles have not been properly kept and details of repairs carried out on each vehicle, and the issue of important accessories like tyres, batteries, etc. are not always available. In the absence of systematic records it is difficult for the management to have a proper control over expenditure incurred on repairs and maintenance and also over the performance of the vehicles.

(iii) *Extra consumption of raw material and production of low grade pig iron.*—Tests conducted in January—April, 1960 at the plant site of Durgapur Steel Project revealed that the iron ore purchased during that period for the Blast Furnace was, in most cases, below specifications. The relevant despatch reports, however, indicated that the materials had been certified, before despatch by the approved analysts as conforming to specifications, and payments for these consignments were also made on that basis.

The poor quality of ore necessitated increased consumption of iron ore and limestone per ton of pig iron. For the first four months of production alone the value of such extra consumption was about Rs. 6.72 lakhs.

(iv) *Avoidable payment of demurrage.*—The officials of the Company in London have been sending shipping documents through the Diplomatic Bag of the High Commission instead of by Air Mail. These documents have to pass through four different offices before they are received in the shipping office and delivered to the Clearing Agents of the Company at Calcutta. Consequently on several occasions these documents had been received by the clearing agents many days after the arrival of the ships, causing considerable delay in the clearance of the consignments. The system of clearing the



consignments on indemnity bonds was also not resorted to and a sum of Rs. 5.43 lakhs had to be paid as demurrage charges during the period February, 1958 to January, 1960.

(v) *Extra expenditure due to improper design of Turbo Blower.*—The Turbo Blower at Durgapur was designed to deliver air to the Blast Furnace at a rate of about one and a half times more than the requirement. It was not possible to reduce the rate of blasting and the excess air had to be let out through the snort of the furnace into the atmosphere. An expert, who was specially brought from the United Kingdom in October, 1959 to advise on Blast Furnace operation, stated in March, 1960 (after the blast furnace had been in operation for about 3 months) that quality control and the coke-consumption were very much tied up with wind volume and due to the high rate of air blowing the cost of air delivered would be almost doubled.

It is not known what remedial measures have been taken by the management to rectify the defect. The recurring extra cost on blowing out the air is about Rs. 8 lakhs per year.

(vi) *Unnecessary purchase of spares.*—Spare parts valuing Rs. 34,000 were purchased in October, 1959 for earth moving machinery on grounds of emergency. These were in excess of the requirements and despite the efforts of the Project authorities, could not be disposed of so far.

(vii) *Infructuous expenditure on the designing of a Hotel.*—In July, 1956 the Ministry entrusted the preparation of designs and detailed drawings of a proposed 300 roomed air-conditioned hotel at Durgapur, to a firm of Chartered Architects for a fee of 4 per cent. of the estimated cost of the building. Although the Project authorities had pointed out in October, 1956 that such a luxurious hotel was not necessary, the Ministry instructed them in November, 1956 to proceed with the scheme. Accordingly, in July, 1957 the Project Authorities asked Government for their administrative approval to the expenditure of Rs. 85,64,650 on the entire scheme and invited tenders for the building portion estimated to cost Rs. 50 lakhs. In September, 1957, however, the Ministry decided to postpone the construction of the Hotel and ordered the refund of earnest money to the tenderers.

In June, 1959 the architects claimed a sum of Rs. 2,23,316 as their fee based on the lowest tender of Rs. 55.83 lakhs but the claim was finally settled on payment of Rs. 1.54 lakhs. The proposal to



construct the Hotel has now been given up consequent on the construction of Guest Houses and Hostels.

The entire expenditure of Rs. 1.54 lakhs incurred on this scheme has thus become infructuous.

## MINISTRY OF TRANSPORT AND COMMUNICATIONS

### HINDUSTAN SHIPYARD LIMITED

68. (i) *Loss due to delay in accepting the lowest offer.*—In 1956 the Company invited quotations through their foreign consultants for the supply of a small galvanising plant with a pickling plant of simple design. A firm offered on 31st August, 1956 to supply the plants at a cost of £ 8,497, the offer being valid upto 30th November, 1956. At the Company's request, the firm subsequently agreed to keep the offer open till 31st January, 1957. On 24th January, 1957 the consultants reported favourably on the firm's quotation. The Board's approval for the purchase of the plant was, however, not obtained till 15th April, 1957. Meanwhile, the firm revised their quotation to £ 8,984 (including addition of £ 75 for electrical driven tipper) which the Company accepted. The delay in accepting the original offer thus resulted in an extra payment of £ 412 (Rs. 5,493).

(ii) *Loss in the purchase of Oregon Pine Timber.*—On the basis of an annual estimated requirement of about 1,000 tons of Oregon Pine Timber, quotations were invited by the Company on 7th/9th March, 1957 for the import and supply of 500 tons with the condition that tenders should be submitted within one month of the tender notice and supplies completed by the end of June, 1957. The tenders were opened on 10th April, 1957 and the order was placed with the successful tenderer on 7th June, 1957 i.e. only three weeks before the date by which supplies were to be completed according to tender notice.

The timber was actually received in February, 1958 and meanwhile the Company purchased 90 tons of timber in October and December, 1957 from the stockholders in India at an extra cost of Rs. 48,000.

The Ministry has explained that the requirement was planned on the basis of the normal time lag of 6½ months (one month for quotation, ½ month for selection, 1 month for import licence and 4 months for effecting supplies) as experienced by the Company in respect of earlier supplies, but this time schedule could not be adhered to on account of delay in finalising the contract, arranging



for the import licence and getting the sanction for release of foreign exchange which altogether took 5 months i.e. upto 9th September, 1957. The normal time schedule for the completion of the supply thus being 6½ months, the action of the Company in inviting tenders in March, 1957 for completion of the supplies by 30th June, 1957 was unrealistic and might have resulted in preventing other genuine suppliers from quoting.

### INDIAN AIRLINES CORPORATION

69. *Delay in the disposal of aircraft.*—The Indian Airlines Corporation had 12 Viking aircraft, which the Board of the Corporation decided in December, 1955 to sell, as and when other aircraft could be obtained to replace them. It was found in March, 1957 that two of the Vikings could be offered for immediate sale and offers were received in the same month from two firms, one quoting £ 25,000 and the other £ 19,500. The sanction of Government of India for the sale of the aircraft was also received on 8th May, 1957, as required under Sec. 35(c) of the Air Corporations Act, 1953, but the Government did not accord permission until August, 1957 for export of the aircraft which was asked for by the Corporation. By this time the two offers had lapsed. Subsequent efforts to sell these two aircraft to certain Indian operators have not been successful. It was, therefore, decided by the Corporation in January, 1960 to dispose of all the Vikings as scrap at about Rs. 20,000 per aircraft in a package deal.

The delay in the issue of sanction for export of the aircraft by Government has resulted in a loss of about Rs. 6 lakhs on the two Vikings for which offers had been received in March, 1957.

All the Vikings were withdrawn from service by April, 1958 and are lying in storage since then. The Corporation has spent about Rs. 3.27 lakhs upto April, 1960 on account of hangarage, maintenance and insurance of these aircraft. Early disposal of these is necessary to avoid further infructuous expenditure.

### MINISTRY OF WORKS, HOUSING AND SUPPLY

#### HINDUSTAN HOUSING FACTORY LIMITED

70. (i) *Loss on the purchase of second hand furniture.*—In July, 1958 the company acquired surplus unserviceable furniture at a cost of Rs. 17,845 from Central Public Works Department for sale in the market after reconditioning. Before actual acquisition the furniture



was not physically verified with the Survey Report prepared by the Central Public Works Department but was examined generally by the General Manager and other officers of the Company.

The Company incurred further expenditure of Rs. 4,720 on transportation, storage and Auctioneer's Commission and Rs. 38,892 on reconditioning of a part of the furniture. As against the total outlay of Rs. 61,457 the company has realised Rs. 12,459 as hire charges and Rs. 25,592 as sale proceeds on the sale of the furniture including part of the reconditioned furniture upto 31st March, 1960. The stock of reconditioned furniture still with the Company on that date was of the value of Rs. 7,896. It has been stated by the Management that this is not likely to fetch its value. Even at its full valuation, the company has already lost a sum of Rs. 15,510. (The exact loss on the entire transaction would, however, be known after the disposal of the residual stock).

(ii) *Losses in the Wood Work Department.*—The Company is running a wood work department for the supply of wooden frames, shutters and furniture, etc. to the Central Public Works Department and private parties. The department has been continuously running at a loss since the Company was taken over by the Government on 16th August, 1955. The production figures as well as losses incurred during 1955-56 to 1958-59 are as below:—

Year	Production (Rs. in lakhs)	Losses (Rs. in lakhs)	Percentage of loss
1955-56 . . . . .	14.00	1.66	11.86
1956-57 . . . . .	15.64	3.13	20.01
1957-58 . . . . .	15.63	3.34	21.37
1958-59 . . . . .	22.50	4.93	21.91
		13.06	

The main reasons for these losses are stated to be:—

(a) In the case of C.P.W.D. orders, which account for the bulk of the sales of the department, the sale is made after negotiations at the C.P.W.D. Schedule of rates for 1955, which are much below the actual cost of production.

(b) The higher wage structure of the company as compared with the wage structure of the building industry.

(c) Unsatisfactory supply position of the timber during the years 1957-58 and 1958-59 as a result of which the production in the company considerably suffered.



The Management has stated that the Company offered rates much lower than the cost of production with a view to avoid the closure of the department. It may, however, be stated that these sales to the C.P.W.D. were made on the basis of negotiations. Since C.P.W.D. did not call for open tenders, it cannot be stated that the Company was able to obtain the best prices possible.

The company has already lost a sum of Rs. 13.06 lakhs during the last four years as against the capital investment of Rs. 1,19,022 on the plant and machinery as at 31st July, 1955 employed in the department. The question of continuance of the department is stated to be under consideration.

### SECTION III

#### OTHER TOPICS OF INTEREST

#### MINISTRY OF EXTERNAL AFFAIRS

71. *Defects in the maintenance of accounts of furniture, etc. in Indian Missions abroad.*—In para. 29 of the Civil Audit Report, 1952—Part I, reference was made to the non-maintenance of stock registers of furniture, furnishings, etc. in the Indian Missions abroad. During local inspections conducted between 1955 and 1959, the following irregularities regarding purchase and accounting of furniture were noticed in several Missions abroad:—

(a) Costly articles *e.g.*, dinner sets, tea-sets, etc. were purchased, by the Mission at Rome in excess of requirements. The articles were lying in stock unused.

(b) Special articles of furniture, in excess of the scale prescribed, were purchased by the Missions at Colombo, Belgrade and Paris without obtaining prior sanction of Government.

(c) Purchases by the Missions at Bonn, Brussels and Colombo had generally been made without obtaining competitive quotations.

(d) In the Missions at Geneva, The Hague, Prague, Moscow, Paris, Rangoon, Dacca, Jedda, Permanent Mission—New York, Sourabaya, Berne, Brussels, New York and Manila, the stock accounts were not maintained in the prescribed forms and the instructions regarding preparation of inventories of furniture etc., at the residences of officers were also not complied with.

(e) Description of the items of crockery, cutlery, etc. with the names of their makers, was not indicated in the stock registers maintained in the Missions at Bangkok, Belgrade, Prague, Moscow,



Rangoon, Dacca, Jedda, Sourabaya and Paris. Consequently there was no safeguard against the articles being removed and replaced by a cheaper variety. Particulars of vouchers of payments, dates of payments, etc. were also not recorded in the Stock-cum-Inventory registers.

(f) In the Missions at Bangkok, Geneva, Brussels, Belgrade, Paris, Manila, Rangoon, Dacca, Jedda, Rio-de-jeniero, Vienna, Peking, Sourabaya, New York, Ottawa, Santiago and Paris, physical verification of stock was not done annually. The actual position of losses due to breakage etc. could not in such cases be ascertained.

(g) In the Missions at Rome, Dacca, Belgrade, Jedda, Berne and Bonn, losses of articles due to breakage or other causes, were detected at the time of physical verification of stock; but were not investigated and responsibility fixed for the losses. The losses were also not reported to Government for orders.

(h) In the Missions at Bangkok, Moscow, Manila and Rangoon, where there had been changes in the incumbencies of officials entrusted with Government property, the formal certificates showing the articles handed over and taken over by the officials were not recorded and thus the responsibility for losses could not be fixed on any of them.

(i) In the Missions at Bangkok and Belgrade, furniture was supplied to some of the members of the staff at their residences in excess of the scale prescribed by Government for the purpose without recovery of rent.

## MINISTRY OF HOME AFFAIRS

72. *Use of the V.I.P. Flight of the Indian Air Force.*—The Indian Air Force maintains seven aircraft known as the V.I.P. Flight.

The rules regarding the V.I.P. Flight contemplate that except the President, the Vice President, and the Prime Minister, personages such as other Ministers, Chiefs of Staff, etc., are entitled to use the aircraft if it is essential to do so but should make use of commercial air services wherever possible. It appeared, however, on a scrutiny that during 1958-59 and 1959-60, 163 flights in all were undertaken by such other personages between places connected by Indian Airlines Corporation schedule flights.



## MINISTRY OF FINANCE

73. *Investment in International Finance Corporation.*—The Government of India is one of the original members of the International Finance Corporation formed in August, 1956 and have paid a sum of \$ 4,431,000 (about Rs. 2.11 crores) as share capital in the Corporation. The purpose of the Corporation is to help productive private enterprises in under-developed countries by movement of funds from capital-exporting countries so as to further their economic development. On 30th June, 1960, the subscribed capital of the Corporation amounted to \$ 96,506,000. Of this, only about 10 per cent had actually been invested in enterprises in under-developed countries and no part of this investment has come to India.

74. *Clearance of outstanding objections.*—The total number of objections relating to the period upto 31st March, 1960, outstanding in the books of the Audit Offices on the 30th September, 1960 and their money value were 1,27,528 and Rs. 86,11,11,612 and in the books of the Pay and Accounts Offices 3,867 and Rs. 1,23,01,928 respectively. The outstandings for the same period in the books of the Financial Adviser and Chief Accounts Officer, Kandla Port Project and their money value were 124 and Rs. 1,67,36,088. Some of these date back to 1949-50 and include the following important types of objections, the clearance of which appears to have been delayed without adequate reasons or justification. Further delay in their settlement is likely to lead *inter-alia* to the continuance of the same type of irregularities:—

- (a) Want of estimate/sanction,
- (b) Excess over estimates,
- (c) Want of detailed bills, vouchers (including stamped receipts), etc.,
- (d) Want of recovery or write off,
- (e) Non-finalization of rates,
- (f) Other reasons.

The outstanding objections are particularly heavy against the Ministries of Works, Housing and Supply, External Affairs, Transport and Communications, Food and Agriculture, Finance and Home Affairs.

75. *Disposal of Inspection Reports.*—All important financial irregularities and defects in initial accounts noticed during inspection or local audit are included in the Inspection and Audit Reports sent to



the Ministries and Departmental offices for necessary action. The points raised therein are to be settled as expeditiously as possible, as delay in their disposal leads to the perpetuation of the very type of irregularities as had already been commented upon.

The total number of Inspection Reports, etc. issued upto 31st March, 1960 but outstanding on the 30th September, 1960 was 4,574. Some of these date back to 1949-50.

The number of outstanding reports was heavy against the Ministries of Home Affairs, Rehabilitation, Works, Housing and Supply and Commerce and Industry.

76. *Contributions to International Organisations.*—The principal contributions to International Organizations included in the accounts for 1959-60 are indicated below:—

Grant No.	Sub head	Contribution to	Amount Rs.
15.—Miscellaneous Departments and Other Expenditure under the Ministry of Education.	D.2(1)	United Nations Educational Scientific and Cultural Organization.	13,27,800
18.—External Affairs	K. 4	United Nations Organization	42,35,762
32.—Miscellaneous Departments and Other Expenditure under the Ministry of Finance	B.3(3)(1)	United Nations Expanded Programme.	25,00,000
	B. 3(5)	United Nations Special Projects Fund	23,80,952
41.—Miscellaneous Departments and Other Expenditure under the Ministry of Food and Agriculture.	E.1(2)	(i) Commonwealth Agricultural Bureau	1,49,441
		(ii) Food and Agricultural Organization of the United Nations	15,58,396
		(iii) United Nations International Children's Emergency Fund	7,00,000
45.—Miscellaneous Departments and Expenditure under the Ministry of Health	B.2(2)	(i) World Health Organization	20,00,600
		(ii) United Nations International Children's Emergency Fund	15,98,958
69.—Miscellaneous Departments and Other Expenditure under the Ministry of Labour and Employment.	B. 2	International Labour Organization.	11,68,474
94.—Miscellaneous Departments and Other Expenditure under the Ministry of Transport and Communications.	C.3(7)	International Civil Aviation Organization	5,04,851
	C.3(8)	International Tele-Communications Union, Geneva	4,19,914
	E.2(1) (3)	International Meteorological Organization	1,44,440
101.—Atomic Energy Research	B.1(1)	International Atomic Energy Agency	4,62,358
		Aggregate of contributions of less than Rupees 1 lakh but exceeding Rs. 20,000 paid to nine other International Organizations	5,12,518



**MINISTRY OF REHABILITATION**

77. *Non-maintenance of Block Accounts of the assets.*—Some schemes providing relief to, and rehabilitation and employment of East Pakistan displaced persons, contain a stipulation to the effect that assets created out of the expenditure sanctioned would be the property of the Government of India. The Ministry also issued orders in August, 1957 to the effect that Block accounts of such assets should be maintained by the State Governments and that an upto-date copy of the list together with a certificate about verification of the physical existence of the assets sent every quarter to the Ministry through the State Accountants General.

Though a period of 3 years has since elapsed no proper periodical returns of the assets so created have been received by the Ministry from most of the State Governments, and it is also not known whether proper Block Accounts of the assets are being maintained by the State Governments. The total grants for capital works alone sanctioned by Government of India during the period 1956-57 to June, 1960 exceed Rs 2.25 crores. Most of these works are stated to be still in progress.

In the absence of the periodical returns it cannot be ensured that the accounts of the assets are being maintained properly and that the assets are being utilised to the best interest of Government.

78. *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 1959-60 amounted to Rs. 5,99,88,661 and Rs. 4,19,14,468 respectively.

The expenditure on pay and allowances of officers and establishments at Headquarters amounted to Rs. 33,53,530 and that in subordinate offices etc. to Rs. 1,85,03,009 (Total Rs. 2,18,56,539).

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 disbursement among Displaced Persons) was 14.7 in 1959-60 against 11.3 in the previous year.

(ii) The capital cost of constructing Townships in various States amounted to Rs. 56,47,412 during the year. In addition, loans to the extent of Rs. 4,68,52,648 were granted to the State Governments etc. in 1959-60 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 1959-60 is indicated below:

(1) *Expenditure on Displaced Persons:*—

	Rs.
A—Custodian of Evacuee Property . . . . .	2,95,71,739
B—Attached and Subordinate Offices . . . . .	9,32,60,933
C—Evacuation . . . . .	4,62,78,825
D—Relief . . . . .	1,05,30,01,713
E—Rehabilitation . . . . .	42,98,38,116
F—Irrecoverable loans and advances to Displaced Persons written off . . . . .	26,81,380
G—Miscellaneous Expenditure on management, sales, etc. of Acquired Evacuee Property and Government Built property . . . . .	73,01,635
H—Annual Instalment of Payment to Displaced Persons transferred from Capital outside the Revenue Account . . . . .	8,84,98,458
I—Transfer of sale proceeds etc. of Acquired Evacuee Property for credit to Capital outside the Revenue Account . . . . .	34,63,94,720
J—Recovery of abducted women and children . . . . .	3,23,487
TOTAL (1) . . . . .	2,09,71,51,006
(2) Expenditure at Headquarters Ministry of Rehabilitation . . . . .	3,09,77,864
(3) Capital Cost of Construction of Townships for Displaced Persons . . . . .	21,51,35,994
(4) Loans granted to State Governments for Rehabilitation purposes . . . . .	1,38,29,41,193
TOTAL (1) TO (4) . . . . .	3,72,62,06,057

(iv) The recoveries of loans effected from the State Governments during and upto 1959-60 were as follows:—

During 1959-60 . . . . .	Rs. 4,21,66,807
Upto 1959-60 . . . . .	Rs. 32,99,45,330

(v) The gross capital expenditure incurred on the payment of compensation to Displaced Persons during and upto 1959-60 amounted to Rs. 12,27,52,307 and Rs. 95,86,61,246 respectively. This comprised cash payments, value of Government properties transferred and loans



etc. adjusted as compensation and does not include the value of evacuee property transferred or set off in kind.

(The figures in this para do not include an expenditure of Rs. 2,34,85,247 relating to the Dandakaranya Development Scheme).

### MINISTRY OF STEEL, MINES AND FUEL

79. *Ad hoc settlement of subsidy with Railways.*—Ordinarily, all imports of steel are operated through the Iron and Steel Equalisation Fund. As imported steel costs more than indigenous steel, the Fund subsidises the consumer to the extent of the difference. In view of the very heavy demand of steel required for the Railway Expansion Programme it was decided in December, 1955 that the demand of steel required by Railways be met only partly from the steel subsidised from the Iron and Steel Equalisation Fund and that the balance should be imported by the Railways. The tentative share of this subsidised steel was fixed at one-third of the total actual subsidised imports subject to a minimum of 2 lakh tons per year. It was also agreed that in respect of this subsidised steel, the normal procedure of routing the imports through the Equalisation Fund would not be followed. Instead, it was arranged that the Railways would pay full landed cost in the first instance and there would be subsequently an overall adjustment between the Equalisation Fund and the Railway Estimates.

In June, 1956, the Railway Board pointed out to the Ministry of Commerce and Industry that a suitable procedure had not been prescribed by the latter or the Steel Controller for keeping suitable accounts for making the overall adjustment contemplated above. This was not done in spite of further reminders from the Railways. Subsequently, the Railways pressed for an early settlement of subsidy due to them; and as neither the Steel Controller nor the Railways had maintained any detailed records, Government issued orders on 28th March, 1958 and 30th March, 1959 for making *ad hoc* advance payment of subsidy of Rs. 2 crores (1 crore each in March, 1958 and March, 1959). The Railways claimed a further payment of about Rs. 1.64 crores in final settlement of their claims relating to imports for the period from 1956-57 to 31st March, 1958. In the absence of records either in the Railways or in the Steel Controller's office about the actual quantities of steel supplied, Government has agreed to pay on *ad hoc* basis a total subsidy of Rs. 3,58,70,000 representing the supply of 2,11,000 tons of steel in the period 1955-58.



@ Rs. 170 per ton, as a final settlement of Railways' claim for subsidy. In the absence of records and accounts, Audit is unable to satisfy itself about the correctness of the amount.

### MINISTRY OF TRANSPORT AND COMMUNICATIONS

80. *Compensation to officers and crews of ships for War Injuries and for War damages to their effects.*—During the Second World War, the Government of United Kingdom sanctioned schemes of awards to the Indian Seamen working in the British Merchant Navy Vessels for injuries, loss of personal effects, detention suffered by them due to enemy action and also to the dependants of seamen who died during enemy action. As the United Kingdom Government could not arrange agencies on an all-India basis to administer these schemes, they were administered by the Government of India on behalf of the Government of United Kingdom. The plan of administration was that the information collected after preliminary enquiry was sent to United Kingdom Government for scrutiny of the claims and approval of payment of the awards. The payments against these awards were made by the Government of India and a financial agreement with the United Kingdom Government was to be reached after the end of the War.

In para 20(I)(x) of the Audit Report (Civil) 1947, it was reported that no recovery had, by then, been made on this account. Due to partition, the procedure for collecting the amount due became complicated, resulting in delay in computing the claims against the Government of United Kingdom. Financial settlement with the Government of United Kingdom was to be reached broadly on the basis of:—

- (a) the actual payments made till a date which was to be fixed after the war, and
- (b) the capitalised value of the awards in force on that date.

The dividing date or the date of capitalisation of the continuing pension awards was fixed as 1st January, 1959 with the concurrence of the Governments of United Kingdom and Pakistan, in 1958. It was further agreed that:—

- (i) Government of India would compile necessary data for preferring a claim on the U.K. Government in respect of payments made upto and including 14th August, 1947.
- (ii) For the periods from 15th August, 1947 each Government *viz.*, the Government of India and the Pakistan Government



would work out separately the claims relating to payments made by them and prefer them direct to the Government of U.K.

The Governments of India and Pakistan have agreed on 28th June, 1960 that the recoveries made after that date in respect of pre-partition claims will be shared between India and Pakistan in the ratio of 82½ per cent. to 17½ per cent. So far as the amounts recovered prior to 28th June, 1960 are concerned the adjustment is proposed to be made in the final overall settlement of the outstanding financial issues between the two countries.

The present position of the claims against the Government of United Kingdom is shown below:—

Out of the estimated claim of Rs. 83,84,527 for the pre-partition period, a claim of Rs. 49,34,237 was preferred against the U.K. Government against which a sum of Rs. 8,77,617 was realised upto 28th June, 1960 and Rs. 28,04,487 thereafter upto end of November, 1960. Out of the amount realised after 28th June, 1960 (date of agreement with Pakistan), a sum of Rs. 4,90,785 has been paid to Pakistan Government as their share of claims for the pre-partition period. Against the estimated claim of Rs. 72,14,790 for the post-partition period, a claim for Rs. 32,53,322 was preferred against the U.K. Government to end of November, 1960 and a sum of Rs. 4,96,313 has been realised till that date.

### MINISTRY OF WORKS, HOUSING AND SUPPLY

81. *Non-preparation of Capital and Revenue Accounts of residential buildings.*—Government had suspended the compilation of the Capital and Revenue Accounts of the Government residential buildings for the period of war and thereafter upto the year 1954-55. In August, 1958, Government decided that the preparation of these accounts should be resumed by the Accountant General, Central Revenues for the year 1955-56 and subsequently once in every five years. To ensure speedy preparation of the Capital and Revenue accounts for 1955-56, it was also decided that the accounts should reflect the yearly assessment of rent only instead of the actual realisations. The work is very important as the magnitude of the transactions is very heavy. The preparation of the accounts could not, however, be taken up as the requisite data has not yet (November, 1960) been furnished to Audit by the C.P.W. authorities and the Directorate of Estates.



The total number of residential buildings in 1955-56 in New Delhi/Delhi alone was 13,786 and the Capital invested thereon was Rs. 23.03 crores. The overall revenue position for 1955-56 in regard to these residences is as indicated below:—

	Receipts Rs.		Expenditure Rs.
Rent receipts . . . . .	97 lakhs*	Interest on capital ( <i>Pro-forma</i> )	138 lakhs.
Loss . . . . .	113 lakhs	Maintenance	72 lakhs.
	<u>210 lakhs.</u>		<u>210 lakhs.</u>

\*The standard rent of the residences was Rs. 138 lakhs against the actual receipt of Rs. 97 lakhs only.

The inordinate delay in the preparation of the accounts and their review has been repeatedly brought to the notice of Government. They replied in December, 1960 that the necessary data was being collected.

82. *Non-maintenance of detailed accounts of materials.*—When materials are issued direct to a work, a detailed account, called the material-at-site account, of all materials issued to or returned from the work is required to be kept under the Departmental Rules. The preparation of the material-at-site accounts fell into arrears during the World War II in the C.P.W.D. and remained outstanding for long. It was eventually decided (December, 1955) to dispense with the preparation of these accounts for the period prior to 1st April, 1951 on the condition that a broad comparison of materials issued to works against the estimated quantities would be undertaken and that steps would be taken to complete the material-at-site accounts from 1951-52 onwards and to produce them to audit. The broad comparison has not, however, been undertaken or completed in a large number of cases nor have the material-at-site accounts from 1951-52 onwards, been properly maintained. The value of the materials involved in these accounts since 1951-52 is more than a crore of rupees.

The continued omission to maintain proper accounts over a long period would have the following adverse effects:—

- (i) Weakening of financial control over the transactions relating to materials including transfers between works.
- (ii) Non-verification of unused balances of materials lying at site of work and their consequent disposal, making it difficult to assess the value of losses of materials on account of shortages and other causes.



(iii) Making it difficult for the Department to fix responsibility for shortages and losses, if any, on contractors or other persons concerned.

Government have stated in December, 1960 that the Divisions concerned will be directed to complete the accounts most expeditiously.

NEW DELHI;

P. V. RAGHAVA RAO,

The 26th April, 1961

Accountant General, Central Revenues.

Countersigned.

NEW DELHI;

A. K. ROY,

The 26th April, 1961

Comptroller and Auditor General of India.



## GRAND SUMMARY

Grand Summary of Appropriation Accounts for 1959-60

Volume No. and Page No.	No. and Name of Grant or Appropriation	Original Grant or Appropriation	Final Grant of 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	73,93,000	73,93,000	72,29,486	—1,63,514	—1,63,514
3	2.—Industries . . . . . Voted	29,69,88,000	29,71,22,000	29,78,10,089	+8,22,089	+6,88,089
24	3.—Salt . . . . . Charged	71,000	71,000	34,781	—36,219	—36,219
	. . . . . Voted	74,26,000	74,26,000	66,25,009	—8,00,991	—8,00,991
70	4.—Commercial Intelligence and Statistics . . . . . Voted	81,23,000	81,23,000	77,82,763	—3,40,237	—3,40,237
73	5.—Miscellaneous Departments and Expenditure under the Ministry of Commerce and Industry . . . . . Voted	2,79,16,000	2,79,16,000	2,62,66,998	—16,49,002	—16,49,002
(Vol. III) 1	6.—Ministry of Community Development and Cooperation . . . . . Voted	27,40,000	27,40,000	23,34,887	—4,05,113	—4,05,113
3	7.—Community Development Projects, National Extension Service and Cooperation . . . . . Voted	20,58,44,000	20,58,44,000	20,40,88,129	—17,55,871	—17,55,871



1	2	3	4	5	6	7	
		Rs.	Rs.	Rs.	Rs.	Rs.	
(Vol. IV) I	8.—Ministry of Defence . . . .	Voted	40,28,000	40,28,000	39,64,688	—63,312	—63,312
(Vol. V) I	13.—Ministry of Education . . . .	Voted	59,43,000	59,43,000	47,31,823	—12,11,177	—12,11,177
2	14.—Education . . . . .	Voted	31,13,48,000	31,13,48,000	30,13,53,369	—29,94,631	—29,94,631
12	15.—Miscellaneous Departments and Other Expenditure under the Ministry of Education . . . .	Voted	2,36,39,000	2,36,39,000	2,17,50,488	—18,88,512	—18,88,512
(Vol. VI) I	16.—Tribal Areas . . . . .	Voted	8,70,90,000	8,70,90,000	8,16,25,896	—54,64,104	—54,64,104
10	17.—Naga Hills-Tuensang Area . . . .	Voted	3,44,33,000	3,44,33,000	3,29,65,740	—14,67,260	—14,67,260
22	18.—External Affairs . . . . .	Voted	9,76,16,000	10,44,28,000	10,26,19,517	+50,03,517	—18,08,483
43	19.—State of Pondicherry . . . .	Charged	14,000	14,000	13,905	—95	—95
		Voted	2,75,05,000	2,75,05,000	2,58,69,244	—16,35,756	—16,35,756
67	20.—Miscellaneous Expenditure under the Ministry of External Affairs . . . . .	Voted	4,68,000	4,68,000	4,10,593	—57,407	—57,407
(Vol. I) I	21.—Ministry of Finance . . . . .	Voted	1,48,05,000	1,54,25,000	1,51,75,694	+3,70,694	—2,49,306
6	22.—Customs . . . . .	Charged	20,000	20,000	9,019	—10,981	—10,981
		Voted	3,96,57,000	3,96,57,000	3,57,26,401	—39,30,599	—39,30,599
9	23.—Union Excise Duties . . . . .	Charged	72,39,98,000	74,69,92,000	74,69,60,775	+2,29,62,775	—31,225
		Voted	8,09,23,000	8,09,23,000	7,95,17,483	—14,05,517	—14,05,517



15	24.—Taxes on Income including Corporation Tax, etc.	Charged	1,34,000	1,34,000	74,293	—59,707	—59,707
		Voted	5,64,44,000	5,64,44,000	5,41,25,893	—23,18,107	—23,18,107
19	25.—Opium . . . . .	Voted	3,09,94,000	3,32,86,000	3,30,05,025	+20,11,025	—2,80,975
45	26.—Stamps . . . . .	Charged	8,32,000	8,32,000	8,32,000	..	..
		Voted	2,78,75,000	2,78,75,000	2,22,46,270	—56,28,730	—56,28,730
63	27.—Audit . . . . .	Charged	20,56,000	20,56,000	19,64,475	—91,525	—91,525
		Voted	10,58,06,000	10,58,06,000	10,36,69,139	—21,36,861	—21,36,861
67	28.—Currency . . . . .	Charged	16,31,000	16,31,000	14,48,700	—1,82,300	—1,82,300
		Voted	3,90,23,000	3,90,23,000	3,72,21,597	—18,01,403	—18,01,403
85	29.—Mint . . . . .	Voted	5,88,39,000	6,03,39,000	6,03,38,034	+14,99,034	—966
107	30.—Territorial and Political Pensions . . . . .	Voted	25,34,000	25,34,000	23,09,915	—2,24,085	—2,24,085
109	31.—Superannuation Allowances and Pensions . . . . .	Charged	33,00,000	34,68,000	32,81,899	—18,101	—1,86,101
		Voted	3,76,46,000	4,10,71,000	4,17,46,986	+41,00,986	+6,75,986
114	32.—Miscellaneous Departments and Other Expenditure under the Ministry of Finance . . . . .	Voted	44,00,23,000	44,00,24,000	31,82,48,619	—12,17,74,381	—12,17,75,381
123	33.—Planning Commission . . . . .	Voted	2,27,86,000	2,27,86,000	2,20,46,352	—7,39,648	—7,39,648
126	34.—Miscellaneous Adjustments between the Union and State Governments . . . . .	Voted	18,08,000	19,79,000	15,65,479	—2,42,521	—4,13,521



1	2		3	4	5	6	7
			Rs.	Rs.	Rs.	Rs.	Rs.
127	35.—Pre-partition Payments	Charged	5,37,000	5,37,000	7,65,403	+2,28,403	+2,28,403
		Voted	21,92,000	21,92,000	19,97,922	-1,94,078	-1,94,078
130	<i>Interest on Debt and Other Obligations and Reduction or Avoidance of Debt</i>	Charged	1,68,21,88,000	1,72,21,88,000	1,75,25,27,025	+7,03,39,025	+3,03,39,025
138	<i>Grants-in-aid to States</i>	Charged	48,84,10,000	48,84,10,000	48,77,97,765	-6,12,235	-6,12,235
(Vol. VII)	36.—Ministry of Food and Agriculture	Voted	75,46,000	75,46,000	67,52,439	-7,93,561	-7,93,561
I							
4	37.—Forest	Voted	2,59,30,000	2,59,30,000	2,26,57,548	-32,72,452	-32,72,452
12	38.—Agriculture	Voted	10,04,83,000	11,55,85,000	10,06,18,664	+1,35,664	-1,49,66,336
29	39.—Agricultural Research	Voted	4,93,75,000	4,93,75,000	4,57,87,673	-35,87,327	-35,87,327
54	40.—Animal Husbandry	Voted	2,62,73,000	2,62,73,000	2,08,15,777	-54,57,223	-54,57,223
89	41.—Miscellaneous Departments and Other Expenditure under the Ministry of Food and Agriculture	Charged	4,01,000	4,01,000	4,00,000	-1,000	-1,000
		Voted	11,76,09,000	11,76,09,000	11,41,58,263	-34,50,737	-34,50,737
(Vol. VIII)	42.—Ministry of Health	Voted	14,09,000	14,09,000	13,46,541	-62,459	-62,459
I							
2	43.—Medical Services	Voted	6,63,09,000	6,63,09,000	6,55,11,003	-7,97,997	-7,97,997
15	44.—Public Health	Voted	16,53,07,000	16,53,07,000	14,38,63,003	-2,14,43,997	-2,14,43,997
47	45.—Miscellaneous Departments and Expenditure under the Ministry of Health	Voted	87,93,000	87,93,000	74,64,577	-13,28,423	-13,28,423



(Vol. IX)	46.—Ministry of Home Affairs	Voted	2,89,89,000	2,89,89,000	2,87,31,894	—2,57,106	—2,57,106
I							
5	47.—Cabinet	Voted	37,33,000	37,33,000	34,93,645	—2,39,355	—2,39,355
7	48.—Zonal Councils	Voted	3,69,000	3,69,000	2,20,203	—1,48,797	—1,48,797
8	49.—Administration of Justice	Charged	15,87,000	15,87,000	15,71,322	—15,678	—15,678
		Voted	2,49,000	2,49,000	2,21,391	—27,609	—27,609
10	50.—Police	Voted	5,43,43,000	5,43,43,000	5,35,50,848	—7,92,152	—7,92,152
17	51.—Census	Voted	18,51,000	33,58,000	36,86,039	+18,35,039	+3,28,039
19	52.—Statistics	Voted	1,89,04,000	1,89,04,000	1,66,02,394	—23,01,606	—23,01,606
21	53.—Privy Purses and Allowances of Indian Rulers	Charged	5,36,78,000	5,39,97,000	5,31,38,562	—5,39,638	—8,58,638
		Voted	5,15,000	5,94,000	5,12,836	—2,164	—81,164
23	54.—Delhi	Charged	30,000	30,000	..	—30,000	—30,000
		Voted	10,89,84,000	10,89,84,000	10,76,97,093	—12,86,907	—12,86,907
94	55.—Himachal Pradesh	Charged	2,17,000	2,17,000	2,17,207	+207	+207
		Voted	5,82,91,000	5,82,91,000	6,11,04,929	+28,13,929	+28,13,929
211	56.—Andaman and Nicobar Islands	Voted	3,11,39,000	3,11,39,000	2,60,99,005	—0,39,995	—50,39,995
308	57.—Manipur	Voted	2,33,89,000	2,33,89,000	2,39,72,467	+5,83,467	+5,83,467
342	58.—Tripura	Charged	50,000	50,000	..	—50,000	—50,000
		Voted	3,72,62,000	3,72,62,000	3,51,11,408	—21,50,592	—21,50,592
381	59.—Lacadive, Minicoy and Amindivi Islands	Voted	18,83,000	18,83,000	11,65,249	—7,17,751	—7,17,751
391	60.—Miscellaneous Departments and Expenditure under the Ministry of Home Affairs	Charged	..	1,000	661	+661	—339
		Voted	11,66,04,000	11,66,05,000	7,95,95,471	—3,70,08,529	—3,70,09,529



	I	2	3	4	5	6	7
(Vol. X)							
I	61.—Ministry of Information and Broadcasting . . . . .	Voted	14,37,000	14,37,000	12,80,226	—1,56,774	—1,56,774
2	62.—Broadcasting . . . . .	Voted	4,64,47,000	4,88,97,000	4,86,54,773	+22,07,773	—2,42,227
II	63.—Miscellaneous Departments and Expenditure under the Ministry of Information and Broadcasting . . . . .	Voted	3,43,51,000	3,43,51,000	3,01,41,576	—42,09,424	—42,09,424
(Vol. XI)							
I	64.—Ministry of Irrigation and Power . . . . .	Voted	24,32,000	24,92,000	24,34,516	+2,516	—57,484
2	65.—Multipurpose River Schemes . . . . .	Voted	1,91,37,000	1,91,37,000	1,31,76,850	—59,60,150	—59,60,150
5	66.—Miscellaneous Departments and Other Expenditure under the Ministry of Irrigation and Power . . . . .	Voted	1,66,37,000	1,66,37,000	1,43,35,321	—23,01,679	—23,01,679
(Vol. XII)							
I	67.—Ministry of Labour & Employment . . . . .	Voted	20,06,000	20,66,000	20,02,077	—3,923	—63,923
2	68.—Chief Inspector of Mines . . . . .	Voted	21,53,000	21,53,000	15,46,143	—6,06,857	—6,06,857
3	69.—Miscellaneous Departments and Other Expenditure under the Ministry of Labour and Employment . . . . .	Charged Voted	10,52,64,000	10,52,64,000	7,87,03,615	+376 —2,65,60,385	—624 —2,65,60,385
(Vol. XIII)							
I	70.—Ministry of Law . . . . .	Voted	25,85,000	26,44,000	25,22,432	—62,568	—1,21,568
4	71.—Elections . . . . .	Voted	90,93,000	90,93,000	90,89,853	—3,147	—3,147
(Vol. XIV)							
I	72.—Ministry of Rehabilitation . . . . .	Voted	37,32,000	37,32,000	33,53,530	—3,78,470	—3,78,470



3	73.—Expenditure on Displaced Persons and Minorities	Charged						
(Vol. XV.)		Voted	19,69,18,000	25,17,10,000	24,94,70,052	+5,25,52,052	—19	—22,39,948
I	74.—Ministry of Scientific Research and Cultural Affairs	Voted	29,32,000	29,32,000	28,38,987	—93,013	—93,013	
2	75.—Archaeology	Voted	1,07,05,000	1,07,05,000	99,05,012	—7,99,988	—7,99,988	
5	76.—Survey of India	Voted	1,61,14,000	2,06,72,000	1,98,78,993	+37,64,993	—7,93,007	
8	77.—Botanical Survey	Voted	15,35,000	15,35,000	11,11,315	—4,23,685	—4,23,685	
10	78.—Zoological Survey	Voted	11,35,000	11,35,000	6,77,717	—4,57,283	—4,57,283	
11	79.—Scientific Research and Cultural Affairs	Voted	13,06,98,000	13,41,60,000	12,60,89,199	—46,08,801	—80,70,801	
23	80.—Miscellaneous Departments and Expenditure under the Ministry of Scientific Research and Cultural Affairs	Voted	36,86,000	36,86,000	31,89,577	—4,96,423	—4,96,423	
(Vol. XVI.)								
I	81.—Ministry of Steel, Mines and Fuel	Voted	40,34,000	40,34,000	36,97,186	—3,36,814	—3,36,814	
3	82.—Geological Survey	Voted	2,21,05,000	2,21,05,000	1,25,21,293	—95,83,707	—95,83,707	
5	83.—Exploration of Oil and Natural Gas	Voted	3,38,55,000	3,38,55,000	85,89,775	—2,52,65,225	—2,52,65,225	
6	84.—Miscellaneous Departments and Expenditure under the Ministry of Steel, Mines and Fuel	Voted	27,06,98,000	35,96,02,000	35,94,38,586	+8,87,40,586	—1,63,414	
(Vol. XVII.)								
I	85.—Ministry of Transport and Communications	Voted	54,56,000	54,56,000	52,17,023	—2,38,977	—2,38,977	
5	87.—Mercantile Marine	Voted	68,94,000	68,94,000	64,65,562	—4,28,438	—4,28,438	
10	88.—Lighthouses and Lightships	Voted	1,28,87,000	1,28,87,000	1,26,88,748	—1,98,252	—1,98,252	



1	2		3	4	5	6	7
			Rs.	Rs.	Rs.	Rs.	Rs.
25	89.—Meteorology	Voted	1,62,47,000	1,62,47,000	1,54,76,296	-7,70,704	-7,70,704
29	90.—Overseas Communications Service	<i>Charged</i>	8,32,000	8,32,000	7,53,077	-78,923	-78,923
		Voted	1,28,54,000	1,28,54,000	1,20,24,240	-8,29,760	-8,29,760
40	91.—Aviation	Voted	7,09,37,000	12,33,18,000	11,23,89,767	+4,14,52,767	-1,09,28,233
48	92.—Central Road Fund	Voted	3,88,63,000	3,88,63,000	3,69,08,909	-19,54,091	-19,54,091
56	93.—Communications (including National Highways)	Voted	6,64,37,000	6,92,90,000	7,07,57,462	+43,20,462	+14,67,462
58	94.—Miscellaneous Departments and Other Expenditure under the Ministry of Transport and Communications	Voted	1,71,17,000	1,86,17,000	1,79,79,271	+8,62,271	-6,37,729
(Vol. XVIII)	95.—Ministry of Works, Housing and Supply	Voted	63,24,000	63,24,000	59,91,159	-3,32,841	-3,32,841
I							
4	96.—Supplies	<i>Charged</i>	2,17,000	2,17,000	98,494	-1,18,506	-1,18,506
		Voted	2,82,75,000	2,99,67,000	2,84,62,679	+1,87,679	-15,04,321
15	97.—Other Civil Works	<i>Charged</i>	28,23,000	28,23,000	19,85,037	-8,37,963	-8,37,963
		Voted	26,99,04,000	28,90,60,000	29,95,53,929	+2,96,49,929	+1,04,93,929
28	98.—Stationery and Printing	Voted	7,77,42,000	7,77,42,000	7,53,46,469	-23,95,531	-23,95,531
49	99.—Miscellaneous Departments and Expenditure under the Ministry of Works, Housing and Supply	Voted	1,18,96,000	1,18,96,000	1,09,84,161	-9,11,839	-9,11,839
(Vol. XIX)	100.—Department of Atomic Energy	Voted	13,25,000	13,25,000	12,83,487	-41,513	-41,513
I							



4	101.—Atomic Energy Research	Voted	4,40,70,000	4,40,70,000	3,99,91,114	—40,78,886	—40,78,886
(Vol. XX) I	102.—Department of Parliamentary Affairs	Voted	2,32,000	2,32,000	1,96,465	—35,535	—35,535
(Vol. XXI) 4	103.—Lok Sabha	Charged	67,000	67,000	56,366	—10,634	—10,634
		Voted	99,99,000	99,99,000	94,74,126	—5,24,874	—5,24,874
4	104.—Miscellaneous Expenditure under Lok Sabha	Voted	34,000	34,000	33,096	—904	—904
(Vol. XXII) I	105.—Rajya Sabha	Charged	61,000	61,000	56,835	—4,165	—4,165
		Voted	33,89,000	33,89,000	31,66,175	—2,22,825	—2,22,825
(Vol. XXIII)	<i>Staff, Household and allowances of the President</i>	Charged	25,19,000	25,19,000	22,01,557	—3,17,443	—3,17,443
(Vol. XXIV)	106.—Secretariat of the Vice-President	Voted	64,000	64,000	38,910	—25,090	—25,090
(Vol. XXV) I	<i>Union Public Service Commission</i>	Charged	42,64,000	42,64,000	42,29,986	—34,014	—34,014
(Vol. II) 85	10.—Capital Outlay of the Ministry of Commerce and Industry	Voted	16,25,35,000	16,38,85,000	15,74,00,967	—51,34,033	—64,84,033
(Vol. III) II	108.—Capital Outlay of the Ministry of Community Development and Co-operation	Voted	3,78,71,000	4,86,71,000	4,84,38,765	+ 1,05,67,765	—2,32,235
(Vol. V) 15	110.—Capital Outlay of the Ministry of Education	Voted	69,64,000	69,64,000	63,52,197	—6,11,803	—6,11,803
(Vol. VI) 69	111.—Capital Outlay of the Ministry of External Affairs	Voted	68,32,000	78,66,000	82,17,713	+ 13,85,713	+ 3,51,713
(Vol. I) 139	112.—Capital Outlay on the India Security Press	Voted	11,00,000	11,00,000	1,36,953	—9,63,047	—9,63,047



1	2		3	4	5	6	7
			Rs.	Rs.	Rs.	Rs.	Rs.
140	113.—Capital Outlay on Currency and Coinage	Voted	1,00,93,43,000	1,00,93,43,000	99,98,39,532	—95,03,468	—95,03,468
142	114.—Capital Outlay on Mints	Voted	48,54,000	48,54,000	11,51,868	—37,02,132	—37,02,132
143	115.—Commuted Value of Pensions	<i>Charged</i>	1,00,000	3,53,000	4,32,685	+3,32,685	+79,685
		Voted	45,35,000	45,35,000	42,38,796	—2,96,204	—2,96,204
145	116.—Payments to Retrenched Personnel	Voted	6,000	6,000	750	—5,250	—5,250
146	117.—Other Capital Outlay of the Ministry of Finance	Voted	64,75,41,000	64,75,42,000	49,83,60,662	—14,91,80,338	—14,91,81,338
167	118.—Loans and Advances by the Central Government	<i>Charged</i>	3,12,68,99,000	3,12,68,99,000	2,95,46,09,330	—17,22,89,670	—17,22,89,670
		Voted	2,11,99,96,000	2,27,99,96,000	2,19,01,15,138	+7,01,19,138	—8,98,80,862
170	<i>Repayment of Debt</i>	<i>Charged</i>	53,58,67,32,000	53,58,67,32,000	52,08,83,61,273	—1,49,83,70,727	—1,49,83,70,727
Vol. VII)	119.—Capital Outlay on Forests	Voted	13,97,000	13,97,000	4,61,073	—9,35,927	—9,35,927
109	120.—Purchase of Food grains	<i>Charged</i>	2,00,000	2,00,000	6,794	—1,93,206	—1,93,206
		Voted	1,86,34,77,000	2,04,09,77,000	2,03,95,75,160	+17,60,98,160	—14,01,840
124	121.—Other Capital Outlay of the Ministry of Food and Agriculture	<i>Charged</i>	15,000	41,000	14,430	—570	—26,570
		Voted	36,43,55,000	45,03,54,000	40,31,49,799	+3,87,94,799	—4,72,04,201
(Vol. VIII)	122.—Capital Outlay of the Ministry of Health	Voted	12,47,97,000	12,47,97,000	12,57,27,482	+9,30,482	+9,30,482
50							



(Vol. IX) 401	123.—Capital Outlay of the Ministry of Home Affairs	Voted	81,02,000	81,02,000	75,93,703	—5,08,297	—5,08,297
(Vol. X) 19	124.—Capital Outlay on Broadcasting	Voted	2,00,00,000	2,00,00,000	1,48,38,100	—51,61,900	—51,61,900
(Vol. XI) 11	125.—Capital Outlay on Multi-purpose River Schemes	Voted	3,22,98,000	4,26,98,000	4,24,53,441	+1,01,55,441	—2,44,559
12	126.—Other Capital Outlay of the Ministry of Irrigation and Power	Voted	7,82,11,000	11,82,85,000	11,70,34,837	+3,88,23,837	—12,50,163
(Vol. XII) 20	127.—Capital Outlay of the Ministry of Labour and Employment	Voted	3,49,000	3,49,000	2,35,571	—1,13,429	—1,13,429
(Vol. XIV) 9	128.—Capital Outlay of the Ministry of Rehabilitation	Voted	20,20,00,000	20,20,00,000	14,87,30,791	—5,32,69,209	—5,32,69,209
(Vol. XV) 27	129.—Capital Outlay of the Ministry of Scientific Research & Cultural Affairs	Voted	2,37,85,000	2,72,47,000	2,70,57,924	+32,72,924	—1,89,076
(Vol. XVI) 21	130.—Capital Outlay of the Ministry of Steel, Mines and Fuel	Voted	24,07,20,000	43,86,22,000	36,08,65,008	+12,01,45,008	—7,77,56,992
(Vol. XVII) 66	132.—Capital Outlay on Civil Aviation	Charged	5,00,000	5,00,000	1,02,945	—3,97,055	—3,97,055
		Voted	4,33,27,000	4,33,27,000	3,89,54,551	—43,72,449	—43,72,449
69	133.—Capital Outlay on Ports	Voted	3,03,50,000	3,03,50,000	1,85,63,724	—1,17,86,276	—1,17,86,276
116	134.—Capital Outlay on Roads	Voted	16,50,00,000	17,00,00,000	16,11,09,996	—38,90,004	—88,90,004
118	135.—Other Capital Outlay of the Ministry of Transport and Communications	Voted	8,76,10,000	8,76,10,000	7,84,71,933	—91,38,067	—91,38,067
(Vol. XVIII) 53	136.—Delhi Capital Outlay	Charged	6,86,000	6,86,000	5,66,455	—1,19,545	—1,19,545
		Voted	7,32,19,000	7,32,19,000	6,02,39,297	—1,29,79,703	—1,29,79,703



1	2		3	4	5	6	7
			Rs.	Rs.	Rs.	Rs.	Rs.
55	137.—Capital Outlay on Buildings	Charged	49,000	49,000	50,151	+1,151	+1,151
		Voted	8,22,46,000	8,22,46,000	7,01,22,357	-1,21,23,643	-1,21,23,643
57	138.—Other Capital Outlay of the Ministry of Works, Housing and Supply	Voted	7,14,97,000	7,14,97,000	4,80,76,184	-2,34,20,816	-2,34,20,816
(Vol. XIX) 3	139.—Capital Outlay of the Department of Atomic Energy	Voted	5,47,00,000	5,47,00,000	4,86,64,355	-60,35,665	-60,35,665
GRAND TOTAL					(a)		
		Charged	59,68,51,18,000	59,74,88,86,000	58,10,45,69,364	+9,38,71,264	+3,06,48,471
						-1,67,44,19,900	-1,67,49,65,107
					(b)		
		Voted	12,37,50,46,000	13,33,21,39,000	12,42,93,66,147	+71,32,09,739	+1,83,33,096
						-65,88,89,592	-92,11,05,949

(a) Does not include Rs. 1,25,89,10,911 adjusted in the accounts as reduction of expenditure, the details of which have been given by appropriations in Annexure B.

Does not include Rs. 6,763 met out of contingency fund shown in Grant No. 128—Capital Outlay of the Ministry of Rehabilitation.

(b) Does not include Rs. 3,84,54,21,457 adjusted in the accounts as reduction of expenditure, the details of which have been given by grants in Annexure B.

It also excludes Rs. —3,68,45,218 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.

A. K. ROY,

*Comptroller and Auditor General of India.*

NEW DELHI;

*The 26th April, 1961*



## 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 losses, irregularities, etc. under each Grant	Total amount of losses, etc. under each Grant	Brief subject
1	2	3	4	5	6
I.					
Rs.					
MINISTRY OF FINANCE					
	8	22.—Customs . . . . .	1	9,480	Loss due to robbery.
	113	31.—Superannuation allowances and pensions . . . . .	1	1,23,342	<i>Ex-gratia</i> payment of death- <i>cum</i> -retirement gratuity and family pension.
	137	<i>Interest on Debt, etc.</i> . . . . .	1	6,882	<i>Ex-gratia</i> payment of post maturity interest on National Savings Certificates.
	169	118.—Loans and Advances by the Central Government.	1	..	Grant of loans at concessional rates of interest or free of interest.
II.					
MINISTRY OF COMMERCE AND INDUSTRY					
	19	2.—Industries . . . . .	1	5,300	Loss of a cheque by theft.
	27	3.—Salt . . . . .	1	3,72,978	Value of buildings, structures, etc., collapsed; salt found short, etc.
	84	5.—Miscellaneous Departments and Expenditure under the Ministry of Commerce and Industry.	2	17,543	(a) Loss of stores in the Embassy of India, Tehran (Rs. 1,743).



(b) Waiver of rent and *ex-gratia* payment to compensate losses (Rs. 15,800).

V,

## MINISTRY OF EDUCATION

11	14.—Education . . . . .	3	22,658	(a) Unnecessary payment and retention for long periods of unutilised amounts of grants-in-aid (Rs. 20,000). (b) Irrecoverable amount of scholarships (Rs. 1,512). (c) Irrecoverable amount of scholarship paid to ineligible scholars (Rs. 1,146).
14	15.—Miscellaneous Departments and Other Expenditure under the Ministry of Education.	1	1,084	Irrecoverable amount of water and electricity charges payable by a canteen.

VI.

## MINISTRY OF EXTERNAL AFFAIRS

32	18.—External Affairs . . . . .	1	1,400	<i>Ex-gratia</i> payment towards medical expenses incurred by an officer.
66	19.—State of Pondicherry . . . . .	2	4,424	(a) Shortage of stores, firewood and Kerosene oil, losses due to accident, etc. (Rs. 2,638). (b) Irrecoverable amount of deputation allowance erroneously paid (Rs. 1,786).

## MINISTRY OF FOOD AND AGRICULTURE

VII.

3	36.—Ministry of Food and Agriculture . . . . .	1	16,487	Waiver of overpayment of pay to an officer.
28	38.—Agriculture . . . . .	2	15,678	(a) Cost of some steel pipes lost (Rs. 3,716). (b) Loss of 1,068 tons of wheat bhoosa damaged by rains (Rs. 11,962).







58,541 (a) Waiver of overdrawing of house rent allowance by an officer (Rs. 2,254).

(b) Cost of copies unrealised (Rs. 1,523).

(c) Infructuous expenditure on rent and court fee, etc. (Rs. 1,594).

(d) Infructuous expenditure on printing of an official text on the first Five Year Plan (Rs. 1,428).

(e) Unauthorised continuance of certain posts (Rs. 47,400).

(f) Suspected misappropriation of cash (Rs. 4,342).

9,301 (a) Loss due to disposal of livestock and theft of timber (Rs. 9,301).

(b) Drawal of money to avoid lapse of budget grant.

31,332 Value of logs lost in the sea.

10,692 Shortage of cash and non-credit of revenue.

2,442 Irrecoverable amount of rent, water and electricity charges due from a caterer.

4,991 Loss of rice in transit.

#### MINISTRY OF INFORMATION AND BROADCASTING

4,122 (a) Cost of publications damaged by white ants due to excessive stocking and inadequate storage accommodation (Rs. 3,297).



1	2	3	4	5	6
				Rs.	
					(b) <i>Ex-gratia</i> payments to cover the cost of additional insurance of property (Rs. 825).
MINISTRY OF REHABILITATION					
XIV	8	73.—Expenditure on displaced persons and Minorities.	I	2,06,702	Loss on sale of surplus stores and equipment, stores found short, <i>ex-gratia</i> relief, etc.
	10	128.—Capital Outlay of the Ministry of Rehabilitation.	I	1,133	Overpayment of compensation to five displaced persons.
MINISTRY OF STEEL, MINES AND FUEL					
XVI	11-12	84.—Miscellaneous Departments and Other Expenditure under the Ministry of Steel, Mines and Fuel.	2	94,732	(a) Value of stores damaged, left in boreholes, and destroyed in fires, etc. (Rs. 70,732).  (b) <i>Ex-gratia</i> payment on account of an amendment of a contract (Rs. 24,000).
MINISTRY OF TRANSPORT AND COMMUNICATIONS					
XVII	65	94.—Miscellaneous Departments and Other Expenditure under the Ministry of Transport and Communications.	I	56,977	Loss on account of damage to tourist publicity literature.
	67-68	132.—Capital Outlay on Civil Aviation	3	65,057	(a) Unredeemed value of a Civil aircraft damaged due to an accident (Rs. 32,130).



				(b) Infructuous expenditure on the construction of an aerodrome (Rs. 27,188).
				(c) Overpayment due to defective agreement (Rs. 5,739).
73	133.—Capital Outlay on Ports . . . . .	3	2,57,272	(a) Purchase of boilers far in advance of requirements (Rs. 2,21,965).
				(b) Excess payment on purchase of coal (Rs. 25,760).
				(c) Value of instrument discarded as unsuitable for use (Rs. 9,547).
117	134.—Capital Outlay on Roads . . . . .	1	29,975	Avoidable expenditure due to delay in land acquisition.

#### MINISTRY OF WORKS, HOUSING AND SUPPLY

3	95.—Ministry of Works, Housing and Supply.	1	3,481	Value of furniture not traceable, etc.
9—11	96.—Supplies . . . . .	8	2,03,603	(a) Waiver of excess payment to a Government servant, irrecoverable advance of travelling allowance, loss in a disposal transaction, non-recovery of extra cost on risk resale, etc. (Rs. 40,905).
				(b) <i>Ex-gratia</i> payment (Rs. 635).
				(c) Waiver of liquidated damages (Rs. 44,664).
				(d) Payment of demurrage charges at ports (Rs. 37,218).
				(e) Irrecoverable amount of demurrage/despatch claims (Rs. 41,498).
				(f) Loss in the disposal of stores (Rs. 6,068).
				(g) Irrecoverable amount of advances from clearing agents (Rs. 25,577).
				(h) Extra expenditure on purchase of caustic soda (Rs. 7,038).



1	2	3	4	5	6
				Rs.	
	21—23	97.—Other Civil Works . . . . .	10	1,57,838	<p>(a) Irrecoverable rent of Government buildings ; irrecoverable cost and maintenance of furniture and conservancy charges, etc. (Rs. 27,759).</p> <p>(b) Value of cement which got set in transit due to rain (Rs. 8,043).</p> <p>(c) Cost of materials damaged in transit (Rs. 4,888).</p> <p>(d) Loss due to non-cancellation of indents (Rs. 11,751).</p> <p>(e) Loss of stores in transit (Rs. 3,337).</p> <p>(f) Loss on the working of a Government hostel (Rs. 19,590).</p> <p>(g) Payment of rent for a requisitioned building while it remained vacant (Rs. 2,619).</p> <p>(h) Overpayment to a contractor (Rs. 6,982).</p> <p>(i) Loss due to non-revision of the conservancy charges (Rs. 47,720).</p> <p>(j) Stores becoming obsolete and surplus to requirements resulting in unnecessary locking up of Government funds (Rs. 25,149).</p>
	33	98.—Stationery and Printing . . . . .	1	36,702	Stores found short, irrecoverable cost of printed papers left with a firm, value of forms and papers lost in transit and damaged by white ants, etc.



54	136.—Delhi Capital Outlay . . . . .	1	11,286	Overpayment to a contractor.
56	137.—Capital Outlay on Buildings . . . . .	2	14,420	(a) Infructuous expenditure due to abandonment of a construction work (Rs. 2,606). (b) Cost of materials damaged in transit (Rs. 11,814).
60	138.—Other Capital Outlay of the Ministry of Works, Housing and Supply.	3	2,66,666	(a) Loss due to abandonment of a scheme (Rs. 26,082). (b) Loss due to abandonment of the scheme to manufacture proto-type houses (Rs. 2,18,935). (c) Value of losses of Stores (Rs. 21,649).
	TOTAL . . . . .	80	64,65,066	



## 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 the 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 . . . . .	72,000	65,000	..	—72,000	—65,000
2—Industries . . . . .	7,52,71,000	8,41,37,000	8,81,37,506	+1,28,66,506	+40,00,506
3—Salt . . . . .	23,56,000	18,24,000	18,01,597	—5,54,403	—22,403
4—Commercial Intelligence and Statistics . . . . .	4,000	9,000	..	—4,000	—9,000
5—Miscellaneous Departments and Expenditure under the Ministry of Commerce and Industry . . . . .	2,65,000	39,000	..	—2,65,000	—39,000
7—Community Development Projects, National Extension Service and Co-operation . . . . .	23,64,000	28,56,000	13,16,876	—10,47,124	—15,39,124
14—Education . . . . .	69,37,000	82,19,000	54,40,662	—14,96,338	—27,78,338
15—Miscellaneous Departments and Other Expenditure under the Ministry of Education . . . . .	14,000	2,50,000	..	—14,000	—2,50,000
16—Tribal Areas . . . . .	84,00,000	84,27,000	80,46,590	—3,53,410	—3,80,410
17—Naga Hills—Tuensang Area . . . . .	..	78,000	76,023	+76,023	—1,977



18—External Affairs . . . . .	17,32,000	16,41,000	16,73,793	—58,207	+32,793
19—State of Pondicherry . . . . .	22,51,000	25,86,000	27,94,437	+5,43,437	+2,08,437
21—Ministry of Finance . . . . .	35,000	5,000	46,454	+11,454	+41,454
22—Customs . . . . .	..	..	7,900	+7,900	+7,900
23—Union Excise Duties . . . . .	2,04,66,000	1,74,52,000	1,76,66,594	—27,99,406	+2,14,594
26—Stamps . . . . .	5,46,000	5,45,000	5,44,893	—1,107	—107
27—Audit . . . . .	<i>Charged</i> . . . . .	3,00,000	3,00,000	3,00,000	..
	<i>Voted</i> . . . . .	3,10,84,000	3,08,16,000	3,02,64,169	+8,19,831
28—Currency . . . . .	12,20,000	13,43,000	10,93,678	—1,26,322	—2,49,322
29—Mint . . . . .	30,000	20,000	6,984	—23,016	—13,016
31—Superannuation Allowances and Pensions . . . . .					
	<i>Charged</i> . . . . .	8,61,000	10,66,000	9,28,540	+77,540
	<i>Voted</i> . . . . .	4,84,000	4,89,000	3,57,043	—1,26,957
32—Miscellaneous Departments and Other Expenditure under the Ministry of Finance . . . . .	50,000	1,67,000	1,44,134	+94,134	—22,866
<i>Interest on Debt and Other Obligations etc. Charged</i> . . . . .	1,10,33,53,000	1,07,08,31,000	1,05,87,89,109	—4,45,63,891	—1,20,41,891
36—Ministry of Food and Agriculture . . . . .	5,000	5,000	5,166	+166	+166
37—Forest . . . . .	4,77,000	10,49,000	9,97,046	+5,20,046	—51,954
38—Agriculture . . . . .	91,06,000	1,19,34,000	81,01,313	—10,04,687	—38,32,687
39—Agricultural Research . . . . .	76,86,000	56,93,000	73,21,446	—3,64,554	+16,28,446
40—Animal Husbandry . . . . .	28,24,000	13,22,000	11,59,198	—16,64,802	—1,62,802



I	2	3	4	5	6
	Rs.	Rs.	Rs.	Rs.	Rs.
41—Miscellaneous Departments and Other Expenditure under the Ministry of Food and Agriculture . . . . .	54,95,000	40,74,000	15,67,413	—39,27,587	—25,06,587
43—Medical Services . . . . .	74,40,000	76,47,000	85,00,872	+10,60,872	+8,53,872
44—Public Health . . . . .	7,01,54,000	6,46,51,000	6,74,07,683	—27,46,317	+27,56,683
46—Ministry of Home Affairs . . . . .	..	22,000	4,577	+4,577	—17,423
49—Administration of Justice . . . . .	3,000	4,000	5,319	+2,319	+1,319
50—Police . . . . .	3,09,000	11,69,000	2,65,554	—43,446	—9,03,446
54—Delhi . . . . .	10,24,000	10,01,000	9,52,464	—71,536	—48,536
55—Himachal Pradesh . . . . .	10,01,000	13,96,000	10,41,648	+40,648	—3,54,352
56—Andaman and Nicobar Islands . . . . .	38,64,000	40,08,000	32,84,588	—5,79,412	—7,23,412
57—Manipur . . . . .	5,22,000	4,10,000	2,69,511	—2,52,489	—1,40,489
58—Tripura . . . . .	2,81,000	5,44,000	2,53,297	—27,703	—2,90,703
59—Laccadive Minicoy and Amindive Islands . . . . .	..	4,000	..	..	—4,000
60—Miscellaneous Departments and Expenditure under the Ministry of Home Affairs . . . . .	10,18,000	6,00,000	5,36,121	—4,81,879	—63,879
62—Broadcasting . . . . .	50,00,000	50,00,000	66,52,580	+16,52,580	+16,52,580
63—Miscellaneous Departments and Expenditure under the Ministry of Information and Broadcasting . . . . .	22,24,000	21,10,000	11,06,181	—11,17,819	—10,03,819
64—Ministry of Irrigation and Power . . . . .	17,000	27,000	26,975	+9,975	—25
65—Multipurpose River Schemes . . . . .	90,38,000	85,75,000	68,41,584	—21,96,416	—17,33,416



66—Miscellaneous Departments and Other Expenditure under the Ministry of Irrigation and Power . . . . .	22,49,000	23,44,000	8,39,793	—14,09,207	—15,04,207
69—Miscellaneous Departments and Other Expenditure under the Ministry of Labour and Employment . . . . .	2,79,67,000	1,87,92,000	1,73,66,055	—1,06,00,945	—14,25,945
70—Ministry of Law . . . . .	60,000	57,000	73,718	+13,718	+16,718
71—Elections . . . . .	..	69,000	1,07,030	+1,07,030	+38,030
76—Survey of India . . . . .	65,74,000	65,47,000	47,59,585	—18,14,415	—17,87,415
78—Zoological Survey . . . . .	27,000	20,000	..	—27,000	—20,000
79—Scientific Research and Cultural Affairs . . . . .	31,98,000	64,79,000	64,09,822	+32,11,822	—69,178
80—Miscellaneous Departments and Expenditure under the Ministry of Scientific Research and Cultural Affairs . . . . .	16,000	16,000	16,000	..	..
81—Ministry of Steel, Mines and Fuel . . . . .	1,54,000	1,62,000	..	—1,54,000	—1,62,000
82—Geological Survey . . . . .	6,90,000	8,77,000	6,51,524	—38,476	—2,25,476
84—Miscellaneous Departments and Other Expenditure under the Ministry of Steel, Mines and Fuel . . . . .	8,24,02,000	7,64,45,000	7,75,72,883	—48,29,117	+11,27,883
85—Ministry of Transport and Communications . . . . .	7,57,000	7,57,000	7,54,992	—2,008	—2,008
87—Mercantile Marine . . . . .	1,01,000	90,000	1,04,045	+3,045	+14,045
88—Light-houses and Lightships . . . . .	80,68,000	65,70,000	63,55,808	—17,12,192	—2,14,192
89—Meteorology . . . . .	8,07,000	7,26,000	5,05,019	—3,01,981	—2,20,981
91—Aviation . . . . .	3,49,64,000	3,14,21,000	2,20,48,223	—1,29,15,777	—93,72,777
92—Central Road Fund . . . . .	28,63,000	21,22,000	7,15,584	—21,47,416	—14,06,416



I	2	3	4	5	6
	Rs.	Rs.	Rs.	Rs.	Rs.
94—Miscellaneous Departments and Other Expenditure under the Ministry of Transport and Communications	15,000	10,000	632	—14,368	—9,368
95—Ministry of Works, Housing and Supply	64,000	51,000	56,994	—7,006	+5,994
96—Supplies	16,75,000	15,52,000	13,02,870	—3,72,130	—2,49,130
97—Other Civil Works	<i>Charged</i> 12,000	12,000	—5,84,459	—5,96,459	—5,96,459
	Voted 19,22,36,000	21,67,30,000	26,04,41,300	+6,82,05,300	+4,37,11,300
98—Stationery and Printing	5,16,91,000	4,83,04,000	4,42,21,253	—74,69,747	—40,82,747
99—Miscellaneous Departments and Expenditure under the Ministry of Works, Housing and Supply	5,05,000	5,52,000	1,84,717	—3,20,283	—3,67,283
101—Atomic Energy Research	3,50,000	4,000	..	—3,50,000	—4,000
105—Rajya Sabha	..	4,000	..	..	—4,000
107—Capital Outlay of the Ministry of Commerce and Industry	54,08,000	55,70,000	48,41,187	—5,66,813	—7,28,813
108—Capital Outlay of the Ministry of Community Development and Co-operation	37,11,000	54,35,000	24,89,331	—12,21,669	—29,45,669
110—Capital Outlay of the Ministry of Education	69,64,000	67,35,000	55,22,528	—14,41,472	—12,12,472
111—Capital Outlay of the Ministry of External Affairs	75,50,000	79,07,000	89,88,898	+14,38,898	+10,81,898
113—Capital Outlay on Currency and Coinage	2,30,72,000	5,12,37,000	4,71,74,437	+2,41,02,437	—40,62,563
115—Commutated Value of Pensions	<i>Charged</i> 1,08,000	3,53,000	3,35,964	+2,27,964	—17,036
	Voted 81,43,000	87,03,000	85,51,991	+4,08,991	—1,51,009



116—Payments to Retrenched Personnel . . . . .	13,000	13,000	13,128	+128	+128
117—Other Capital Outlay of the Ministry of Finance . . . . .	4,50,05,000	15,20,57,000	12,99,55,860	÷8,49,50,860	—2,21,01,140
118—Loans and Advances by the Central Government . . . . .					
Charged . . . . .	21,61,24,000	29,50,83,000	19,91,41,757	—1,69,82,243	—9,59,41,243
Voted . . . . .	5,63,80,000	6,26,40,000	1,20,44,370	—4,43,35,630	—5,05,95,630
120—Purchase of Food Grains . . . . .	1,53,58,15,000	1,92,34,15,000	2,01,53,37,287	+47,95,22,287	+9,19,22,287
121—Other Capital Outlay of the Ministry of Food and Agriculture . . . . .	32,11,46,000	43,95,42,000	37,91,99,143	+5,80,53,143	—6,03,42,857
122—Capital Outlay of the Ministry of Health . . . . .	9,99,31,000	9,56,77,000	11,33,52,881	+1,34,21,881	+1,76,75,881
123—Capital Outlay of the Ministry of Home Affairs . . . . .	41,17,000	49,31,000	56,82,189	+15,65,189	+7,51,189
124—Capital Outlay on Broadcasting . . . . .	95,00,000	82,42,000	83,54,530	—11,45,470	+1,12,530
126—Other Capital Outlay of the Ministry of Irrigation and Power . . . . .	6,73,15,000	10,88,78,000	10,88,78,376	+4,15,63,376	+376
127—Capital Outlay of the Ministry of Labour and Employment . . . . .	3,49,000	3,55,000	2,54,001	—94,999	—1,00,999
128—Capital Outlay of the Ministry of Rehabilitation . . . . .	8,92,89,000	11,44,05,000	12,73,76,431	+3,80,87,431	+1,29,71,431
129—Capital Outlay of the Ministry of Scientific Research and Cultural Affairs . . . . .	29,85,000	64,71,000	64,01,822	+34,16,822	—69,178
130—Capital Outlay of the Ministry of Steel, Mines and Fuel . . . . .	3,24,15,000	11,32,63,000	6,00,03,994	+2,75,88,994	—5,32,59,006
132—Capital Outlay on Civil Aviation . . . . .	..	..	12,32,033	+12,32,033	+12,32,033
133—Capital Outlay on Ports . . . . .	60,97,000	75,31,000	59,42,439	—1,54,561	—15,88,561
134—Capital Outlay on Roads . . . . .	88,37,000	84,90,000	84,45,056	—3,91,944	—44,944



	1	2	3	4	5	6
		Rs.	Rs.	Rs.	Rs.	Rs.
135—Capital Outlay of the Ministry of Transport and Communications . . . . .		44,85,000	43,49,000	46,39,514	+1,54,514	+2,90,514
136—Delhi Capital Outlay . . . . .				54,91,764	+54,91,764	+5,91,764
137—Capital Outlay on Buildings . . . . .		3,00,00,000	3,00,00,000	3,40,40,207	+40,40,207	+40,40,207
138—Other Capital Outlay of the Ministry of Works, Housing and Supply . . . . .		1,56,26,000	1,14,17,000	1,31,86,631	—24,39,269	+17,69,631
139—Capital Outlay of the Department of Atomic Energy . . . . .		1,15,00,000	1,72,14,000	78,13,713	—36,86,287	—94,00,287
<b>GRAND TOTAL</b> . . . . .						
{ <i>Charged</i> . . . . .		1,32,07,48,000	1,36,76,46,000	1,25,89,10,911	—6,18,37,089	—10,87,34,089
{ <i>Voted</i> . . . . .		3,09,41,55,000	3,89,73,91,000	3,84,54,21,457	+75,12,66,417	—5,19,69,543