



सत्यमेव जयते

**REPORT OF THE
COMPTROLLER AND AUDITOR GENERAL
OF INDIA**

FOR THE YEAR ENDED 31 MARCH 1995

NO. 1 OF 1996

UNION GOVERNMENT (CIVIL)

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PREFACE

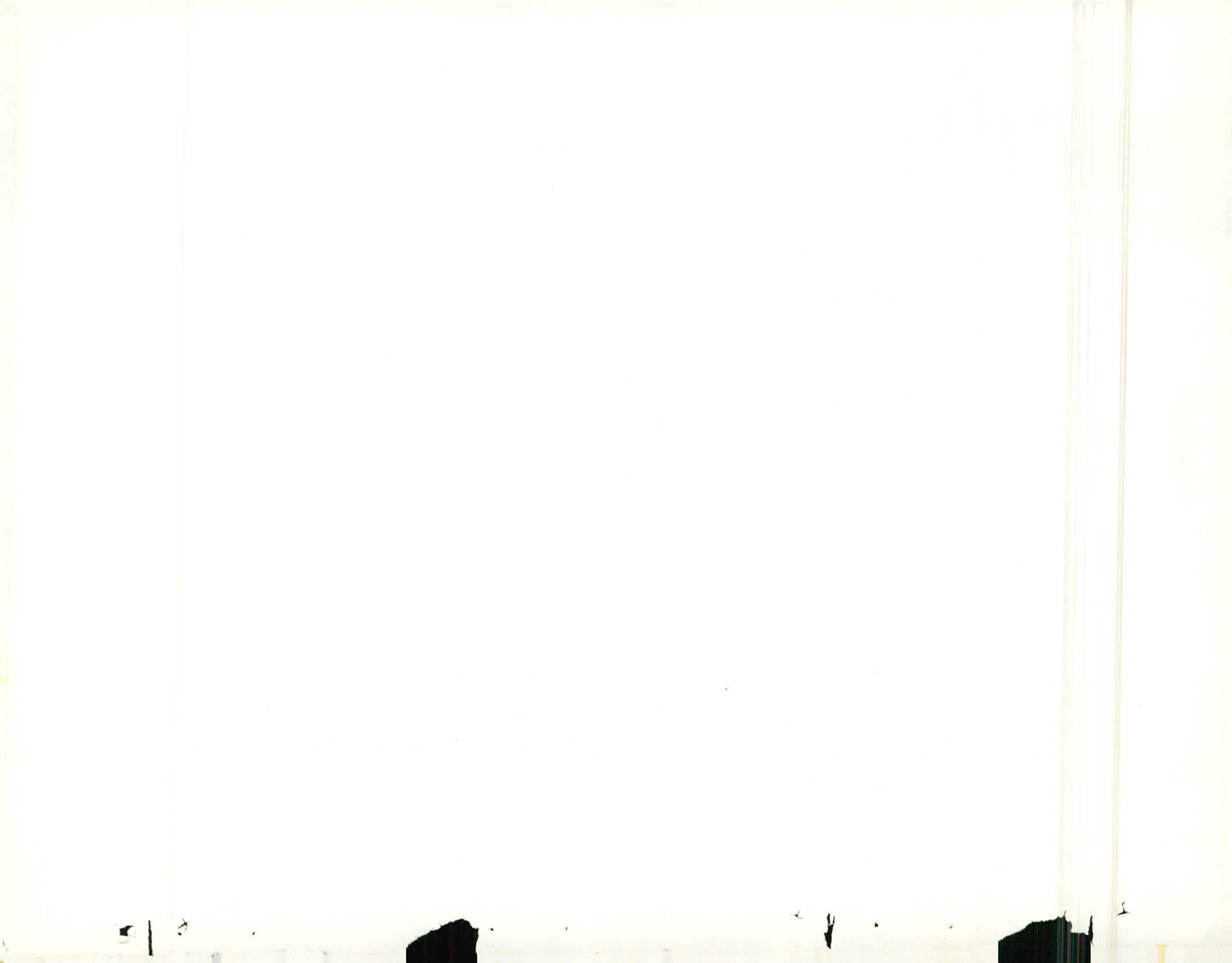
This Report for the year ended 31 March 1995 has been prepared for submission to the President under Article 151 of the Constitution.

The Audit Report (No.1 of 1996) covers matters arising from the Finance Accounts of the Union Government (Civil) for 1994-95 and the results of audit of Appropriation Accounts. Observations based on test audit and performance audit of the financial transactions of the Ministry of Agriculture, Ministry of Civil Aviation and Tourism, Ministry of Commerce - Department of Commerce and Department of Supply, Ministry of External Affairs, Ministry of Finance, Ministry of Food Processing Industries and Ministry of Health and Family Welfare of the Union Government are also included. Matters relating to the remaining Ministries and Departments are dealt with in Audit Report No.2 of 1996 (being issued separately). Separate Reports are also issued for Union Government (Other Autonomous Bodies) (No.3), Receipts of the Union Government (Nos.4 and 5), Scientific Departments (No.6), Posts and Telecommunications (No.7), Ministry of Defence (Nos.8 and 9) and Railways (No.10).

The present Report includes audit reviews of the following programmes, projects and organisations:

- | | | | |
|-------|--|---|-------------------------|
| (i) | National Watershed Development Project for Rainfed Areas | - | Ministry of Agriculture |
| (ii) | Scheme for Excise Relief for weak industrial-units | | Ministry of Finance |
| (iii) | Recovery of Government loans advanced to Shipping and Fishing Industries | - | Ministry of Finance |

The cases mentioned in this Report are among those which came to notice in the course of audit during 1994-95. For the sake of completeness, matters which relate to earlier years but not covered in the previous reports, are also included. Similarly results of audit of transactions subsequent to 1 April 1995 have been mentioned, wherever available and relevant.



OVERVIEW

This volume of the Audit Report for the year ended 31 March 1995 contains 58 paragraphs including 3 reviews. The major findings are summarised below:

I Accounts of the Union Government

During 1994-95, total receipts and expenditure of Government of India on revenue account were Rs 146669.53 crore and Rs 177698.75 crore respectively resulting in a revenue deficit of Rs 31029.22 crore. Similarly, the total receipts and expenditure on capital account were Rs 169721.21 crore and Rs 176434.87 crore respectively resulting in a capital deficit of Rs 6713.66 crore. The total deficit in the Consolidated Fund of India increased by 89 *per cent* to Rs 37742.88 crore during 1994-95 as compared to Rs 19990.40 crore during the previous year. Borrowed funds constituted 49.8 *per cent* of the total Consolidated Fund Receipts of Rs 316391 crore in 1994-95.

Revenue Receipts increased from Rs 119602 crore in 1993-94 to Rs 146670 crore in 1994-95. The share of tax revenue in total revenue receipts was 57 *per cent* in 1994-95. Share of direct taxes in tax revenue constituted an increase of 166 *per cent* over the five year period 1990-91 to 1994-95 and the share of indirect taxes to tax revenue constituted an increase of 40 *per cent* over the same period. While the non-tax revenues increased by Rs 11305 crore over the previous year, it fell short of the budget estimates by Rs 1058 crore.

Revenue expenditure constituted 80 *per cent* of total expenditure during 1994-95. Interest payments consumed 53 *per cent* of the total share of Central Government Tax Revenues.

Capital expenditure of the Union Government decreased from Rs 24650 crore in 1993-94 to Rs 19266 crore in 1994-95. Besides, the capital expenditure fell short by Rs 1352 crore against the Budget Estimates.

Government made further investment of Rs 8601.19 crore in statutory corporations, Government companies, other joint stock companies, co-operative banks

and societies, international bodies etc. in 1994-95. Dividend/profits received from total investment of Rs 71607.03 crore at the end of 1994-95 increased to 11.60 *per cent* from 3.9 *per cent* during the previous year.

Total expenditure of the Union Government increased from Rs 198841 crore in 1993-94 to Rs 220863 crore in 1994-95. Over a five year period, while the expenditure on General Services increased during 1990-95 by 76 *per cent*, the corresponding increase in expenditure on Economic Services and Social Services over the same period were 68 *per cent* and 46 *per cent* respectively.

Net share of resources transferred by Union Government to States increased from Rs 43443 crore in 1993-94 to Rs 47504 crore in 1994-95. During 1994-95, Rs 18234 crore were given to States as loans and advances while Rs 15620 crore were received from them towards repayment of loans and payment of interest.

Fiscal deficit, being the excess of revenue and capital expenditure over the revenue receipts, was Rs 57704 crore during 1994-95. Receipts of Rs 5078 crore on account of disinvestment of equity holdings in PSUs contributed to reducing the fiscal deficit.

The internal borrowings decreased from Rs 159614 crore in 1993-94 to Rs 148556 crore in 1994-95. However, the net contribution of borrowed funds to resources after meeting the liability on repayment of principal and payment of interest declined to 1.25 *per cent* in 1994-95 as compared to 19.44 *per cent* in 1993-94. In other words, 98.75 *per cent* of internal borrowings were applied to repayments and interest payments in 1994-95. Similarly, 84 *per cent* of receipt of Rs 95140 crore in Small Savings, Provident Fund etc. was utilised for repayment of principal and payment of interest. The position in case of external debt was worse since the debt service payment of Rs 9495 crore was more than external borrowings of Rs 9051 crore.

Utilisation Certificates of grants released to statutory bodies, non-government institutions etc. are required to be submitted by sanctioning authority not later than 18 months from the date of sanction of grants. 141681 utilisation certificates relating to

Rs 4615.10 crore for grants provided from 1976-77 to September 1993 were outstanding as on 31 March 1995.

Balances under Suspense heads continued to be high at Rs 7716 crore at the end of 1994-95. Balances under Suspense heads increased by 91 *per cent* between 1990-91 and 1994-95. 51 cases of adverse balances under Debt Deposit and Remittance heads are appearing in Union Government Finance Accounts. Out of these, 15 became adverse during the year 1994-95. Adverse balances need immediate attention for their rectification.

(Chapter 1)

II Appropriation Accounts

During 1994-95, Central Government was authorised a sum of Rs 335044.48 crore as original and Rs 14116.71 crore as supplementary Grants/ Appropriations. Against the total provision of Rs 349161.19 crore, total expenditure aggregated to Rs 304012.17 crore, resulting in savings of Rs 45149.02 crore which, is 12.93 *per cent* of total allocation.

Out of the total expenditure, nearly 71 *per cent* was charged on the Consolidated Fund of India.

Out of 91 grants, the expenditure under 7 grants exceeded the amounts voted or appropriated (charged) under 'Revenue' or 'Capital' sections by aggregate of Rs 47.03 crore, which requires regularisation by Parliament.

Actual expenditure during 1994-95 fell short of the budget provision in 204 cases. Supplementary provision of Rs 9115 crore was made in the revenue and capital sections (excluding public debt and loans and advances) of the grants, although there was an overall saving of Rs 8707 crore in these grants. In 22 cases relating to 20 grants, the supplementary grants totalling Rs 1382 crore remained wholly unutilised.

In 11 grants, the savings exceeded 50 *per cent* of the budget provision. In 18 cases relating to 15 grants and 3 appropriations, savings exceeded Rs 100 crore in each case and in 36 cases of 31 grants, savings exceeded Rs 20 crore in each case.

In case of 128 sub-heads in 33 grants/appropriations, re-appropriation of Rs 1677.28 crore was injudicious as (i) the final saving under these sub-heads was more than the amount re-appropriated to them and (ii) final excess under the sub-heads were more than the amount re-appropriated from them.

In two cases, expenditure was incurred on 'New Service' or 'New Instrument of Service' without prior approval of Parliament or without reporting the facts to Parliament.

In 10 cases, the instructions of Finance Ministry relating to limitation on reappropriation in excess of 25 *per cent* or Rs 1 crore, whichever was more, issued on the recommendation of Public Accounts Committee and another in the context of controlling the fiscal deficit, were not followed by Ministries / Departments.

(Chapter II)

Ministry of Agriculture

III National Watershed Development Project for Rainfed Areas

National Watershed Development Project for Rainfed Areas was launched in 1990-91 as a Centrally Sponsored scheme funded entirely by the Central Government with 75 *per cent* grants-in-aid and 25 *per cent* as loans to the States. Out of Rs 712.81 crore released by the Ministry to the States during 1990-95, only Rs 572.54 crore were spent by them. At the end of 1994-95, unspent balance of Rs 140.27 crore constituting 21 *per cent* of funds made available to them, remained with the State / UT Governments. Overall achievement against the VIII Plan target of covering 2.8 million hectares under this scheme could not be ascertained.

Test check of records of the implementing departments in States / UT revealed that works in watershed projects were taken up in many cases without conducting detailed and integrated surveys of soil, water, vegetation, production system, etc., which were pre-requisite for successful implementation of the Project. Rs 1242.77 lakh were diverted for activities / schemes beyond the scope of the Project and Rs 5488.20 lakh were kept under personal deposit account / in banks outside the

Government account. Instances of wasteful expenditure of Rs 664.49 lakh in five States were noticed in audit. Audit review revealed several instances of duplication of schemes, and watershed development projects were undertaken in areas where other schemes having similar components were already under progress.

Crop demonstrations were undertaken without associating appropriate scientific agencies. Rs 235.32 lakh were spent on crop demonstration without taking up/completing soil and moisture conservation measures in six States. Results of demonstration were not analysed in many States to bring out the benefit of watershed management.

Evaluation studies to ascertain impact of the Project on the economic development, increase in agricultural production and overall development of watershed areas were not made in most of the States. As such, the extent to which the objectives of the scheme were achieved, was not ascertainable.

(Paragraph 3.1)

IV Non -reconciliation and non-deposit of sale proceed of milk by Cash Clerks

Despite having been pointed out earlier in the Report of the Comptroller and Auditor General of India, Delhi Milk Scheme did not take effective / corrective action for reconciling the difference between the amount as per Machine Accounting System and the amount actually deposited by the Cashier. A sum of Rs 15.24 lakh remained unrealised from Clerks, drivers etc. as of March 1995.

(Paragraph 3.2)

Ministry of Civil Aviation and Tourism

V Unfruitful expenditure on tourist facility

Due to lack of co-ordination between Ministry of Tourism and Government of West Bengal for transfer of title of land and creation of infrastructural facilities, tourist lodge-cum-restaurant constructed at Mukutmanipur at a cost of Rs 15.48 lakh in May 1993 was not made operational. Construction of another tourist lodge-cum-restaurant at Kankrajhore had to be stopped in January 1993 due to dispute with State Forest Department. By that time, Rs 10.72 lakh were already spent on its construction. The

dispute was yet to be resolved, which has rendered the utility of this expenditure questionable.

(Paragraph 4.1)

Ministry of External Affairs

VI Cost escalation due to defective planning and delayed execution of works

The work regarding renovation of the embassy residence at Warsaw, originally sanctioned by the Ministry in October 1990 at a cost of US \$ 69160, was completed in July 1993 at US \$ 1,50,573.83 due to defective planning, delayed execution of work and delay in sanction of the project. This resulted in avoidable expenditure of US \$ 81,413.83 (Rs 25.72 lakh)

(Paragraph 6.1)

VII Extra and avoidable expenditure on purchase of flats

Delay by Embassy of India in Berne (Switzerland) in forwarding the special offer of sale by the owners of four residential flats, which were taken on rent and delay in sanction by Ministry resulted in their buying four flats with combined built up area of 417.94 Sqm. at a cost of Sfr 14,62,633.50 in place of earlier offer of Sfr 13,76,000 for four flats with combined built up area of 453.20 Sqm. In this process, the Embassy not only paid higher price of Sfr 86633.50 (Rs 21.13 lakh) but got 35.26 Sqm less built up area.

(Paragraph 6.2)

VIII Non utilisation of vacant embassy residence

Despite Ministry's instructions issued in April 1992 and May 1994 to accommodate any representational grade officer in the vacant embassy residence at Belgrade, it remained vacant from February 1992 to October 1994, during which the Indian mission had paid rent of US \$ 1,71,050 (Rs 53.97 lakh). Two officers stayed in rented accommodation during this period. Embassy incurred avoidable expenditure of US \$ 40260 (Rs 11.90 lakh) towards rent of the other building hired for another

officer during this period which could have been avoided, had the officer been accommodated in the vacant building.

(Paragraph 6.3)

Ministry of Finance

IX Recovery of Government loans advanced to Shipping and Fishing Industries

Keeping in view the dismal record of enforcing recoveries of loans advanced by Shipping Development Fund Committee (SDFC) to shipping and fishing industries, it was abolished in 1986. Shipping Credit and Investment Company of India (SCICI), a newly established company by Banks and financial institutions, was declared under Section 16 of the SDFC (Abolition) Act as a 'designated person' for erstwhile commitment of SDFC and was also entrusted the task of recovery of outstanding loans and also to extend fresh finance to shipping and fishing industry on commercial basis.

However, the position of overdue repayments of principal and payment of interest deteriorated from Rs 388.17 crore as on 03 April 1987, the date on which SDFC was abolished, to Rs 636.54 crore as on 30 June 1995.

During the period 1987-88 to 1994-95, Ministry released Rs 202.45 crore to SCICI for meeting commitments of erstwhile SDFC. In addition, an interest free loan of Rs 92.65 crore repayable over 30 years with 15 years moratorium on repayment, was also advanced to SCICI. SCICI was also given an interest subsidy of Rs 34.79 crore during 1987-88 to 1993-94, towards interest differential on loans advanced to the industry by SCICI from its own resources. Since SCICI was expected to operate on commercial basis, extending large scale of concessional funds to the company was not justified.

A sum of Rs 10.78 crore was recoverable from Fishing Trawler Manufacturers for which Bank of India failed to honour the bank guarantees in 64 cases. Further, four flats owned by Government of India were transferred to SCICI in April 1990 without any terms and conditions.

Though SCICI was having substantial financial support from Government of India, it failed to discharge the responsibility entrusted to it for recovering the Government dues satisfactorily. The Banking Division in the Ministry of Finance did not have any monitoring mechanism to ensure the recovery of Government dues through SCICI.

(Paragraph 7.1)

X Scheme for Excise Relief for weak Industrial Units

The Excise Relief Scheme was introduced in October 1989 by Ministry of Finance (Department of Economic Affairs-Banking Division) with a view to assisting industrial units to expeditiously regain viability through loans against excise duty paid by them. It was applicable to certain specific categories of units.

The scheme made it possible for BIFR, through the mechanism of Empowered Committee (EC) constituted under the Ministry to give concessions against payment of excise duty to sick units and to draw on budgetary resources of Government.

The Empowered Committee sanctioned loans amounting to Rs 164.02 crore for 60 sick units upto 1994-95. Of these, while loans aggregating Rs 80.61 crore were distributed to 39 units through Designated Financial Institutions (DFI), remaining 21 sick units were not provided any assistance.

Of the 39 units to whom the Excise Relief Loans were disbursed in 18 cases involving Rs 37.82 crore, the rehabilitation scheme sanctioned by BIFR for industrial and financial reconstruction, failed mainly because substantial portions of the excise relief loans were used to settle the companies' overdues to the banks and financial institutions. In 11 cases, excise loans amounting to Rs 45.86 crore were sanctioned by the Ministry on recommendations of EC, even before the rehabilitation packages were approved by BIFR.

Although, the Government decided in February 1993 to abolish the scheme, further amount of Rs 26.56 crore was released after the abolition of the scheme against the sanctions given earlier. The repayment schedule in respect of excise loans in 12

cases was incorrectly fixed, which would result in cumulative impact on delaying the repayment.

The accounting procedure evolved by the Ministry was not in conformity with the General Financial Rules and monitoring of the scheme was deficient.

(Paragraph 7.2)

XI Unwarranted escalation of prices

The Ministry revised the delivery schedule for supply of 5000 tonne water marked bank note paper in July 1988. Due to rescheduling, the supplier asked for escalation in prices to which the department agreed. 2070 tonne of paper were actually supplied within the originally scheduled date for which the department paid Rs 66.17 lakh towards escalation charges. Further, payment of escalation charges of Rs 181.93 lakh for 2930 tonne of paper supplied after the original delivery dates could have been avoided, had the Press made arrangements for storage of paper. Thus, rescheduling of the delivery period resulted in avoidable expenditure of Rs 248.10 lakh.

(Paragraph 7.3)

XII Avoidable expenditure due to delay in despatch of consignments

The Currency Note Press, Nasik had to pay avoidable additional insurance premium of Rs 18.61 lakh due to its failure to ensure that the consignments of imported water marked paper unloaded at Bombay, were transported to the destination (Nasik) within the validity period of insurance cover. Besides, the Press had also to pay demurrage and wharfage charges of Rs 8.30 lakh.

(Paragraph 7.4)

XIII Loss due to short recovery of rent

Commissioner, Central Excise, Bolpur provided dormitory accommodation for staff members of the Central Excise Department in four hired buildings and unauthorisedly fixed rent recoverable from them at much lower rate than their pro-rata share of rent paid for the buildings in disregard of specific instruction of the Ministry

to recover the entire amount of rent paid for the building. This resulted in unauthorised subsidy of Rs 14.83 lakh to the employees between May 1984 and June 1995 apart from irregular payment of House Rent Allowance of Rs 5.40 lakh during the same period.

(Paragraph 7.7)

Ministry of Health & Family Welfare

XIV Idle infrastructure

The Ministry sanctioned construction of a dispensary at Koramangala in Bangalore to serve the medical needs of Central Government staff residing in that area. The dispensary was constructed in August 1993 at a cost of Rs 11.69 lakh. The dispensary, however, could not be opened in the absence of Ministry's sanction as of October 1995. The dispensary, thus, remained vacant for more than 26 months after construction due to mismatch in construction and obtaining sanction of the Ministry for opening it. This resulted in denial of the much needed medical facilities to the Central Government staff.

(Paragraph 9.2)

CHAPTER I

Accounts of the Union Government

1.1 Introduction

1.1.1 Structure of Government Accounts

The accounts of the Government are kept in three parts: (i) Consolidated Fund (ii) Contingency Fund and (iii) Public Account.

All receipts of the Government from revenues, loans and recoveries of loans go into the Consolidated Fund, constituted under Article 266(1) of the Constitution of India. All expenditure of Government is incurred from this Fund and no amount can be withdrawn from the Fund without authorisation from Parliament. It consists of two main divisions, namely Revenue Account (Revenue Receipts and Revenue Expenditures) and Capital Account (Capital Receipts, Capital Expenditure, Public Debt and Loans etc.).

All other public moneys received by or on behalf of Government of India are credited to the Public Account of India constituted under Article 266(2) of the Constitution. For example, provident funds, small savings collections, other deposits, etc. do not constitute normal receipts of Government. They continue to belong to the depositors, but are in the possession of Government for a specific period or purpose. Parliamentary authorisation for payments from the Public Account is not required.

Occasions may arise when Government has to incur urgent unforeseen expenditure pending authorisation from Parliament. The Contingency Fund created under Article 267(1) of the Constitution is in the nature of an imprest placed at the disposal of the President to meet such situations. Parliamentary approval is subsequently obtained for such expenditure and for transfer of an equivalent amount from the Consolidated Fund to the Contingency Fund. The corpus of this Fund authorised by the Parliament, at present, is Rs 50 crore.

1.1.2 Annual Accounts

The accounts of the Union Government are compiled annually by the Controller General of Accounts in Ministry of Finance. The accounts are prepared in two volumes, viz., the Finance Accounts and Appropriation Accounts. The Finance Accounts present the details of all the transactions pertaining to both receipts and expenditure under appropriate classification in the Government accounts. The Appropriation Accounts on the other hand, present the details of amounts actually spent by Government vis-à-vis the amounts authorised by the Parliament in the budget grants. Any expenditure in excess of the grants requires regularisation by the Parliament.

1.1.3 Audit Report

The Finance Accounts and the Appropriation Accounts as well as various transactions in these accounts are audited by the Comptroller & Auditor-General of India in accordance with the CAG's (Duties, Powers & Conditions of Service) Act, 1971. CAG certifies the accounts and also submits separate Audit Reports to the President in terms of Article 151 of the Constitution of India.

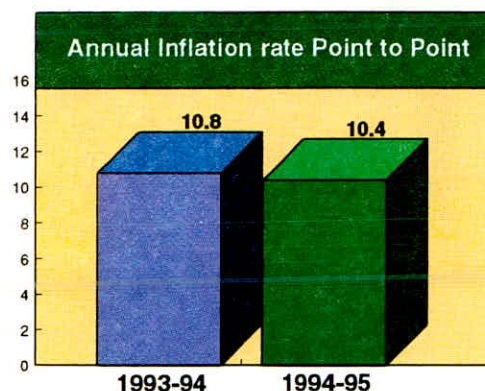
CAG's reports for the year ended on 31 March, 1995 are structured as follows:

Report No.	Containing observations on
1 of 1996	Finance and Appropriation Accounts and on some of the Union (Civil) Ministries
2 of 1996	Union (Civil) Ministries not covered in Report No. 1
3 of 1996	Union Government : Other Autonomous Bodies
4 of 1996	Union Government : Indirect Taxes
5 of 1996	Union Government : Direct Taxes
6 of 1996	Union Government : Scientific Departments
7 of 1996	Union Government : Posts & Telecommunications
8 of 1996	Union Government : Defence services(Army & Ordnance Factories)
9 of 1996	Union Government : Defence services (Air Force & Navy)
10 of 1996	Union Government : Railways

In addition to these, several reports are also submitted to the President on the

working of Public enterprises under the Union Government.

1.2. Price trends



The Reserve Bank of India, in its Annual Report for the year 1994-95 has observed that one of the important aspects of the economy during 1994-95 was the persistence of strong inflationary trends. The annual inflation rate measured in terms of the wholesale price index for all commodities was at the double digit level of 10.4 per cent on point to point basis which

was close to the 10.8 per cent level, it had reached in the previous year. At the same time the inflation rate on average basis was at 10.9 per cent as compared to 8.3 per cent recorded in the previous year. The average rate of inflation as measured by the wholesale price index over the five year period was 10.9 per cent during 1991-95 as compared to the average rate of inflation 7.1 per cent in the period 1985-90.

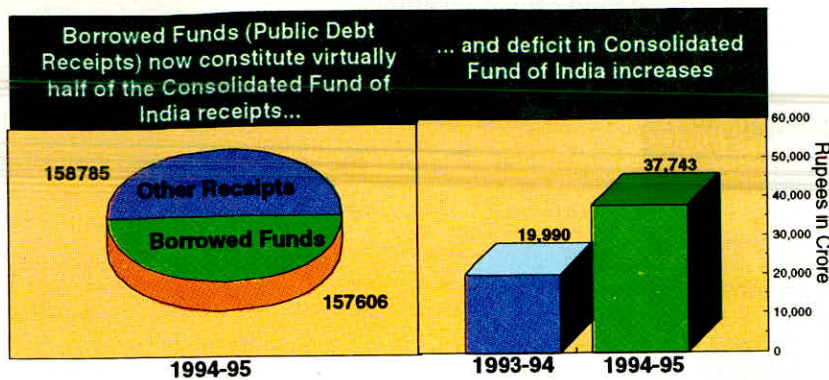
This analysis of the Union Government Finance Accounts should ideally be viewed in the context of these price trends.

1.3. Consolidated Fund of India

Table 1.3.1: Consolidated Fund of India

(Rupees in crore)

Receipts			Expenditure		
1993-94		1994-95	1993-94		1994-95
Revenue Account					
119601.60	Revenue Receipts	146669.53	152317.17	Revenue Expenditure	177698.75
32715.57	Deficit	31029.22			
152317.17		177698.75	152317.17		177698.75
Capital Account					
(-) 47.74	Capital Receipts	5607.42	24650.07	Capital Expenditure	19266.20
7611.28	Loans and Advances Received	6507.35	21874.05	Loans and Advances Paid	23898.05
169637.06	Receipts booked as Public Debt	157606.44	117951.31	Repayment of Public Debt	133270.62
	Capital deficit	6713.66	12725.17	Capital Surplus	-
177200.60		176434.87	177200.60		176434.87
19990.40	Deficit in Consolidated Fund	37742.88			



The Consolidated Fund of India Receipts increased from Rs 196823 crore in 1990-91 to Rs 316391 crore in

1994-95 which constituted an increase of 61 *per cent*. However, it is remarkable to note that Public Debt Receipts (borrowed funds), now constitute virtually half of the Consolidated Fund of India Receipts. The Union Government is empowered under Article 292 of the constitution to “borrow upon the security of the Consolidated Fund of India, within such limits, if any, as may be fixed by Parliament by law”. The Finance Ministry has, however, consistently taken the stand that it is not practicable or desirable to fix a statutory limit on borrowings. In view of the considerable growth of debt and the fact that borrowed funds now constitute such a substantial part of the receipts of the Consolidated Fund of India, which in turn stands as security for further borrowings, the necessity for setting a limit on borrowings should be reviewed.

During 1993-94, net deficit in the Consolidated Fund of India after adjusting the Capital surplus of Rs 12725 crore was Rs 19990.40 crore. The total deficit (Revenue plus Capital) during the year 1994-95 was Rs 37742.88 crore which constituted an increase of 89 per cent over the previous year.

1.4 Revenue Receipts

An analysis of revenue receipts (excluding States’ share of Income tax and Estate duty and Union territories’ share of Estate duty on agricultural land) during the last five years shows the following :

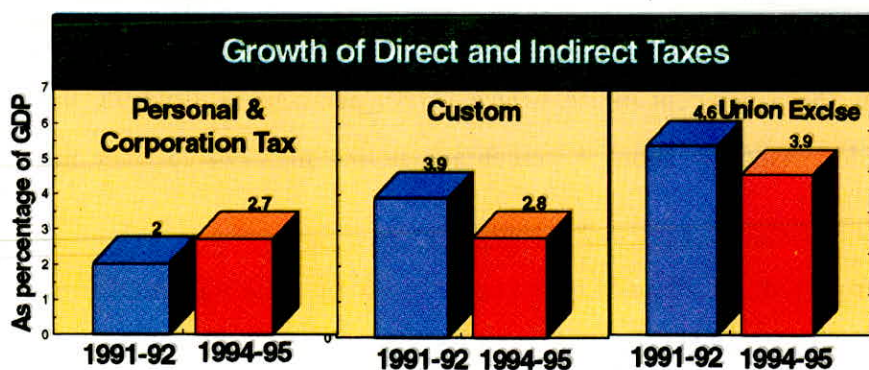
Table 1.4.1 : Increase in Revenue Receipts

(Rupees in crore)

Year	Actual receipts	Increase over the previous year	Percentage Increase
1990-91	84403	6179	8
1991-92	99830	15427	18
1992-93	114220	14390	14
1993-94	119602	5382	5
1994-95	146670	27068	23

Revenue receipts increased by 23 per cent from Rs 119602 crore in 1993-94 to Rs 146670 crore in 1994-95. The rise is mainly attributed to increase in corporation tax (Rs 3762 crore), taxes on income other than corporation tax (Rs 2114 crore), customs duty (Rs 4596 crore), union excise duties (Rs 5651 crore), and dividend and profits (Rs 5853 crore) which registered increases over the previous year. At the same time sales tax, state excise and wealth tax registered a decline by Rs 706 crore, Rs 185 crore and Rs 49 crore respectively during the same period. In terms of proportion to the gross domestic product at the prevailing market rate also, the revenue receipts increased to 15.5 per cent in the year 1994-95 as compared to 14.9 per cent in the previous year.

1.4.1 Tax Revenue



Tax revenue

increased from Rs 67975 crore in 1993-94 to Rs 83737 crore in 1994-95.

However, as

compared to the growth of tax revenue of 78 per cent during the period 1985-90, it

came down to 57 per cent during 1990-95. The tax-revenue constituted on an average 10.4 per cent of GDP over a period of five years during 1985-90. It declined to 9.5 per cent over 1990-95. The share of tax revenue to the total revenue receipts was 63 per cent in 1990-91 which declined to 57 per cent in 1994-95.

Tax revenue had increased at an average rate of 17 per cent per annum between 1985-90, but slipped to 12 per cent during 1990-95. However, the increase in tax revenue in 1994-95 over that in 1993-94 was impressive at 23 per cent.

Detailed observations on tax revenue (direct and indirect) are contained in C&AG's Report No 4 and 5 of 1996 on Revenue Receipts.

Table 1.4.1.1 : Growth of Direct and Indirect Taxes

(Rupees in crore)

Year	Direct* Taxes	As percent- age of tax revenues	Indirect Taxes	As percentage of tax revenues
1990-91	6910	12.93	46546	87.07
1991-92	10248	16.46	52009	83.54
1992-93	12082	17.62	56497	82.38
1993-94	12531	18.43	55444	81.57
1994-95	18411	21.99	65326	78.01

* Excludes receipts from Land Revenue and Stamps and Registration

Direct taxes increased from Rs 12531 crore in 1993-94 to Rs 18411 crore in 1994-95 which constituted an increase of 46.9 per cent. At the same time the increase of indirect taxes was 17.8 *per cent* over the same period. Share of direct taxes in tax revenue increased from 18.43 per cent in 1993-94 to 21.99 per cent in 1994-95, but that of indirect taxes decreased by about 4 percentage points in 1994-95 over the previous year.

Over a five year period, the share of direct taxes in tax revenue increased from Rs 6910 crore in 1990-91 to Rs 18411 crore in 1994-95 which constituted an increase of 166 per cent, whereas the increase of indirect taxes was 40 per cent over the same period.

Infact the personal and corporation taxes, taken together, which were 2 per cent of GDP in 1990-91 increased to 2.7 per cent in 1994-95. On the other hand, the Customs duty as percentage of GDP decreased from 3.9 per cent in 1990-91 to 2.8 per cent in 1994-95. Union Excise duty also decreased from 4.6 per cent of GDP in 1990-91 to 3.9 per cent in 1994-95.

1.4.2 Non-tax Revenue

Table 1.4.2.2 : Growth of Non tax Revenue

(Rupees in crore)

Year	Non tax revenue*	Gross Domestic Product at Market Prices of relevant year +	As percentage of GDP
1990-91	30947	535517	5.8
1991-92	37574	616061	6.1
1992-93	45641	702829	6.5
1993-94	51627	801032	6.5
1994-95	62932	945615	6.7

* Includes External Grant Assistance and Aid Material and Equipment

+ Source for GDP : Economic Survey for 1990-91 to 1992-93 and CSO's Quick Estimates as on 01 February 1996 for 1993-94 & 1994-95

During 1994-95 non Tax revenues increased by Rs 11305 crore, which constituted an increase of about 22 per cent over the previous year. However, it fell short of the budget estimates by Rs 1058 crore.

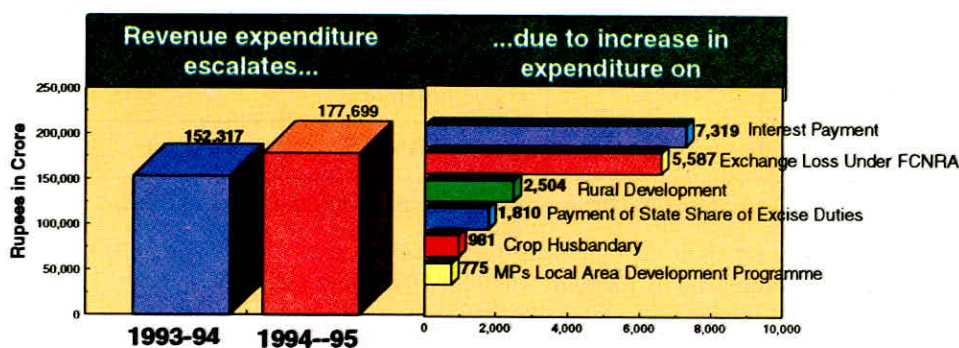
Non-tax revenue (including External Grant Assistance and Aid Material and Equipment) increased from Rs 30947 crore in 1990-91 to Rs 62932 crore in 1994-95 which constituted an increase of 103 per cent. In its proportion to GDP, there was a marginal increase of 0.9 per cent over the same period.

1.5 Revenue Expenditure

Table 1.5.1: Revenue Expenditure

(Rupees in crore)

Year	Revenue Expenditure				Increase over the previous year	Revenue expenditure as percentage of GDP
	Budget Estimates	Plan	Non-Plan	Total		(Actual)
1990-91	100800	12703	90261	102964	12826	19.23
1991-92	114103	15160	100931	116091	13127	18.84
1992-93	128399	19862	112932	132794	16703	18.89
1993-94	148480	24890	127427	152317	19523	19.02
1994-95	175649	28304	149395	177699	25382	18.79



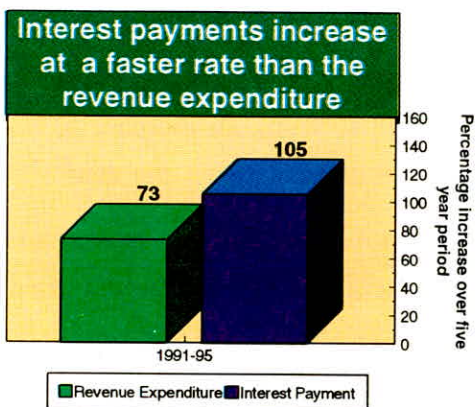
Revenue expenditure increased from Rs 152317 crore in 1993-94 to Rs 177699 crore in 1994-95 which constituted an increase of 16.7 per cent over the previous year.

The increase of Revenue expenditure in 1994-95 over the previous year was mainly due to higher expenditure on Interest Payment by Rs 7319 crore, Exchange loss under Foreign Currency (Non Resident) Accounts (Rs 5587 crore), Payment of States' share of Excise Duties (Rs 1810 crore), Rural Development (Rs 2504 crore), Crop Husbandry (Rs 981 crore) and MPs Local area development programme (Rs 775 crore - New Scheme).

At the same time revenue expenditure decreased over the previous year in some areas. The major decreases were in Labour and Employment (Rs 104 crore), Coal (Rs 174 crore), Industries (Rs 385 crore) and Minor Irrigation (Rs 42 crore).

Over the five year span, the Revenue expenditure increased from Rs 102964 crore in 1990-91 to Rs. 177699 crore in 1994-95, which constituted an increase of 73 per cent. Revenue expenditure accounted for 80 per cent of the total expenditure during 1994-95. The revenue expenditure as percentage of GDP was about 19 per cent during 1994-95 whereas the total expenditure as percentage of GDP was 23 per cent.

1.5.1 Interest payments



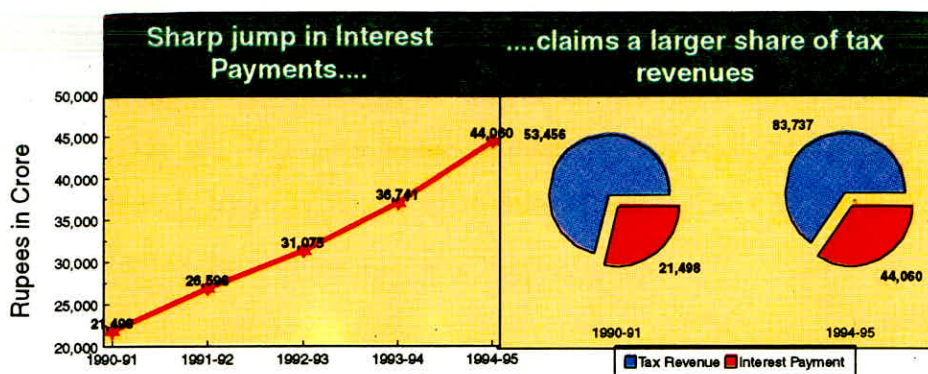
Total interest payments increased from Rs 36741 crore in 1993-94 to Rs 44060 crore in 1994-95 which constituted an increase of 19.9 per cent over the same period. This increase in interest payments was much more in comparison to the growth of revenue expenditure which was 16.7 per cent over the same period. During 1994-95 interest payments constituted 30 per cent of the revenue receipts and 25 per cent of the revenue expenditure. The trend of interest payment during the last five years was as under :

Table 1.5.1.1 : Interest Payments

(Rupees in crore)

Year	Internal Debt	External Debt	Small Savings PFs	Other	Total	As percentage of total tax revenue
1990-91	9814	1834	9413	437	21498	40.22
1991-92	11317	2704	12083	492	26596	42.72
1992-93	13542	3529	13436	568	31075	45.31
1993-94	15587	3724	16936	494	36741	54.05
1994-95	19168	4026	20313	553	44060	52.62

It would be observed from the above table that the total interest payments increased from Rs. 21498 crore in 1990-91 to Rs. 44060 crore in 1994-95 which constituted an increase of 105 per cent over the five year period. However the increase



in interest payment on external debt and small savings were still higher at 120 per cent and 116 per cent respectively.

Over a five year period the payment of interest on internal debt increased from Rs. 9814 crore in 1990-91 to Rs. 19168 crore in 1994-95 showing an increase of 95 per cent. The increase of interest payment on market loans alone was 107 per cent.

It is interesting to note that interest payments have been claiming a large share of the Central Government tax revenues. It was 40 per cent in 1990-91 but increased to 53 per cent in 1994-95.

1.5.2 Subsidies

The trend of item wise major subsidies for the last five years was as under :

Table 1.5.2.1 : Expenditure on Major Subsidies during 1990-95

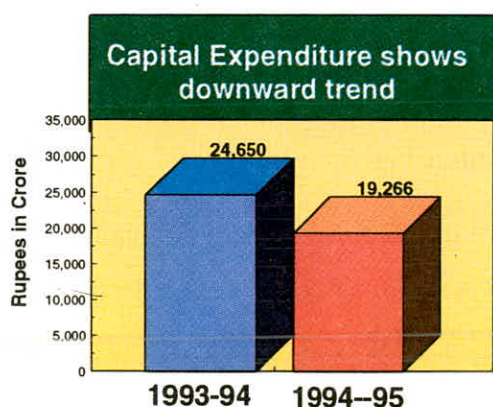
(Rupees in crore)

	1990-91	1991-92	1992-93	1993-94	1994-95
Food Subsidy	2450.00	2850.00	2800.00	5537.14	5100.00
Subsidy on indigenous fertilizers	3729.73	3500.00	4800.00	3800.00	4075.00
Interest Subsidy	349.10	323.09	112.56	147.74	111.26
Assistance for export promotion and market development	2741.53	1753.77	818.50	664.72	658.00
Subsidy to Railways towards dividend relief etc	283.35	311.76	352.61	412.03	420.57
Subsidy on imported fertilizers	659.33	1299.60	996.11	761.83	1166.00
Debt relief to farmers	1502.00	1425.00	1500.00	500.00	341.00
Payment to manufacturers/ Agencies for concessional sale of decontrolled fertilizers	-	-	-	-	516.76
Total	11715.04	11455.22	11379.78	11823.46	12388.59

Major subsidies increased from Rs 11823.46 crore in 1993-94 to Rs 12388.59 crore in 1994-95 which constituted an increase of 4.8 per cent over the same period. However, as percentage of total revenue expenditure it decreased from 7.8 per cent in 1993-94 to 7 per cent in 1994-95. Analysis over a period of five years revealed that the subsidies increased from Rs 11715 crore in 1990-91 to Rs 12389 crore in 1994-95. However, the subsidies as percentage of total expenditure decreased from 8.5 per cent in 1990-91 to 5.6 per cent in 1994-95. Subsidies on indigenous fertilizers increased from Rs 3800 crore in 1993-94 to Rs 4075 crore in 1994-95 which constituted an increase of 7.2 per cent over the previous year. While the increase in subsidies on imported fertilizers during 1994-95 was 53 per cent over the previous year.

1.6 Capital Expenditure of Union Government

1.6.1 Capital Expenditure



Assets are created mostly out of capital expenditure. In addition, financial assets arise from moneys invested in institutions or undertaking outside Government (i.e. PSU and Corporation) and loans and advances. The trend of capital expenditure over the last five years was as under :

Table 1.6.1.1 : Capital Expenditure

(Rupees in crore)

Year	Capital expenditure during the year	Percentage Growth over the previous year	As percentage of total Expenditure	As percentage of GDP
1990-91	13387	(-) 0.10	9.77	2.50
1991-92	13911	3.90	9.35	2.26
1992-93	20586	48.00	12.03	2.93
1993-94	24650	19.74	12.40	3.08
1994-95	19266	(-) 21.84	8.72	2.04

Capital expenditure of the Union Government decreased from Rs 24650 crore in 1993-94 to Rs 19266 crore in 1994-95 which constituted a decline of *22 per cent* over the previous year. As a percentage of total expenditure and of GDP it also decreased by 3.7 and 1 percentage points respectively over the previous year. The actual capital expenditure fell short of budget estimates of Rs 20618 crore by Rs 1352 crore. The savings against budget estimates were mainly contributed under Coal Rs 176.33 crore; Health : Rs 46.14 crore ; Roads : Rs 27.44 crore and Urban Development and Housing : Rs 52.90 crore.

1.6.2 Investment and Returns

The details of investments by Government in statutory corporations, Government companies, other joint stock companies, co-operative banks and societies, international bodies etc. along with dividend received during the years 1990-91 to 1994-95 is given in Appendix-I.

The total investment of the Government in statutory corporations, Government companies, other joint stock companies, co-operative banks and societies, international bodies etc. increased from Rs 63005.84 crore on 31 March 1994 to Rs 71607.03 crore on 31 March 1995 which constituted an increase of *13.7 per cent*.

From the investment of Rs 47070.59 crore in 242 Government companies and corporations, the average dividend was only *1.75 per cent* as on 31 March 1995. The average profitability of the PSUs as percentage of GDP was *1.18 per cent* during 1985-90 which decreased to *1.07 per cent* during 1990-94. Further the average loss of loss making PSUs as percentage of GDP increased from *0.53 per cent* in 1985-90 to *0.61 per cent* in 1990-94. It is interesting to note that profitable PSUs declined from 131 in 1992-93 to 120 during 1993-94.

The total dividend on investment of Rs 1046 crore upto 1994-95 in State co-operative banks and other banks excluding nationalised banks, Industrial Development Bank and Reserve Bank was *1.36 per cent* as compared to *1.79 per cent* in 1993-94. From Rural Banks set up in 1975 no dividend has been received so far on the total investment of Rs 72 crore upto 31 March 1994. A further amount of Rs 155.00 crore

has been invested in these banks during 1994-95. National Bank for Agriculture and Rural Development (NABARD) and Industrial Reconstruction Bank of India in which Rs 364.00 crore (Rs 165 crore and Rs 199 crore respectively) were invested upto 1994-95, also did not pay any dividend.

Detailed observations on investments and returns in PSUs etc. are contained in C&AG's reports on Public Enterprises.

1.6.3 Budgetary support to Nationalised Banks

Budgetary support is being provided to Nationalised Banks to raise their share capital. Presently there are 19 Nationalised Banks wholly owned by the Central Government. As per the procedure the banks reinvest this money into Government securities. However, Government has to pay interest to the banks on the money invested by the latter in the Government securities.

The trend of Profit received from banks and interest paid by Government to banks on securities for last five years was as under:

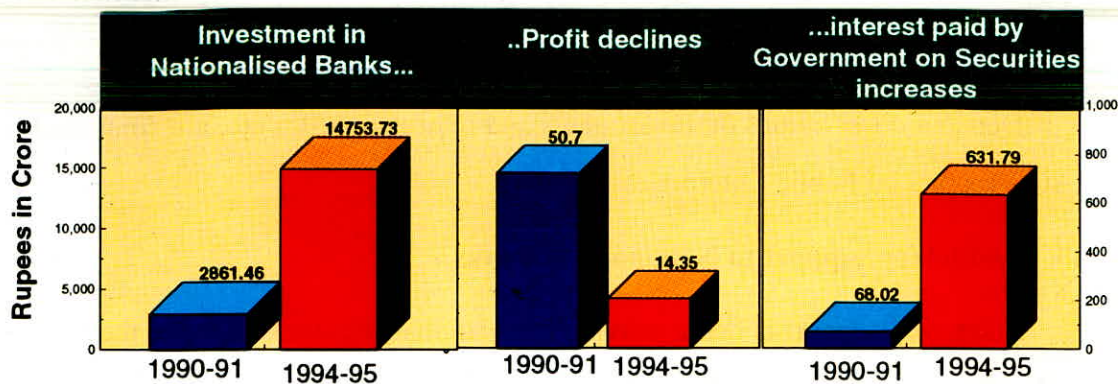
Table 1.6.3.1 : Budgetary support to Nationalised Banks (NBs)

(Rupees in crore)

Year	Investment in NBs as on 31 March	Profit Received	Securities issued to N.Bs. by Union Government as on 31 March	Interest paid by the Government
1990-91	2861.46	50.70	2805.62	68.02
1991-92	2979.01	54.59	3510.88	170.38
1992-93	3739.59	80.88	4212.13	209.89
1993-94	9464.89	3.58	9934.90	327.73
1994-95	14753.73	14.35	14297.44	631.79

Investment of the Union Government in Nationalised banks increased sharply by 55.9 per cent from Rs 9464.89 crore in 1993-94 to Rs 14753.73 crore in 1994-95. At the same time profit as percentage of investment increased by only about 0.06 percentage points over the previous year. The interest paid by the Union Government

on securities issued to nationalised banks during 1994-95 increased by 92.8 per cent over the previous year.



Over the five year period the investment in banks increased from Rs 2861 crore in 1990-91 to Rs 14754 crore in 1994-95 which constituted an increase of 416 per cent. But at the same time the total profit which increased from Rs 51 crore in 1990-91 to Rs 81 crore in 1992-93 sharply decreased to Rs 4 crore in 1993-94. It recovered only partially in 1994-95 to Rs 14 crore. However, this profit of Rs 14 crore constituted merely 0.1 per cent on an investment of Rs 14754 crore. On the other hand, interest paid by Government on securities was on an increasing trend from Rs 68 crore in 1990-91 to Rs 632 crore in 1994-95 which constitutes an increase of over nine times during the five year period.

1.7. Total expenditure of Union Government

The trend of total expenditure of Union Government during the last five years was as under :

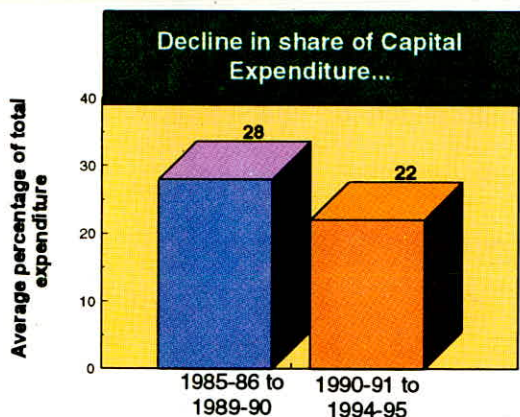
Table 1.7.1 : Total Expenditure of Union Government

(Rupees in crore)

Year	Revenue	Capital	Loans	Total expenditure	As percentage of GDP
1990-91	102964	13387	20708	137059	25.59
1991-92	116091	13911	18703	148705	24.14
1992-93	132794	20586	17619	170999	24.33
1993-94	152317	24650	21874	198841	24.82
1994-95	177699	19266	23898	220863	23.36

Total expenditure of Union Government increased from Rs 198841 crore in 1993-94 to Rs 220863 crore in 1994-95 which constituted an increase of 11.07 per cent over the previous year. However, as percentage of GDP it declined from 24.82 per cent in 1993-94 to 23.36 per cent in 1994-95.

The total expenditure of Union Government reduced from an average of 27 per cent of GDP during 1985-86 to 1989-90 to an average of 24 per cent between 1990-91 to 1994-95.



to 1994-95. Bulk of this 3 percentage point reduction was on account of capital expenditure which has gone down from 7.5 per cent to 5.5 per cent of GDP. Furthermore, over the five year period, the average share of capital expenditure (including loans) in the total expenditure sharply declined from 28 per cent during 1985-90 to 22 per cent during 1990-95.

As far as revenue expenditure is concerned, the interest payments which had gone up to an average of 3.4 per cent of GDP during 1985-90 rose to an average of 4.4 per cent during 1990-95. On the other hand, revenue expenditure other than interest payments came down from 16.1 per cent of GDP on an average during 1985-90 to 14.6 per cent of GDP during 1990-95.

1.7.2 Trend analysis of sectoral expenditure

In the accounts of Union Government, the transactions are accounted under various heads which, in turn, are grouped into sectors. The expenditure heads are grouped into General Services, Social Services and Economic Services. Specific functions or services are grouped in a sector. For example Education, Sports Art and Culture, Health and Family Welfare, Water Supply and Sanitation, Housing and Urban Development etc are grouped under Social Services. Similarly, Agriculture, Rural Development, Irrigation and Flood Control, Energy, Industry and Mines, Transport Communication, Science Technology and Environment, Tourism, Foreign Trade and

Civil Supplies etc. are included in Economic Services. The General Services on the other hand include the expenditure on organs of State, Collection of Taxes on Commodities and Services, Fiscal Services, Interest Payments, Administrative Services, Defence Services and Pensions. The sectoral expenditure, therefore, broadly indicates the expenditure on the group of specific functions and services. Grants-in-aid to State Governments represent a block of distinct expenditure, where detailed utilisation is reflected in the accounts of respective State Governments. These alongwith loans to State Governments have been separately analysed in the next para of this chapter.

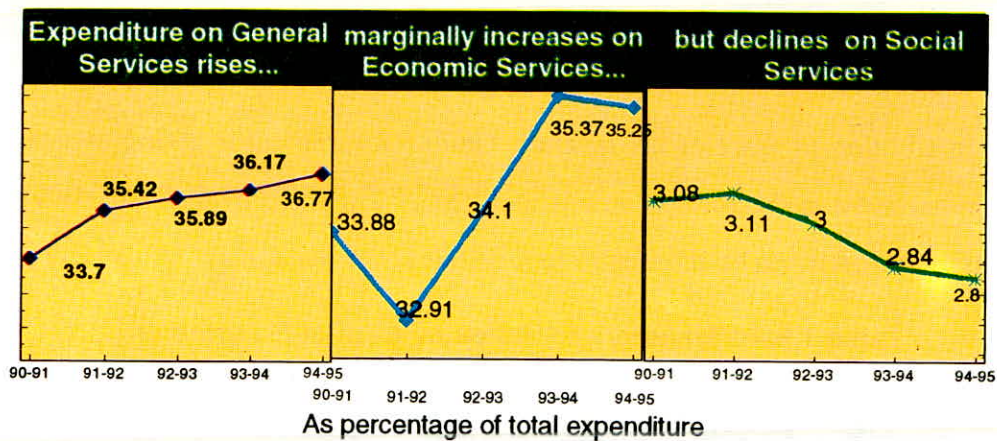
The sectorwise trend of the expenditure presented on the above basis is revealed in the analysis contained in the succeeding paragraphs.

Table 1.7.2.1 : Sectoral expenditure of Union Government

(Rupees in crore)

Sector •	1990-91	1991-92	1992-93	1993-94	1994-95
General Services	46247	52671	61366	71913	81208
As %age of total exp	33.7	35.42	35.89	36.17	36.77
As %age of GDP	8.64	8.55	8.73	8.98	8.59
Social Services	4227	4621	5136	5642	6189
As %age of total exp	3.08	3.11	3.00	2.84	2.80
As %age of GDP	0.79	0.75	0.73	0.70	0.65
Economic Services	46429	48939	58304	70340	77861
As %age of total exp	33.88	32.91	34.1	35.37	35.25
As %age of GDP	8.67	7.94	8.30	8.78	8.23

- This classification excludes loans to foreign Governments and loans and advances and grant-in-aid to U.T. Governments, which do not fall distinctly under any specific group.



Expenditure on General Services increased from Rs 46247 crore in 1990-91 to Rs 81208 crore in 1994-95 which constituted an increase of 76 per cent whereas the increase on Economic Services and Social Services was 68 per cent and 46 per cent respectively over the same period. As a proportion of total expenditure, the share of General Services increased from 34 per cent in 1990-91 to 37 per cent in 1994-95 and as percentage of GDP from 8.64 per cent in 1990-91 to 8.98 per cent in 1993-94. However, it slightly decreased to 8.59 per cent as percentage of GDP in 1994-95 over the previous year. The share of Social Services to total expenditure has decreased from 3.08 per cent in 1990-91 to 2.80 per cent in 1994-95 and as percentage of GDP decreased from 0.79 per cent to 0.65 per cent. The share of Economic Services which includes crucial infrastructure like roads, coal, power etc. increased as percentage of total expenditure from 33.88 per cent in 1990-91 to 35.25 per cent in 1994-95 and as percentage of GDP decreased from 8.67 per cent to 8.23 per cent over the same period.

If the inflation is taken into account, the expenditure in real terms on Social and Economic Services would have declined further, thereby constituting a smaller share of cake out of the Government resources. The general decline in application of funds to Social Development sector has also been due to savings in budgetary allocation to programmes in this sector. The reduced allocations given in the budget could not be spent, in the year 1994-95 in the voted grants on the Revenue side - in Agriculture: Rs 179.79 crore; Health : Rs 198.05 crore; Water Resources : Rs 50.76 crore; Education : Rs 30.53 crore and Welfare : Rs 31.97 crore.

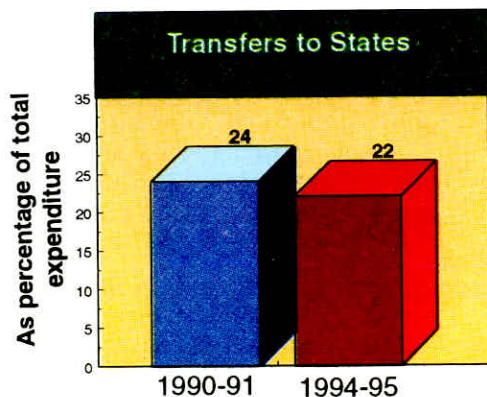
1.8. Transfers to States

In addition to share of tax revenue, Union Government is giving assistance to State Government in the form of grants and loans. The trend of the last five years of the transfer of resources by the Centre to the States is as under:

Table 1.8.1 : Transfers to States by Central Government

(Rupees in crore)

Year	Share of Taxes	Grants	Loans	Total	Repayment of Principal & Interest	Net transfer to States (5-6)	Share of States as percentage of Total expenditure
1	2	3	4	5	6	7	8
1990-91	14533	13202	14476	42211	9795	32416	23.65
1991-92	17197	15700	13145	46042	10317	35725	24.02
1992-93	20524	17830	13282	51636	12438	39198	22.92
1993-94	22241	20830	15075	58146	14703	43443	21.85
1994-95	24843	20047	18234	63124	15620	47504	21.51



The net share of resources transferred by Union Government to States increased from Rs 43443 crore in 1993-94 to Rs 47504 crore in 1994-95 which constituted an increase of 9.3 per cent over the previous year. But at the same time as percentage of total expenditure and as percentage of GDP it

decreased by 0.34 and 0.40 percentage points respectively over the previous year. It would also be observed from the above table that the share of States as a percentage of total expenditure decreased from 24 per cent in 1990-91 to 22 per cent in 1994-95.

During 1994-95, an amount of Rs 18234 crore were given to States as loans and advances by Union Government but at the same time Rs 15620 crore were repaid

by States (Repayment + Interest) which constituted about 86 per cent of the loans transferred to the States by Union Government. The net inflow of loans to the States dropped from about 32 per cent in 1990-91 to about 14 per cent in 1994-95.

1.9. Deficit

1.9.1 Fiscal deficit

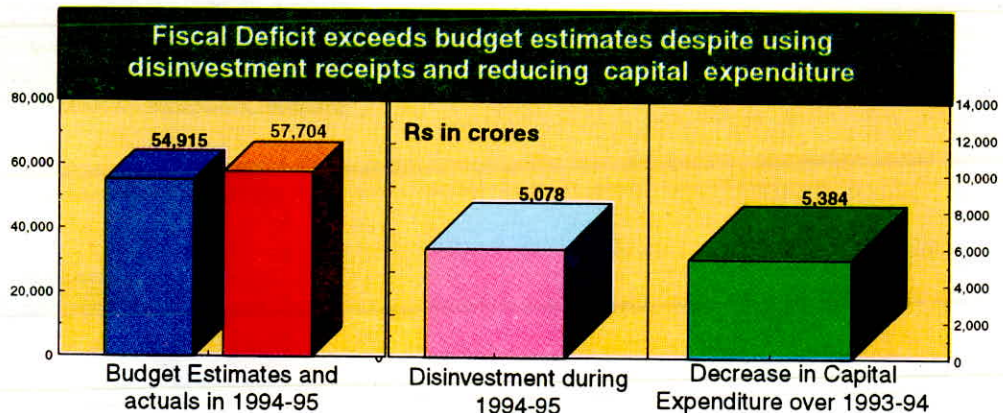
The fiscal deficit may be defined as the excess of revenue and capital expenditure (including net loans given) over the revenue receipts (including grants and aid received).

The trend of fiscal deficit during the last five years was as under:

Table 1.9.1.1 : Fiscal deficit

(Rupees in crore)

Year	Fiscal deficit	As percentage of GDP
1990-91	44632	8.3
1991-92	36325	5.9
1992-93	40173	5.7
1993-94	60256	7.5
1994-95	57704	6.1



It would be observed from the above table that the fiscal deficit has assumed an increasing trend from 1992-93. As percentage of GDP, it was 6.1 per cent during

1994-95. The fiscal deficit was estimated at Rs 54915 crore in the budget 1994-95 whereas the actual fiscal deficit was Rs 57704 crore.

The fiscal deficit during 1994-95 came down partly due to the receipts of Rs 5078 crore on account of disinvestment of equity holdings in PSUs and partly due to reduction in capital expenditure during 1994-95 as compared to 1993-94.

1.9.2. Revenue deficit

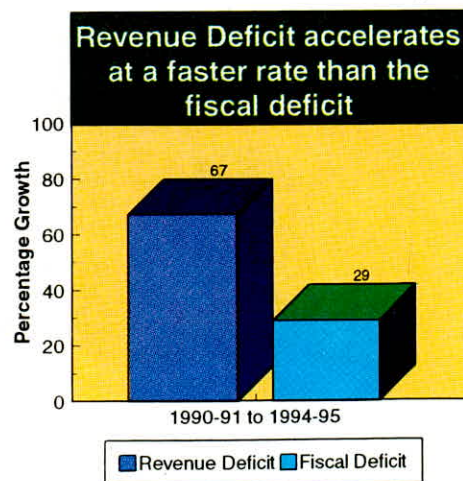
The revenue deficit is the gap between revenue receipts and revenue expenditure. The trend of revenue deficit for the last five years was as under :

Table 1.9.2.1 : Revenue deficit

(Rupees in crore)

Year	Revenue deficit	As percentage of fiscal deficit
1990-91	18561	41.6
1991-92	16261	44.8
1992-93	18574	46.2
1993-94	32716	54.3
1994-95	31029	53.8

The revenue deficit increased from Rs 18561 crore in 1990-91 to Rs 31029 crore in 1994-95 which constituted an increase of 67 per cent. Its share in the fiscal deficit has kept rising indicating that more money has to be borrowed from other sources, which in turn has pushed up the interest burden. The ratio of revenue deficit to fiscal deficit shot up from 42 per cent in 1990-91 to 54 per cent in 1994-95.



1.9.3 Overall deficit

The overall deficit in the expenditure and receipts of the Government is the amount by which the total expenditure (under revenue and capital accounts) exceeds the total receipts (under revenue and capital accounts) of the Government.

The trend of overall deficit for the last five years was as under:

Table 1.9.3.1 : Overall deficit

(Rupees in crore)

1990-91	11347
1991-92	6855
1992-93	12312
1993-94	10960
1994-95	961

In order to impose fiscal discipline on itself, in September 1994, the Government entered into a landmark agreement with RBI to the effect that money financing of the deficit will be gradually brought down to nil by 1997-98. It has been agreed that at the end of financial year 1994-95 the net issue of ad hoc treasury bills should not exceed Rs 6000 crore. It has also been agreed that the net issue of ad hoc treasury bills should not exceed Rs 9000 crore for more than ten continuous working days at any time during 1994-95.

The Government of India did not exceed the 'within the year' ceiling during 1994-95. However as per the RBI annual report 1994-95, in August 1995 the ceiling of Rs 9000 crore was exceeded by Rs 10400 crore between 31 March 1995 to 18 August 1995.

1.9.4 Monetised Deficit

The net RBI credit to Government is the monetised deficit which measures the money impact of fiscal operations provided by the RBI's credit to the Government.

The monetised deficit (i.e. net Reserve Bank credit to the Central Government) in 1994-95 amounted to Rs 2130 crore (0.23 per cent of GDP) as against Rs 260 crore (0.03 per cent of GDP) in the preceding year.

1.10. Public Debt

Public Debt comprises of internal and external debt. It has vital links with all aspects of Public Finance: taxation and expenditure policies, budget surplus and deficits, trade and balance of payment, development expenditure and economic growth.

The term internal debt is confined to regular loans from the public in India and is also termed as "Debt raised in India". It includes market loans, special securities issued to RBI, Compensation and other bonds etc. It also includes borrowing through Treasury Bills issued to RBI, State Government and other parties as well as non-negotiable non interest bearing rupee securities issued to IMF, IBRD (World Bank) IDA, IFAD. African Development Bank and Asian Development Bank. This internal debt is accounted for in the Consolidated Fund of India.

1.10.1 Internal Debt

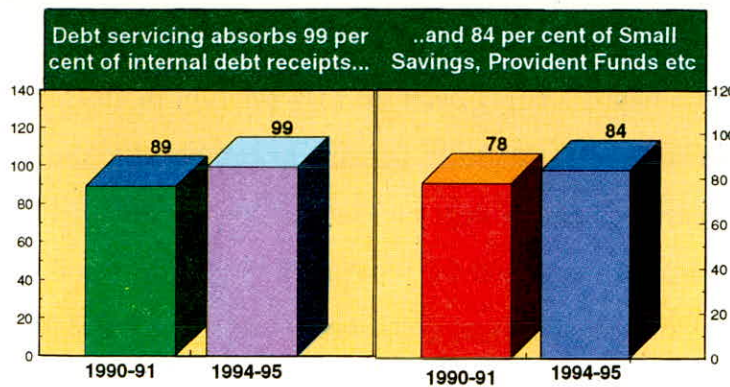
The trend of Internal Debt for the last five years was as under:

Table 1.10.1.1 : Internal Debt

(Rupees in crore)

Year	Addition during the year	Debt servicing Repayment + Interest	Percentage of 3 to 2
1	2	3	4
1990-91	100313	89317	89.04
1991-92	82307	74877	90.97
1992-93	93754	80946	86.34
1993-94	159614	128589	80.56
1994-95	148556	146694 •	98.75

- Interest excludes adjustment relating to discount on zero coupon bonds amounting to Rs 275 crore.



It would be observed from the above Table that there was a quantum jump in internal debt receipts, which increased from Rs 82307 crore in 1991-92 to Rs 148556 crore in 1994-95, an increase of 80 per cent over the four year

period. At the same time the net inflow which was 11 per cent of the borrowing in 1990-91 and 19 per cent in 1993-94, was a mere 1.25 per cent in 1994-95.

1.10.2 Other internal liabilities

Apart from the borrowings accounted for in the Consolidated Fund of India, there are Small Savings, Provident Funds, Reserve Funds, and Deposits which are kept in a separate Public Account. The balances of Public Account are carried forward annually. These amounts add substantially to the liability of the Government.

The trend of the last five years of these liabilities was as under:

Table 1.10.2.1 : Other Internal liabilities

(Rupees in crore)

Year	Addition during the year	Repayment + Interest	Percentage of 3 to 2
1	2	3	4
1990-91	57462	44730	77.84
1991-92	58035	54676	94.21
1992-93	63837	62252	97.52
1993-94	79136	72222	91.26
1994-95	95140	79700	83.77

It would be observed from the above table that the addition in Small Savings, Provident Funds and others increased from Rs 57462 crore in 1990-91 to Rs 95140

crore in 1994-95, which constituted an increase of 66 per cent. The net inflow of these borrowing which was 22 per cent in 1990-91 sharply declined to 9 per cent in 1993-94. The position of net inflow improved in 1994-95 to 16 per cent as compared to the previous three years, but as in the case of internal debt the bulk of these additional receipts of the Public Account are also being utilised for repayment of principal and interest payments, and net availability of resources from this source is also rather low.

1.10.3 External Debt

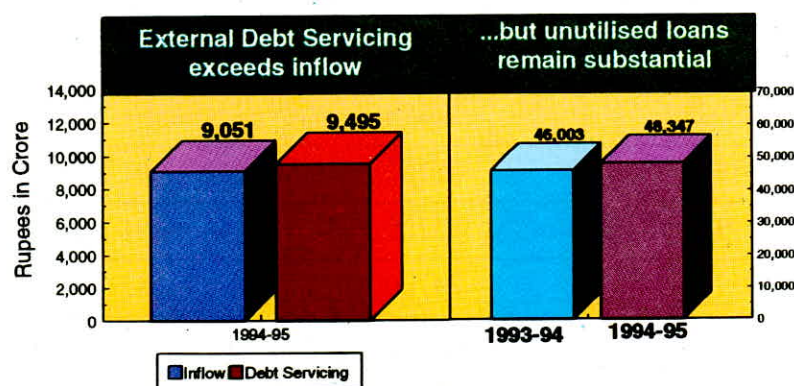
1.10.3.1 External Debt of the Central Government

The trend of the external debt booked under the Consolidated Fund of India for the last five years was as under :

Table 1.10.3.1 : Net Inflow of External Debt

(Rupees in crore)

Year	Addition during the year	Debt service Payment	Net Inflow	Percentage of 3 to 2
1	2	3	4	5
1990-91	5339	3993	1346	74.79
1991-92	8279	5562	2717	67.18
1992-93	9625	7835	1790	81.40
1993-94	10024	8674	1350	86.53
1994-95	9051	9495	(-444)	104.91



The above Table highlights the fact that the receipts of the external debt are being used for debt servicing and there is no resource addition from the existing level

of borrowing. The percentage of Debt Service payments which was 67 per cent in

1991-92 shot up to 105 *per cent* in 1994-95 resulting in Rs 444 crore of outflow from the Union Government's resources. It is also pertinent to mention that the total commitment (authorisation) of unutilised loans at current rates increased from Rs 46002.56 crore in 1993-94 to Rs 48346.90 crore in 1994-95.

1.10.4 Guarantees given by Union Government

Under Article 292 of the Constitution, Union Government "may give guarantees within such limits, if any, as may be fixed by Parliament by law." No law prescribing the limit has, so far, been enacted, although the Public Accounts Committee in paragraph 1.11 of their Sixty Fourth Report (Fourth Lok Sabha, 1968-69) recommended for working out a workable limit on borrowings for purpose of incorporation in a statute as contemplated in Article 292 of the Constitution. The position regarding the maximum amount of guarantees for which Government have entered into agreements and sums guaranteed outstanding at the end of the years 1990-91 to 1994-95 are given below :

Table 1.10.4.1 : Guarantees given by Union Government

(Rupees in crore)

Position at the end of the year	Maximum amount of guarantee for which Government have entered into agreement	Sums guaranteed outstanding (Internal & External)	External guarantees outstanding •	Percentage col.4 to col.3
1	2	3	4	5
1990-91	49353	40394	21740	53.8
1991-92	55063	46744	20908	44.7
1992-93	79552	58027	28988	50.0
1993-94	84738	62857	30626	48.7
1994-95	89563	63153	30268	47.9

- Includes counter guarantees

It would be observed from the above Table that the total outstanding guarantees of the Union Government (Internal + External) increased from Rs 40394 crore in 1990-91 to Rs 63153 crore in 1994-95 which constitutes an increase of 56 per cent. As on 31 March 1995 outstanding amount of external guarantee constituted 48

per cent of the total outstanding guarantees of the Union Government and these have not been converted into current rates of exchange in the Union Government Finance Accounts.

1.11 Utilisation Certificates

The certificates of utilisation of grants were required to be furnished by the Ministries/Departments in respect of grants released to statutory bodies, non-Government institutions etc. The purpose of furnishing the certificate is to ensure that grants had been properly utilised for the purpose for which they were sanctioned and where the grants released were conditional, the prescribed conditions had been fulfilled. The certificates are required to be submitted by the sanctioning authority not later than 18 months from the date of sanction of the grant.

141681 utilisation certificates relating to Rs 4615.10 crore in respect of grants released upto September 1993 from 33 Ministries/Departments were outstanding at the end of March 1995. The Ministry/ Department-wise details indicating the position of outstanding utilisation certificates at the end of March 1995 are given in Appendix-II. The Ministries/Departments of Human Resource Development (Department of Culture), Welfare, Civil Aviation, Non Conventional Energy Sources, External Affairs and Union Territory Chandigarh have not furnished the required information.

Action is required to be taken for streamlining the procedure of watching the timely receipt of utilisation certificates and regulating the further release of grants after satisfactory utilisation of the grants given earlier.

1.12 Comments on Accounts

1.12.1 Suspense Balances

Under suspense heads are recorded all such transactions as are ultimately cleared either by payment or recovery in cash or by book adjustment. All balances under Suspense heads have to be reviewed at short intervals so that it may be secured that no item remains unadjusted longer than is reasonably necessary to bring about its clearance in the ordinary course with due regard to the rules applicable to each case.

There is therefore a need to clear these amounts expeditiously and classify them to appropriate heads of accounts. The figures lying under Suspense heads for the last five years are given below:

Table 1.12.1.1 : Suspense Balances

(Rupees in crore)

Year	Amount (Net)
1990-91	Dr. 4031
1991-92	Dr. 4625
1992-93	Dr. 5894
1993-94	Dr.28085
1994-95	Dr. 7716

The reduction in Suspense balance from Rs 28085 crore in 1993-94 to Rs 7716 crore in 1994-95 is mainly due to rectification of error of Rs 20139 crore under 8658-103 Suspense Account Posts & Telegraphs which originated in 1993-94 Accounts. Apart from this rectification of error, the Suspense balances have increased from Rs 4031 crore in 1990-91 to Rs 7716 crore at the end of 1994-95 constituting 91 per cent increase over the five year period.

The position of Suspense balances under major suspense heads for the last three years are given below:

Table 1.12.1.2 : Balances under Major Suspense heads

(Rupees in crore)

Heads of Account	Net Balance as on		
	31 March 1993	31 March 1994	31 March 1995
Pay and accounts Office Suspense	Dr. 628.77	Dr. 436.50	Dr. 267.98
Suspense A/C Civil	Dr. 361.76	Dr. 829.02	Dr. 568.99
Suspense A/C P&T	Dr. 239.46	Dr.20573.09	Dr. 97.41
Suspense Accounts Defence	Dr 1239.11	Dr 914.95	Dr 635.18
Suspense Accounts Railways	Dr 117.03	Dr 185.74	Dr 215.52
Telecommunication Accounts office Suspense	Dr 1497.66	Dr 1564.36	Dr 1830.01
Public Sector Bank Suspense	Dr. 360.23	Dr. 528.55	Dr. 581.35
Suspense Account for purchases abroad	Dr. 1365.09	Dr. 1539.50	Dr. 1426.68

The Suspense balances are shown in net figures in Finance Accounts. The net figures merges the amounts appearing in Suspense accounts on both debit and credit side and does not give correct picture of total transactions awaiting clearance. The Accounting Officers need to devote special attention to the outstanding balances under suspense & Miscellaneous Heads and in particular steps should be taken to clear old outstanding balances to show a true and fair picture of annual accounts of Government.

1.12.2 Adverse Balances

The adverse balances are negative balances appearing under those heads of accounts where there cannot normally be a negative balance. For example, in any loan or advance, a negative balance will indicate more repayment than the original amount advanced. Such situations arise largely due to accounting errors or accounting situations arising out of rationalisation of the classification of accounts or administrative re-organisation breaking up one accounting unit into many. In the Finance Accounts of the Union Government for the year 1994-95 there are 51 cases of adverse balances under Debt, Deposit and Remittance heads. Out of these 15 balances became adverse during the year 1994-95. 36 cases are continuing to occur in the Finance Accounts from earlier years. All these cases are qualified by a note mentioning that adverse balances are under investigation. As mentioned above, these balances are indicative of the existence of errors, omission, misclassification, etc. Exceptionally these may conceal irregularities or fraud. The major items of adverse balances are given in Appendix III.

In addition to these adverse balances there are more adverse balances in the books of the Accounting Authorities and are eclipsed while consolidating the Accounts. Such adverse balances are not distinctly visible in the Union Government Finance Accounts and such adverse balances escape necessary attention by Chief Accounting Authorities and Accounting Authorities in taking follow up action. A few instances of such hidden adverse balances are given in Appendix IV.

Action is required to be taken for rectification of the adverse balances in Finance Accounts under the Debt, Deposit and Remittances Heads so that the statements of balances held by the Government are correctly exhibited in the annual accounts. The accounting arrangements should also be streamlined to check the recurrence of such balances.

1.12.3 Unclaimed Market Loans to be transferred to Revenue

As per accounting procedures the unclaimed market loans are usually retained in Government Accounts as debt for 20 years for the discharge of loans and after which these balances are to be transferred to revenue. As per statement 14A of Union Government Finance Accounts, an amount of Rs 1.24 crore (5 loans) was lying outstanding against various loans for more than 20 years which had not been credited to revenue. Action needs to be taken by the Chief Accounting Authorities for crediting these loans to revenue.

1.12.4 Difference between capital outlay and investments

In the progressive total of capital outlay, the investment in public sector and other undertakings, (included in the Minor Head 190 under each Capital Major Head of Expenditure) amounted to only Rs 40840 crore as against the figures in Part I and Part II of statement No 11 of Rs 53602 crore. The difference between these two figures is yet to be reconciled by the Chief Accounting Authorities in Ministries and Departments. Similar action needs to be taken on investments in co-operative banks, co-operative societies and co-operative credit societies included in progressive capital outlay in Statement No 10 and also reflected in Statement No 11 of the Finance Accounts. A similar Audit comment was made in the Audit Report for the year ended 31 March 1994 (Para 1.13.4 Chapter I), but the action taken by the Chief Accounting Authorities in this regard has not been reported.

1.12.5 Review of balances

It is imperative that the Government should ascertain at regular intervals, its precise liabilities in respect of outstanding balances in the Public Accounts under

various Debt, Deposit and Remittance heads. All Accounting Officers are therefore required to review and verify such balances and ascertain whether the correctness of the balances is accepted by the persons/ parties by whom the balances are owned or to whom these are due and are required to furnish annually a detailed statement showing the unreconciled differences and the cases where acceptance of balances is awaited. The Principal Accounts Officer is required to send a consolidated report for the Ministry/ Department as a whole to the Controller General of Accounts by 15 October. The purpose of conducting this review is to ascertain the quality of maintenance of various books of accounts and reconcile the figures of Debt, Deposits and Remittances. It has been noticed that in respect of Civil Departments the review of balances for the year 1994-95 has been completed only for Ministry of Food Processing Industries, Rajya Sabha Secretariat and President's Secretariat. The remaining Principal Accounts Officers have not completed the review of balances inspite of this fact being pointed out every year in the Inspection Reports issued to them.

CHAPTER II

Appropriation Accounts

2.1 Introduction

In accordance with the provisions of Article 114 of the Constitution of India soon after the grants under Article 113 are made by the House of People, an Appropriation Bill is introduced to provide for appropriation out of the Consolidated Fund of India. The Appropriation Act passed by Parliament contains authority to appropriate certain sums from the Consolidated Fund of India for the specified services. Subsequently, supplementary or additional grants can also be sanctioned by subsequent Appropriation Acts in terms of Article 115 of the Constitution of India.

The Appropriation Acts include the expenditure which has been voted by Parliament on various grants in terms of Articles 114 and 115 of the Constitution of India and also include the expenditure which is required to be charged on the Consolidated Fund of India in terms of Article 112(3) as well as Article 293(2) of the Constitution of India. The Appropriation Accounts are prepared every year indicating the details of amounts on various specified services actually spent by Government vis-a-vis those authorised by the Appropriation Acts

Five different Appropriation Accounts pertaining to different sectors of activities viz., Civil, Defence Services, Postal Services, Telecommunication Services and Railways are presented to Parliament. These Appropriation Accounts exhibit the total sanctioned grant/appropriation, actual expenditure and savings/excess for the grant/appropriation as a whole during the financial year. The number of demands for grants/appropriations obtained by the various Ministries/ Departments during 1994-95 under different sectors of activities are given below:

Sector of activity	No. of demands for grants or appropriations
Civil	91
Defence Services	5
Postal Services	1
Telecommunication Services	1
Railways	16
Total:	114

The Appropriation Accounts in respect of the grants for Defence Services, Postal & Telecommunication Services and Railways are prepared by the respective Ministries. The Appropriation Accounts (Civil) in respect of 91 grants and appropriations mentioned above are prepared by the Controller General of Accounts in Ministry of Finance.

The objective of appropriation audit is to ascertain whether the expenditure actually incurred under various grants is within the authorisation given under the Appropriation Acts and that the expenditure required to be charged under the provisions of the Constitution is so charged. It also ascertains whether the expenditure so incurred is in conformity with the law, relevant rules, regulations and instructions.

This Chapter contains observations on the audit conducted in respect of the Appropriation Accounts (Civil) prepared by the Controller General of Accounts for the year 1994-95.

2.2 Summary of Appropriation Accounts

A summary of Appropriation Accounts (Civil) of sums expended during the year ended 31 March 1995 compared with the several sums authorised in the schedule appended to the Appropriation Acts, 1994 passed under Articles 114 and 115 of the Constitution of India, is given below:-

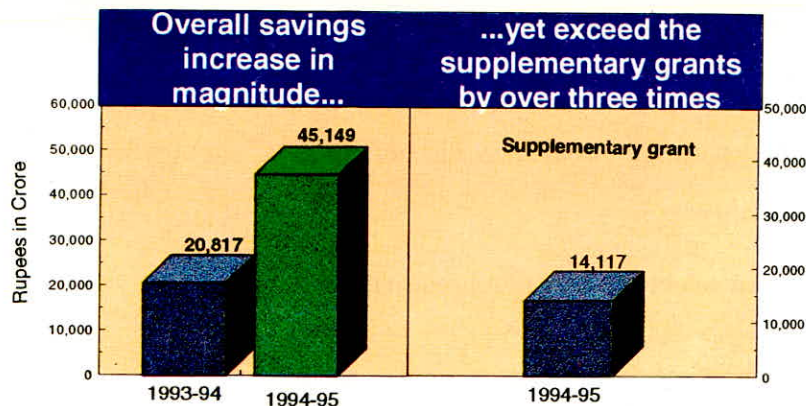
Table 2.2: Appropriations and Expenditure

(Rupees in crore)

Nature of expenditure	Original grant/appropriation	Supplementary grant/appropriation	Total	Actual expenditure	Savings
I. Revenue:					
Voted	64579.45	6685.82	71265.27	67814.68	3450.59
Charged	66937.62	256.13	67193.75	65220.55	1973.20
II. Capital					
Voted	14845.94	1954.43	16800.37	13520.13	3280.24
Charged	7.44	218.89	226.33	223.50	2.83
III. Public Debt					
Charged	168637.80	175.51	168813.31	133270.62	35542.69
IV. Loans and Advances					
Voted	5535.85	778.80	6314.65	5719.55	595.10
Charged	14500.38	4047.13	18547.51	18243.14	304.37
Grand total	335044.48	14116.71	349161.19	304012.17	45149.02

Note: (1) In a demand for grants, provision for the charged expenditure is called appropriation and for voted, grant.

(2) Excludes Posts & Telecommunications, Defence Services and Railways: details given separately in C&AG's Reports Nos. 7, 8 and 10 of 1996.



The overall savings of Rs 45149.02 crore was three times the supplementary grant of Rs 14116.71 crore and constituted 12.93 per cent of the total provision of Rs 349161.19 crore, as compared to 7.13 per cent of the total provision of the

last year.

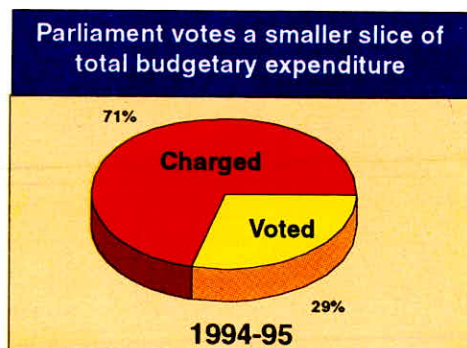
2.3 Charged and Voted expenditure

The detail of the amounts of the expenditure actually incurred against approved demands (grants and appropriations) of the Civil Ministries/Departments for the year 1990-91 to 1994-95 is given below:-

Table 2.3: Authorisation and Expenditure

(Rupees in crore)

Sl. No	Year	Authorisation					Expenditure				
		Voted	Charged	Total	%age of Voted	%age of Charged	Voted	Charged	Total	%age of Voted	%age of Charged
1	2	3	4	5	6	7	8	9	10	11	12
1.	1990-91	58007	170484	228491	25	75	54681	131689	186370	29	71
2.	1991-92	63814	142538	206352	31	69	58202	122373	180575	32	68
3.	1992-93	74367	141321	215688	34	66	68904	134672	203576	34	66
4.	1993-94	88069	203866	291935	30	70	82497	188621	271118	30	70
5.	1994-95	94380	254781	349161	27	73	87054	216958	304012	29	71



It may be seen that the charged expenditure mainly on account of the expenditure on interest payment as well as repayment of debt obligations constituted 66 to 71 per cent of the total expenditure every year during the last five years. It may be mentioned that the expenditure charged on the Consolidated Fund of India is not subjected to the vote of Parliament. Such

expenditure now is over 2/3 of the total expenditure out of the Consolidated Fund of India.

2.4 Results of Appropriation Audit

The overall saving as mentioned in para 2.2 above was the net result of savings in 204 cases and excess in seven cases as shown below:-

Table 2.4: Net Savings in selected Grants/Appropriations

(Rupees in crore)

Grants and Appropriations affected	Savings		Excess		Net savings	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
Voted	3497.21	3875.38	46.62	0.04*	3450.59	3875.34
No. of grants	80	66	5	1		
Charged	1973.61	35850.26	--	0.37	1973.20	35849.89
No. of Appropriations	40	18	--	1	--	--

* difference due to rounding off

The original provision obtained for the year 1994-95 (Rs 3,35,044.48 crore) was 43.88 *per cent* more than that obtained for the year 1993-94 (Rs 2,32,863.75 crore). However, the supplementary grants and appropriations obtained in the year 1994-95 was only 4.21 *per cent* of the original grants and appropriations, as against 25.37 *per cent* during the year 1993-94..

2.5 Excess expenditure over various Grants/ Appropriations

According to the provisions of the Financial rules, no expenditure should be incurred which might have the effect of exceeding the total grant or appropriation authorized by Parliament by law for a financial year even after obtaining a supplementary grant or an advance from the Contingency Fund. It was, however, observed that in the revenue section, there was an excess of Rs 46,61,82,844 over the authorised sums in five grants. Excess in capital section amounted to Rs 3,49,410 in one grant and Rs 37,38,000 in one appropriation. Details of these grants/ appropriations are given below:

Table 2.5 : Excess over Grants/Appropriations

Sl No.	Grant	Total grant or appropriation	Actual expenditure	Amount of excess (%)	Contributing reasons as stated by Government
1.	2.	3.	4.	5.	6.
Rupees					
Revenue-Voted					
1.	17-Defence Pensions	27,20,75,00,000	27,30,69,02,120	9,94,02,120 (0.37%)	Payments of pension made to officers etc. who retired on or after 15 August 1947, sanction of relief from 1 January 1994 and 1 July 1994 and more number of personnel becoming eligible for pension than anticipated, larger than anticipated number of personnel for commutation finalisation of more number of claims owing to implementation of anomalies.
2.	24- Ministry of External Affairs	881,73,00,000	917,23,79,760	35,50,79,760 (4.03%)	Due to opening of new missions, augmentation of staff in newly opened missions, revision of allowances, world-wide inflationary trends and loss by exchange, increase in office expenses and in diplomatic expenditure, increased expenditure in connection with settlement of airlift bills, settlement of arrear bills for chartering of aircrafts for Vice-President's visit abroad, increased expenditure on delegation to United Nations, increased expenditure on providing air services to Andaman and Nicobar Islands owing to withdrawal of a ship for Haj services.
3	64-Ministry of Petroleum and Natural Gas	2,75,00,000	2,76,87,386	1,87,386 (0.68%)	More expenditure incurred on foreign tours by the officers of the Ministry.
4.	77-Ports, Light houses and Shipping	319,90,00,000	321,03,87,819	113,87,819 (0.36%)	Due to advance payment made to Shipping Corporation of India as per agreement for manning and operation of two departmental vessels and more withdrawals from the General Reserve Fund.
5.	90-Rajya Sabha	20,28,00,000	20,29,25,759	1,25,759 (0.06%)	Purchase of computers for MPs (Rajya Sabha), clearing of Indian Airlines vouchers, payment of dues of Indian Railways and more sittings of Standing Committees and two breaks in Budget Session.
	Total Revenue - Voted	39,45,41,00,000	39,92,02,82,844	46,61,82,844	
Capital-Voted					
6.	98-Daman and Diu	19,34,00,000	19,37,49,410	3,49,410 (0.18%)	Execution of some major works to ease the pressure on demand for accommodation and accelerated progress of these works.

Contd

Sl No	Grant	Total grant or appropriation	Actual expenditure	Amount of excess (%)	Contributing reasons as stated by Government
1.	2.	3.	4.	5.	6.
Total Capital-Voted		19,34,00,000	19,37,49,410	3,49,410	
Capital-charged					
7.	76-Roads	5,20,00,000	5,57,38,000	37,38,000 (7.19%)	Due to provision wrongly shown in the Book of main Demands for Grants and Appropriations (No.2) Act. 1994, by Ministry of Finance.
Total Capital-Charged		5,20,00,000	5,57,38,000	37,38,000	

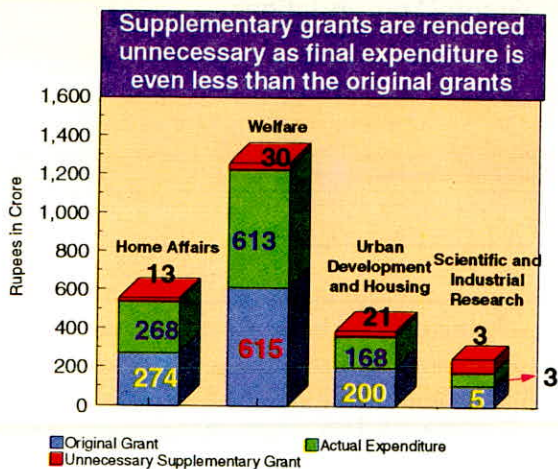
It is noteworthy that in the case of five grants viz Defence Pensions, External Affairs, Ports, Lighthouses and Shipping, Rajya Sabha and Daman and Diu there was excess expenditure despite obtaining supplementary grants. This indicates the failure of Ministries/ Departments not only to assess requirement of additional funds even at the fag end of the year but also the inadequacies in the institutional arrangements in the Ministries/ Departments in monitoring the trend of expenditure under various heads of account.

These seven cases detailed above, where moneys have been spent in excess of the amount authorised for the services for that year, require regularisation under Article 115(1)(b) of the Constitution of India.

2.6 Savings under various grants/appropriations

Savings in the grant or appropriation indicate that the expenditure could not be incurred as estimated, anticipated and planned. They are indicative of poor budgeting or shortfall in performance depending upon the circumstances and the purpose for which the original grant or appropriation was provided. As already mentioned in para 2.2 above, the overall savings in the budget of Government (other than Posts, Telecommunications, Railways and Defence Services) totalled Rs 45149.02 crore which is 12.93 *per cent* of the total provisions under these grants and appropriations.

It is noteworthy that in 22 cases relating to 20 grants (details of which are given in Appendix V) the supplementary provisions were obtained in anticipation of higher expenditure. However, the final expenditure was even less than the original grants. The savings in these cases thus exceeded the entire amount of supplementary provision amounting to Rs 1382.37 crore.



There is, therefore, need to operate the supplementary grants judiciously and avoid indiscriminate use of this mechanism.

A detailed scrutiny of the Appropriation Accounts reveals that certain Grants/Appropriations such as Health, Industrial Development, Coal, Atomic Energy etc. have been registering savings which are not only

persistent but display an increasing trend which was still higher during the year 1994-95. Such large scale savings are indicative of both faulty budget estimation and an undesirable tendency of the Ministries/ Departments concerned to grossly overestimate their requirements of funds. Necessary steps need to be taken to make the budgetary exercise more realistic so as not only to minimise large scale variations between the estimates and actuals but also to gainfully utilize the scarce resources to meet the competing demands of various sectors of the economy.

2.6.1 Savings of Rs 100 crore or more

The Public Accounts Committee in para 1.24 of their 60th Report (Tenth Lok Sabha) presented in February 1994 commented on the sharp increase in the savings as compared to the sanctioned provision. The Committee desired that Ministry of Finance should take the issue seriously with appropriate measures to overcome the unfortunate situation of large savings and also desired that detailed note in respect of savings from a grant or appropriation during each year involving Rs 100 crore and above be furnished to the Committee along with explanatory notes for excess expenditure incurred. The cases where savings of Rs 100 crore and above occurred are given in Table 2.6.1 below:-

Table 2.6.1 : Savings under various Grants/Appropriations

Sl. No.	Grant	Amount of Saving (% of provision) (Rs in crore)	Contributing reasons as stated by Government	Schemes or functions effected
Voted Grants				
Revenue				
1.	I-Agriculture	179.79 (10.15%)	Non-approval of the scheme of Export Enhancement Programme for Horticulture produce, due to post budget decision to transfer the schemes from Central Plan Sector to Centrally Sponsored Plan Sector as per direction of the Planning Commission under Crop Husbandry, non-finalisation of purchase-for-sophisticated equipment, adjustment of unspent balances lying with implementing agencies of various State Governments and less demand from implementing agencies under the scheme of Integrated Central Development Programme in wheat, rice, coarse cereals, commercial crops, development of pulses, development of oilseeds, intensive cotton, oil palm, special jute programme, general area and special components plan for scheduled caste/scheduled tribes under Crop Husbandry, less demand from implementing agencies and Union Territory Administration under Horticulture and Vegetable crops and promotion of use of plastics in Horticulture, termination of contract with operating consultants for Assam State Seeds Corporation and delay in updation of accounts by some of State Seeds Corporations, non-	<ul style="list-style-type: none"> - Export Enhancement Programme for Horticulture produce - Integrated programme for the development of spices - Promotion of Agriculture Mechanisation among small farmers - National Project on development of fertilisers use in low consumption Rainfed Areas - Integrated cereal - Development Programme of rice, wheat, coarse cereals, pulses, oil seeds commercial crops, vegetable crops beekeeping etc. -Extension and farmer's training.

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Sl. No.	Grant	Amount of Saving (% of provision) (Rs in crore)	Contributing reasons as stated by Government	Schemes or functions effected
			clearance of scheme of Expenditure Finance Committee memo by the Cabinet on Economic Affairs, less release of subsidy owing to lesser quantity of seed produced by the seed producing agencies, lack of proposals on modernisation of Huller Rice Mills in the State of Andhra Pradesh, Bihar, Assam, Karnataka, Orissa, Madhya Pradesh and Uttar Pradesh, less release of funds to State Government for which provision was kept inadvertently under some of the heads, non-submission of study material, non-filling up of vacant posts and non-engagement of professionals.	
2.	16-Ministry of Defence	123.90 (6.55%)	Due to reduction in purchase of stores, restriction imposed by Ministry of Finance, delay in sanctions to canteen stores Department by Ministry of Defence and non release of grants-in-aid, Non finalisation of revival package by the Board of Industrial Finance Reconstruction for V.R.S. for Vigyan Industries Ltd. (a subsidiary to B.E.M.L.).	-Canteen Stores department. -Voluntary Retirement Scheme in Vigyan Industries Ltd
3	25-Department of Economic Affairs	130.62 (1.97%)	Non-filling up of vacant posts, payment of less wages than anticipated, postponement of purchase of machinery, less requirement of funds than anticipated owing to lesser withdrawals under compulsory Deposit (Income tax Payers) Scheme 1974, non setting up of many of the offices of Debt Recovery Tribunal, less amount	-Institutions for Economic Research -Debt Recovery Tribunals

Sl. No.	Grant	Amount of Saving (% of provision) (Rs in crore)	Contributing reasons as stated by Government	Schemes or functions effected
			required by Indian Investment centre, less disbursement of grant to other Institutions for Economic Research for current year having been met from the provisions of last year, less exchange of loss adjusted by Reserve Bank of India than anticipated.	
4.	26-Currency, Coinage and Stamps	180.36 (30.47%)	Non sanctioning of new posts of modernisation of project, non-deployment of security personnel, non-receipt of sanction for purchase of vehicles, non-finalisation of contract and non-payment of agency commission, owing to rejection of paper, less receipt of imported paper, non-finalisation of import of security ink, less requirement of funds for depreciation of machinery owing to less deployment of government capital on account of non-finalisation of proposals for procurement of two lines machines, less procurement of raw material, less payment of incentive, overtime allowance, honorarium, expenditure on stationery and less expenditure on storage of paper and non taking up of some maintenance and minor works.	-Maintenance and minor works -Modernisation Project-Currency Note Press -Raw material to Security Paper Mill
5.	29-Transfers to State and Union Territory Governments	232.16 (2.86%)	Release of less grants to State Governments owing to shortfall in performance and non-receipt of claims for social security Programme and Railway Safety Works	Social Security Programmes of some States, Railway Safety.

Sl. No.	Grant	Amount of Saving (%) (Rs in crore)	Contributing reasons as stated by Government	Schemes or functionseffected								
6.	40-Department of Health	198.05 (17.39%)	<p>Non finalisation of proposals for setting up of the Institutes in Karnataka and Tamil Nadu, Non/ less release of grants to State Governments for Centrally Sponsored Plan Schemes under Public Health and Urban Health Services, Non-creation of posts and non-filling up of vacant posts, non/ less procurement of equipment</p> <p>/medicines/ apparatus, less commodity assistance from German and Denmark, non-shipment the materials from foreign suppliers, less release of grants owing to availability of unspent balance of previous year, postponement of payment / contribution to W.H.O pending clearance from Ministry of External Affairs.</p>	<p>National Institute of Unani and Medicine and Siddha at Bangalore and Tamil Nadu.</p> <p>-National Tuberculosis control programme</p> <p>-Drug de-addiction programme</p> <p>-Blood safety programme</p> <p>-Leprosy Training and Research Institute</p> <p>-Civil Construction works</p> <p>-National Malaria Eradication Programme</p> <p>-National Institute of Communicable Diseases</p> <p>-National Plague Control Programme</p> <p>-National AIDS Control programme</p> <p>-National Trachoma and Blindness control Programme.</p>								
	<p>Savings in Department of Health increase by almost three times</p> <table border="1"> <caption>Savings in Department of Health (As % of total provision)</caption> <thead> <tr> <th>Year</th> <th>As % of total provision</th> </tr> </thead> <tbody> <tr> <td>1992-93</td> <td>6.51</td> </tr> <tr> <td>1993-94</td> <td>10.97</td> </tr> <tr> <td>1994-95</td> <td>17.3</td> </tr> </tbody> </table>		Year	As % of total provision	1992-93	6.51	1993-94	10.97	1994-95	17.3		
Year	As % of total provision											
1992-93	6.51											
1993-94	10.97											
1994-95	17.3											
7.	51-Department of Industrial Development	725.08 (70.77%)	<p>Due to closure of the office of the Director General Technical Development, non approval of the project by the Cabinet, non-approval of schemes/ certain projects, non-receipts of external aid, non-procurement of imported equipment and computer integrated manufacturing system, non-receipt of claims of V.R.S from States Public Sector undertakings, non/delay in finalisation of various schemes.</p>	<p>-Standardisation and Quality Control</p> <p>-National Quality Council</p> <p>-Protection of Labour Affected by Industrial Restructuring Closures</p> <p>-Industrial Education Research and Training</p> <p>-Various Schemes Under National Renewal Fund</p> <p>-Development and Training in Cement and Non-metallic Mineral Industries.</p>								
	<p>Quantum jump in savings in Department of Industrial Development</p> <table border="1"> <caption>Savings in Department of Industrial Development (As % of total provision)</caption> <thead> <tr> <th>Year</th> <th>As % of total provision</th> </tr> </thead> <tbody> <tr> <td>1992-93</td> <td>2.51</td> </tr> <tr> <td>1993-94</td> <td>39.96</td> </tr> <tr> <td>1994-95</td> <td>70.77</td> </tr> </tbody> </table>		Year	As % of total provision	1992-93	2.51	1993-94	39.96	1994-95	70.77		
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1992-93	2.51											
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1994-95	70.77											

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Sl. No.	Grant	Amount of Saving (% of provision) (Rs in crore)	Contributing reasons as stated by Government	Schemes or functions effected
8.	57-Ministry of Labour	116.18 (20.49%)	Less/ non-release of grants-in-aid to State Government for housing and schemes under training of craftsman, non-filling up of vacant posts, less travelling expenses, non-implementation of plan schemes, non-purchase of vehicles and equipment, non-opening of new hospitals and dispensaries, non-clearance/ implementation of scheme on strengthening of offices of Enforcement Machinery of Chief and Regional Labour Commissioner, less share of Governments/ contribution for Social security for Labour-Family Pension-cum-Life Assurance Scheme and receipt of less proposals from Voluntary Organisations for improvement in working condition of child/women labour, receipt of less number of claims from State Governments under the World Bank Schemes for States.	<ul style="list-style-type: none"> -Schemes of strengthening of offices and Enforcement Machinery-Industrial relations. -Social security for labour-Family pension-cum-life Assurance scheme. -Health scheme of Beedi workers welfare. -Housing Scheme- Iron, Manganese, Chrome, Ore Mines Labour. -Improvement in working condition of child/ women labour. -Scheme of rehabilitation of bonded labour.
9	78-Ministry of Textiles	241.38 (33.68%)	Non release of funds/ subsidy due to non/less /late receipt of proposals from various concerned agencies/ State Governments, non-filling of vacant posts and non finalisation of purchase of raw materials and cotton for J&K owing to disturbance, non finalisation of building proposal for Textile Committee owing to non-receipt of proposal in time, poor response from the workers and officers for Voluntary	<ul style="list-style-type: none"> -Scheme for Voluntary Retirement. -Training and extension-Handicraft Industries. -Building Proposal for Textile Committee. -Scheme for the Jute Special Development Fund. -Scheme for Handloom Industries. -Scheme for Subsidy on Janta Cloth.

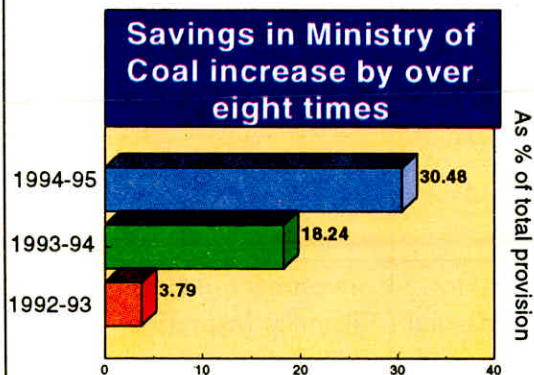
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Sl. No.	Grant	Amount of Saving (% of provision) (Rs in crore)	Contributing reasons as stated by Government	Schemes or functions effected
			Retirement Scheme, non-receipt of sufficient proposals for the project package scheme for Handloom weavers.	-Scheme for Handloom Weavers.
10.	85-Nuclear Power Schemes	167.54 (31.34%)	Reduced requirement on the maintenance of the power station following prolonged shutdown of project in Rajasthan Atomic Power Station, reduction in procurement of stock of fuel owing to shortfall in production, delay in settlement of terms of absorption of Department of Atomic Energy personnel in Nuclear Power Corporation of India Ltd.	-Nuclear Power Corporation of India. -Fuel Inventory. -Rajasthan Atomic Power Station.

Voted Grant

Capital

11.	10-Ministry of Coal	176.33 (30.48%)	<p>Due to non-utilisation of funds by (i) Neyveli Lignite Corporation Limited, due to contractual delays in finalisation of Life Extension Projects owing to non-completion of procedural formalities for other schemes and non-delivery of expected equipment for Externally Aided Projects/ Schemes,</p> <p>ii) Coal India Limited and Singareni Collieries Ltd owing to late delivery of equipment under Externally Aided Projects/ schemes. Non-payment of compensation claims owing to delay in finalisation of awards for land acquisition in Acquisition of Coal Bearing Areas.</p>	<p>-Other Schemes and Externally Aided Projects of Neyveli Lignite Corporation.</p> <p>-Externally Aided Projects/ Schemes of Coal India Limited and Singareni Collieries Company Ltd.</p> <p>-Coal Bearing Areas.</p>
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Sl. No.	Grant	Amount of Saving (% of provision) (Rs in crore)	Contributing reasons as stated by Government	Schemes or functions effected
12.	26-Currency coinage and stamps	396.20 (24.33%)	Non approval of purchase of land, machinery for new family of notes and non-receipt of anticipated machinery and transfer of all works to modernisation Project of Currency Note Press, non-finalisation of purchase of two lines of machines, and non-procurement of equipment for various units of Bank Note Press, delay in execution of construction works and less requirement of funds than anticipated for building, non-materialisation of procurement of certain machinery and equipment of Security Paper Mill, non-finalisation of procurement of Plant and Machineries under modernisation and non/delayed receipt of imported and other equipment, slow progress of civil works under modernisation and delay in construction of Mint Township at NOIDA, less purchases of gold and less payment owing to less gold received than anticipated.	Purchase of Land for security printing press, Hyderabad -Modernisation Project -Currency Note Press. -Various Major and Minor Construction Works. -Purchase of Metal for Coinage -Construction of Mint Township at NOIDA. -Modernisation and Expansion Programme of Buildings -India Security Press, Nasik.
13.	27-Payment to Financial Institutions	1819.69 (21.40%)	Less investments/ loans in/ to General and Industrial Financial Institutions in public sector and other undertakings/ banks, less subscription to Regional Rural Banks, Export-Import Bank of India and International Monetary Fund (in securities).	-Investment in General Financial Institutions. -Regional Rural Banks. -Export-Import Bank of India. -Industrial Development Bank of India. -Industrial Credit and Investment Corporation of India.

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Sl. No.	Grant	Amount of Saving (% of provision) (Rs in crore)	Contributing reasons as stated by Government	Schemes or functions effected
14.	64- Ministry of Petroleum and Natural Gas	157.59 (22.91%)	Due to conversion into equity of outstanding loans against the company owing to carrying out of adjustments in Government Accounts through prior period Adjustment Account, post budget cut in DANIDA loan and to make available funds to Gas Authority of India by Ministry of Finance, non-drawl of world Bank Loan owing to availability of surplus funds with the Company, change in procedure of working out the loan requirement under Externally Aided Project/ Scheme on actual exchange rate as suggested by Controller of Aid Accounts and Audit , Department of Economic Affairs, Ministry of Finance.	-Refining and Marketing of Oil & Natural Gas. -Exploration and Production of Crude oil and Gas.
15.	68-Ministry of Power	340.73 (10.92%)	Due to conversion of equity into loan in the Public sector and other Undertaking- North Eastern Electric Power Corporation Ltd, non-approval of scheme of Renovation and Modernisation of Thermal Power Station, non-sanctioning of Tenughat-Bokaro Scheme, slow progress of Externally Aided Projects/ Scheme in Hydel Generation and Thermal Power Generation, less release of loans to National Thermal Power Corporation Ltd, Rural Electrification Corporation Ltd and Power Finance Corporation Ltd in respect of External Aided Project/ Scheme.	-Tenughat Bokaro Scheme. -NHEPC Ltd Dulhasi Project. -Badarpur Thermal Power Project. -Renovation and modernisation of Thermal Power Station. -Major Work-Load Despatching Stations. -Rural Electrification. -Power Finance Corporation.
Total		5185.60		

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Sl. No.	Grant	Amount of Saving (% of provision) (Rs in crore)	Contributing reasons as stated by Government	Schemes or functions effected
Charged Appropriation				
Revenue				
16.	28-Interest Payments	1939.99 (4.22%)	Less payment of interest on External/ Internal Debt.	
Capital				
17.	29-Transfers to State and Union Territory Governments	296.33 (1.62%)	Less payment of loans/ ways and means advances and lesser requirement from State Governments owing to shortfall in performance and non receipt of Social Security Programme from Gujarat, Madhya Pradesh. and Maharashtra State Governments	-Social security Programmes of the States. -Block Loans to State Plan Schemes.
18.	31-Repayment of Debt	35542.69 (21.05%)	Cancellation and revision of encashment schedule of external debt, lesser discharge/ cancellation of Treasury Bills, less encashment of securities, compensation and other bonds, fluctuation in the rate of foreign exchange.	-Market Loans. -International Fund for Agricultural Development. -African Development Fund.
Total		37779.01		

The above details show that there were 15 Grants and 3 Appropriations involving Rs 5185.60 crore and Rs 37779.01 crore respectively where the savings were in excess of Rs 100 crore. It will also be seen that large savings occurred in developmental areas like agriculture, health, labour, industrial development, power, coal etc. The contributory reasons attributed for the savings by the Ministries/ Departments also reveal that some of the schemes in these areas as planned during the year, failed to materialise.

2.6.2 Savings between Rs 20 crore to Rs 100 crore

Apart from the above cases, there were 36 cases relating to 31 Grants where savings in each case were less than Rs 100 crore but in excess of Rs 20 crore amounting to Rs 1821.78 crore. Details of these cases are given in Table 2.6.2 below:-

Table 2.6.2: Savings under various Grants/Appropriations (Rs 20-100 crore)

Sl No	Grant	Amount of savings (% of provision) (Rs in crore)	Contributing reasons as stated by Government	Schemes or functions effected
Voted Grants-Revenue				
1.	4-Department of Animal Husbandry and Dairying	22.98 (8.00%)	Non-starting of the Project owing to non-finalisation of Project proposals, non-finalisation of Expenditure Finance Committee memo, non-filling up of vacant posts, non-receipt of bills, non-receipt of assistance from European Economic Community owing to non-opening of Budget line by them and economic measures.	Cattle and Buffalo Development, Poultry Development, Dairy Development, Special Livestock Programme.
2.	5-Department of Chemicals and Petro-chemicals	21.88 (18.20%)	Non-finalisation of payment of interest to bank on the preponed disbursement of interim relief to the victims of Bhopal Gas Leak disaster as per decision of Government, delay in process of International competitive bidding owing to procedural constraints and consequent approval thereof by the world Bank, Non-confirmation of sharing between the State Governments and the Institute, less receipt of applications under voluntary retirement scheme than anticipated, delay in setting up of courts owing to non-availability of judicials from the High Courts and economy measures.	Relief to the victims of Bhopal Gas Leak Disaster and Voluntary Retirement Scheme.
3.	6-Department of Fertilizers	91.52 (1.44%)	Non-exercising of option by employees for voluntary Retirement scheme, availability of unspent balance of the previous year, non-receipt of reimbursement claims of export benefits from Ministry of Commerce, less receipt of claims on freight subsidy from the manufacturers of indigenous fertilizers, less receipt of claims towards import substitution of Indigenous Rock Phosphate under incentive scheme from the manufacturers of fertilizers, shortfall in requirement of funds for reimbursement owing to less release from the Overseas Aid Development and slow implementation of the Rainfed Farming Project.	Rainfed Farming Project, Voluntary Retirement Scheme and Fertilizer Industries.

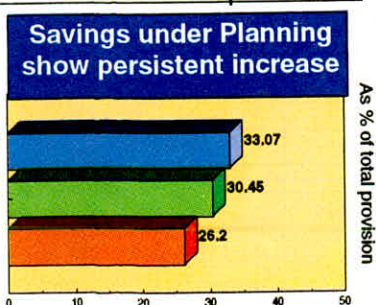
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Sl No	Grant	Amount of savings (% of provision) (Rs in crore)	Contributing reasons as stated by Government	Schemes or functions effected
4.	10-Ministry of Coal	82.64 (42.50%)	Non-receipt of claims from the beneficiaries owing to non-materialisation of import, non-sanctioning of proposal, non-sanctioning/ release of funds owing to slow pace of research, post-budget decision to discontinue interest subsidy to Coal India Limited, non-commencement of work of subsidence by the concerned authority, shortfall in requirement of funds owing to less receipt of matching contribution and slow pace of exploration work.	Research and Development Exploration Work. Family Pension-cum-Life Assurance Fund for Coal Mines.
5.	11-Department of Commerce	82.09 (8.54%)	Settlement of claims of interest payable by Export Credit Guarantee Corporation in Cash rather than issue of bonds, availability of internal resources with the Tobacco Board, non-approval of the scheme, non-filling up of vacant posts, economy measures, less receipt of proposals, less requirement of funds by Coffee Board for payment of subsidy for coffee replantation, less requirement of fund owing to funding of some of the schemes by the world Bank, non-payment of contribution to certain international organisations owing to non-receipt of proposals from them and non-receipt of bills	Coffee replantation. Payment against collection of cess on Rubber.
6.	23-Ministry of Environment	30.43 (7.40%)	Non-implementation of the schemes as the bill is still pending with Parliament, non-receipt of any demand from State Government and Boards, non-finalisation of proposal for purchase of digital cartography, non/late/ less sub-mission of proposal, projects by State Governments/ Non-Government Organisations/ Bodies/ Implementing agencies, non-filling up of vacant posts, deputing less number of officers for various training programmes, non/late clearance of plan schemes and slow execution by implementing agencies, no/less demands from concerned State Governments/ Boards.	National Wastelands Development Programme Aerial Seeding. Eco-Development Projects. National River Action Plan. Paryavaran Sudhar Pariyojna. Ganga Action Plan Phase I & II- Externally Aided Schemes. Fuelwood and Fodder Projects.

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Sl No	Grant	Amount of savings (% of provision) (Rs in crore)	Contributing reasons as stated by Government	Schemes or functions effected
7.	27-Payment to Financial Institutions	94.99 (7.07%)	Non-receipt of claims for subscription, non-requirement of funds for reimbursement owing to non-utilisation of external assistance less requirement of funds for payment of periodic charges payable against draws from the International Monetary Fund than anticipated, less variation in the rate of exchange.	External Aided Component with NABARD, IMF, Export-Import Bank of India etc.
8.	37-Indirect Taxes	45.44 (7.98%)	Non-procurement of crafts owing to review of specifications of craft to combat smugglers crafts more efficiently, less expenditure on cost of collection of land customs, less procurement of machinery and equipment, less seizure cases, non-purchase of ARD spares, less expenditure on L.T.C., medical claims, telephones, telex bills and non-receipt of rent bills from landlords.	Sea Customs collectorates. Directorate of Preventive Operations Directorate of Revenue Intelligence. Coast Guard Organisation.
9	38-Ministry of Food	31.95 (0.60%)	Less expenses on foreign exchange, non-filling up of vacant posts, less receipt of applications for subsidy and grants-in-aid.	Buffer storage of Sugar. Development of Sugar Industry.
10.	44-Police	32.54 (1.14%)	Non-filling up of anticipated posts, less payment of training charges, less purchase of vehicles, less release of funds to the welfare bodies of Central Police Organisations, lesser than anticipated tours by the officers non-materialisation of purchase of machinery and equipment, non-finalisation of purchase of new vehicles for the newly raised battalions, non-receipt of bills and non-supply of materials for maintenance of flood lighting and fencing on Indo-Pak Border.	Training-Industrial Security Force, welfare bodies of Central Police Organisation Flood lighting and fencing on Indo-Pak Border, Criminal Information System.
11.	45-Other Expenditure of Ministry of Home Affairs	52.96 (14.29%)	Delay in giving effect to the enhancement of pension to Swatantrata Sainik from October 1994, delay in completing formalities for sanction of pension after death of pensioners, slow progress of construction work of hostel and non-finalisation of the sites, economy measures, rehabilitation of old migrants in West Bengal and repatriates from Sri Lanka.	Swatantrata Sainik Samman Pension Schemes. Construction work of hostel. Rehabilitation of displaced persons from former East Pakistan and Sri Lanka.
12.	47-Department of Education	30.53 (1.18%)	Due to non receipt of viable proposal from Voluntary Organisation and State Governments, non establishment of Rural Universities, on account of winding up of scheme of National Institute of Adult Education,	Secondary Education-Vocationalisation of Education. Establishment of Rural Universities Research and Training . Elementary Education.

Sl No	Grant	Amount of savings (% of provision) (Rs in crore)	Contributing reasons as stated by Government	Schemes or functions effected
			adjustment of unspent balances of previous years, less requirement of funds than anticipated, decrease in the number of beneficiaries for National scholarship and non granting of extension to some scholars, non commencement of certain programmes and non filling of vacant posts by some State Governments.	Mahila Samakhya Programme. National Scholarship for studies abroad. Improvement in the pay scale of school and college teachers. Post-literacy and continuing educational activities.
13.	52-Department of Heavy Industry	25.86 (21.25%)	Non-receipt of applications, lesser option/non-implementation of voluntary retirement scheme, non-raising of demands by banks consequent on nationalisation of Burn & Company Ltd .etc.	Voluntary Retirement Scheme.
14.	54-Department of Small scale Industries and Agro and Rural Industries	45.41 (9.38%)	Non-finalisation of detailed project to be executed by National Informatics Centre, non-release of funds in respect of some centres, receipt of less claims from small Industries Development Bank of India and some states, less claims from National Bank for Agriculture and Rural Development owing to slow disbursement of funds to Non-Government Organisations, less release of funds by the commercial banks owing to slow implementation of the Prime Minister's Rozgar Yojana	Employment Scheme for Unemployed Educated Youth-Prime Minister Rozgar Yozana Infrastructural Development for SSI's in Rural Areas Intensive Rural Industrialisation Programme
15.	60-Ministry of Mines	23.41 (11.21%)	Non-implementation of the Scheme, non-receipt of printing bills from press, non-materialisation of foreign tours, non filling up of vacant posts due to deferment of equipment, inadequate response from the employees for the scheme	Mineral Exploration. Voluntary Retirement Scheme.
16.	61-Ministry of Non-conventional Energy Sources	21.95 (10.34%)	Due to receipt of less proposals in conformity with latest guidelines	Research & Development in Bio-mass. Solar Thermal Energy Programme.
17.	65-Planning	39.14 (33.07%)	Due to non finalisation of proposals, non-filling up of vacant posts, post budget decision to transfer the programme to Ministry of Non-conventional Energy Sources, less requirement of funds owing to non-fulfilment of certain conditions for release of grants, less receipt for commodity assistance from Government of Norway	Integrated Rural Energy Planning Programme. Training Research & Institution Development Agroclimatic Regional Planning Project. Planning Board/ District Planning Machinery.



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Sl No	Grant	Amount of savings (% of provision) (Rs in crore)	Contributing reasons as stated by Government	Schemes or functions effected
18.	68-Ministry of Power	33.63 (6.39%)	Due to less budgetary support to Delhi Electric Supply Undertaking, non-printing of annual reports, delay in installation of simulators at the Institute Headquarters and regional centre at Nagpur and non-implementation of project/ scheme postponement of payments owing to non-completion of formalities, delay in obtaining revised bank guarantee for advance payments, fluctuations in rate of exchange, less expenditure on energy conservation activities	Investigations for hydro-Power potentialities in Sikkim Project administered by Electric Corporation of India Ltd. Externally Aided Schemes. Restructuring of Energy Management Centre.
19.	75-Ministry of Surface Transport	39.96 (45.01%)	Non-filling up of vacant post, non-receipt of claims of custom duties from Director General of supplies and Disposals, non-receipt of claims from certain state Governments, insufficient response from the employees.	Road safety equipment under World Bank Assistance. Voluntary Retirement Scheme
20.	82-Ministry of Water Resources	50.76 (14.95%)	Non-receipt of clearance of the project from the Department of Scientific and Industrial Research from Ministry of Non-Conventional Energy Sources for testing of pumps, non-finalisation of sharing of cost for river training works with Ministry of Railways, non-receipt of proposals from certain State Governments, Nepal and Bangladesh, non-approval for cost estimates of the project by the Cabinet, non-receipt/sanctioning of schemes and postponement of certain proposals, non-signing of exchange note with Government of Japan, non-procurement of certain equipment, delay in awarding contracts.	Pilot project for solar energy Road Bridge across river Gandore Kosi High Dam Joint observation on common river with Nepal and Bangladesh Flood Protection works of Kosi & Gandak Projects Sutlej Yamuna link canal Projects Flood Proofing Programmes Scheme on assistance to draught affected States and Command Area Development Programme.
21.	83-Ministry of Welfare	31.97 (4.96%)	Due to non-finalisation of the constitution of Trust, non-finalisation of schemes, non-receipt of adequate/ complete proposals from voluntary organisations, non-receipts of adequate claims from Artificial Limbs Manufacturing Corporation and Tribal Co-operative Marketing Development Federation, less demands from State Governments/ Union Territory Administration	National Trust for mentally retarded and cerebral palsy Special Education Development Programmes for girls belonging to SC's of very low literacy level National rehabilitation Programme for handicapped Grant of scholarship to Scheduled Tribes candidates Scheme for street children Pre/post matric scholarship scheme Welfare of scheduled castes- Education-other scheme.

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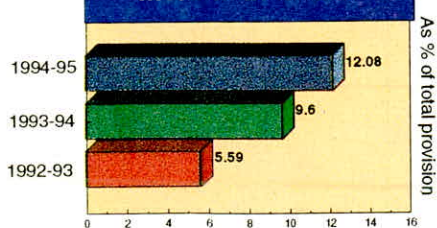
Sl No	Grant	Amount of savings (% of provision) (Rs in crore)	Contributing reasons as stated by Government	Schemes or functions effected
22.	84-Atomic Energy	26.27 (4.52%)	Less expenditure under interest owing to reduction in investment and postponement of procurement of machinery and equipment, economy measures, reduction in procurement of spares and redeployment of staff to other projects, less release of grants to Electronics Corporation of India owing to slow progress of work of Research and Development activities, non-filling of vacant posts and additional posts, reduction in expenditure under other charges owing to revision in the targets for the year, non-receipt/ non-settlement of claims from the suppliers and reduction in expenditure on office expenses.	Research and Development activities of Tele-communication and Electronics Industries Nuclear fuel plants
23.	86-Department of Electronics	30.73 (20.27%)	Non-finalisation of rebuilding process of Semi-conductor complex Ltd Project, Lesser assistance to Cooch Bihar Cancer Centre, Cooch Bihar, non-transfer of ownership of equipment of external aid from Federal Republic of Germany, less release of funds for strict monitoring and curtailment of activities of the Technology Missions, postponement of certain activities of programme for next year owing to renegotiating of the payment terms for supply of different equipment and tying up with the progress work.	Cooch Bihar Cancer Centre, Cooch Bihar Project of Semi-Conductor Complex Ltd. Programmes of the Technology Mission National HUDC Projects
Voted Grants- Capital				
24.	4-Department of Animal Husbandry and Dairying	59.63 (33.78%)	Non-completion of work by the contractor as per schedule, delay in supply of indigenous equipment by the suppliers and delay in arrival of imported equipment.	Animal Husbandry Loans to National Dairy Development Board
25.	6-Department of Fertilizers	60.08 (15.60%)	Delay in procurement of plant and machinery for the Externally Aided Projects/ Schemes, better financial position of the company post-budget decision to provide funds to the company as equity instead of loan and variation in foreign exchange.	Externally Aided Projects/ Schemes of Fertilizers and Chemicals, Travancore Ltd.
26.	16-Ministry of Defence	59.57 (72.87%)	Non-utilisation of funds by Mishra Dhatu Nigam Limited due to company's decision not to further increase their paid up capital, non-availing of loans by the companies as the market rate of interest was lower, Company's decision to resort Public issues and generation of funds through internal resources, delay in obtaining sanction for various works	Mishra Dhatu Nigam Limited ,Bharat Dynamics Limited, Transportation Equipment Industries, Major Works-canteen Stores Department

Sl No	Grant	Amount of savings (% of provision) (Rs in crore)	Contributing reasons as stated by Government	Schemes or functions effected
			from the competent authorities and non-utilisation of funds owing to broad equity base of company	
27.	25-Department of Economic Affairs	80.50 (58.18%)	Shortfall in requirement of funds owing to less claims received under Excise Relief Scheme than anticipated and less claims received owing to less utilisation of credit by foreign government	Excise Relief Scheme-Loans to foreign Government
28.	30-Loans to Government Servants etc	92.41 (31.65%)	Less receipt of applications for loans from government servants than anticipated	Advances for House Building, Motor cars and other conveyances.
29.	38-Ministry of Food	91.65 (54.89%)	Slow/non-completion of construction work, non-requirement of machinery & equipment, non-release of equity funds & Loans to F.C.I.	National Institute of Sugarcane and Sugar Technology. Storage & Warehousing. Modernisation of Sugar Mills. Cane Development.
30.	40-Department of Health	46.14 (11.95%)	Non-filling up of vacant posts, less availing of leave travel concession by Staff, early control of plague epidemic than anticipated, lesser demand and non-acceptance of insecticides by State government of Bihar, non-supply of required quantity of Anti TB drugs by the suppliers, non-finalisation of International contract of bidding for Leprosy Control Programme and delay in procurement of required quantity of drugs from the Directorate General of Supplies and Disposals for National AIDs Control Programme	TB Control Programme. Leprosy Control Programme. National AIDs Control Programme.
31.	44-Police	65.20 (15.11%)	Non-completion of Border Outposts work at some places, less requirement of funds by the executing agency and non-sanctioning of proposals pertaining to construction of hospital and allied buildings at Manesar and residential quarters at Samalkha for National Security Guard, non-receipt of sanction for construction of training blocks at NISA, Hyderabad and Deoli, non-materialisation of proposals for land acquisition at Arkonam and Chhatabana in respect of Central Industrial Security Force, reduction in length of road work for link road on Indo-Pak Border, reduction in Punjab Border stretch and length and sizes of cable due to shifting of Border out posts.	Border outposts work, construction of Hospital, allied building Residential quarters and Training Blocks

Contd⇒

Sl No	Grant	Amount of savings (% of provision) (Rs in crore)	Contributing reasons as stated by Government	Schemes or functions effected
32.	76-Roads	27.44 (3.23%)	Non-receipt of proposal from some State Governments owing to non-identification of schemes, post budget decision for change in funding pattern between Ministry of Surface Transport and Border Roads Organisation and wrong provisioning in the main Demands for Grants and Appropriation (No 2) Act, 1994.	Road Works National highways Border roads
33.	77-Ports, Light-houses and Shipping	77.48 (29.72%)	Non-acquiring of stores for works owing to non-materialisation of indent by Director General, Supplies and Disposals, non-receipt of equipment owing to non-acquisition of land for project, slow progress in construction of M.V. Sagardeep, slow progress of work of execution of plan schemes and less receipt of proposals from the Bombay Port	Construction of landing facilities and jetties- Minor ports Construction and development of lighthouses Construction of M.V.Sagardeep
34.	79-Urban Development and Housing	52.90 (23.95%)	Non-finalisation of proposals of contributions for light Rail Transport system in Hyderabad and Delhi, slow progress of work and non-finalisation of proposals for purchase of land at various places for construction of general pool accommodation, non-start of work of M.P.'s flats at Bhagwan Das Marg, New Delhi, non-commencement of construction work of nurses hostel at Siriniwaspuri owing to administrative reasons and non-utilisation of funds	Light Rail Transport system construction of general pool accommodation Construction of M.P.s' flats Construction of nurses hostel
35.	80-Public Works	42.89 (21.54%)	Slow progress of works at various places and late receipt of sanctions for some works from client departments	General construction of observatories and weather stations and various, buildings of various ministries/ departments
36.	84-Atomic Energy	76.85 (11.78%)	Delay in commencement/ postponement and shifting of certain works and finalisation of tenders etc, less expenditure under machinery and equipment and major works owing to delay in finalisation of bills of the suppliers under Heavy Water Plants, reduction in consumption of materials owing to unexpected shut down of Heavy Water Plant Baroda, delay in receipt of some materials, economy measures, non-filling up of vacant posts, less expenditure on procurement of machinery and equipment, materials and supplies and slow progress of works in respect of office building for Atomic Energy Regulatory Board.	Heavy water production Nuclear fuel Office Building of Atomic Energy Regulatory Board
Total		1821.78		

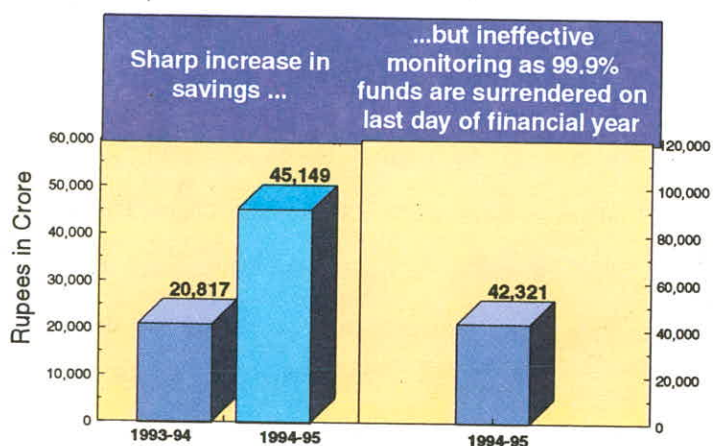
Savings in Atomic Energy more than double



Apart from these cases, in case of 11 Grants, the savings exceeded 50 per cent of the budget provision. In 33 cases relating to 30 Grants the savings exceeded 20 per cent of the budget provision. Details of the Grants where savings exceeded by a sum of Rs 50 lakh or above and 20 per cent or more of the provision, are given in Appendix VI.

2.7 Surrender of savings

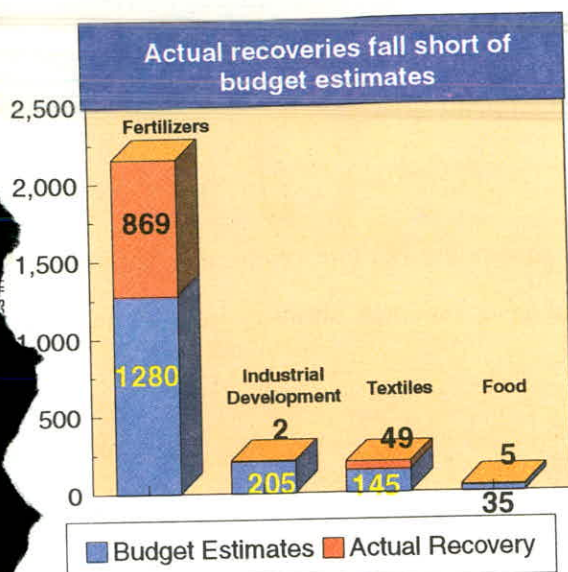
Savings in a Grant or Appropriation are to be surrendered to Government as soon as they are foreseen without waiting for the last day of the year. Savings should also not be held in reserve for possible future excess.



In the Accounts for 1994-95, it was noticed that against final savings of Rs 45149.02 crore, the amount surrendered was Rs 42367.21 crore out of which 99.89 per cent (Rs 42320.99 crore) was surrendered on the last day of the financial year. Surrender of funds on the last day of the financial year deprived Government of the opportunity to transfer the funds to other needy sectors. This shows that there was no effective control and monitoring of expenditure.

In 25 voted Grants and 20 Appropriations, the entire savings amounting to Rs 56.49 crore and Rs 4.55 crore respectively were not surrendered. Savings were partly surrendered in many cases. Details of major variations where savings greater than 20 per cent of the provision and amounting to more than Rs 1.00 crore were not surrendered, are given in Appendix VII. It is noteworthy that the proportion of savings not surrendered to the total savings under various Grants and Appropriations was 6.16 per cent which amounted to Rs 2782.22 crore.

2.8 Recoveries in reduction of expenditure



The Demands for Grants are for the gross amount of expenditure i.e. inclusive of recoveries arising from use of stores etc. procured in the past or expenditure transferred to other Departments or Ministries. While appropriation audit is done by comparing the gross expenditure with the gross amount of Grant, the excess and shortfall in recoveries indicate inaccurate estimation of recoveries and defective budgeting.

In the revenue section against estimated recoveries of Rs 3169.01 crore, actual recoveries were Rs 2559.88 crore. In the capital section, against estimated recoveries of Rs 2405.58 crore, actual recoveries were Rs 2574.24 crore. Grant-wise details of major variations involving more than 20 per cent of the original estimates and not less than Rs 5.00 crore are given in Appendix-VIII. There is, therefore, need to gear up budgetary control in this regard.

2.9 Reserve Funds

In respect of 18 reserve funds created by different Ministries/Departments and deposits kept with Government by non-Government bodies, explanatory notes have been given in the Appropriation Accounts (Civil). Amounts deposited into and withdrawn from the funds for use on a service are included in the Grants or Appropriations. The figures of additions to and payments from the above funds/ deposits for the year 1994-95 are given below:

(Rupees in crore)

Opening balance	414.19
Receipts	503.98
Payments	572.83
Closing balance	345.34

There were no transactions in respect of the following reserve funds.

Table 2.9 : Moribund Reserve Funds

Sl. No.	Name of the fund	Object of the fund	Closing Balance (Rupees in thousand)	Name of the Ministry/ Department who operates the fund	Date from which no transaction in the fund
1.	Civil Aviation Development Fund	(i) Indian Airlines Corporation for operating services which the Corporation would not otherwise undertake on purely Commercial considerations (ii) For construction of air strips and provision for ancillary facilities	22361	Department of Civil Aviation	March 1976
2.	Depreciation Reserve for Government Medical Stores Depots	For replacement of fixed assets like buildings, plants and machinery, fixtures and motor vehicles etc.	1269	Ministry of Health	April 1976 (since its creation)
3.	Renewal Reserve Fund	To undertake phased replacement of obsolete and unserviceable transmitters, studio, receiving centres and other uneconomical equipment by All India Radio and Doordarshan	153	Ministry of Information and Broadcasting	1987-88
4.	Personal Injuries (Compensation Insurance) Fund, 1965	For payment of compensation to workers employed in factories, mines, major ports, plantation etc. for personal injuries sustained	6639	Ministry of Labour	March 1977
5.	Personal Injuries (Compensation Insurance) Fund, 1972	For payment of compensation to workers employed in factories, mines, major ports, plantation etc. for personal injuries sustained during the emergency	369	-do-	March 1988
6.	Central Coal Mines Rescue Station Fund	For payment on account of rescue and recovery work	(-)4432	-do-	March 1986

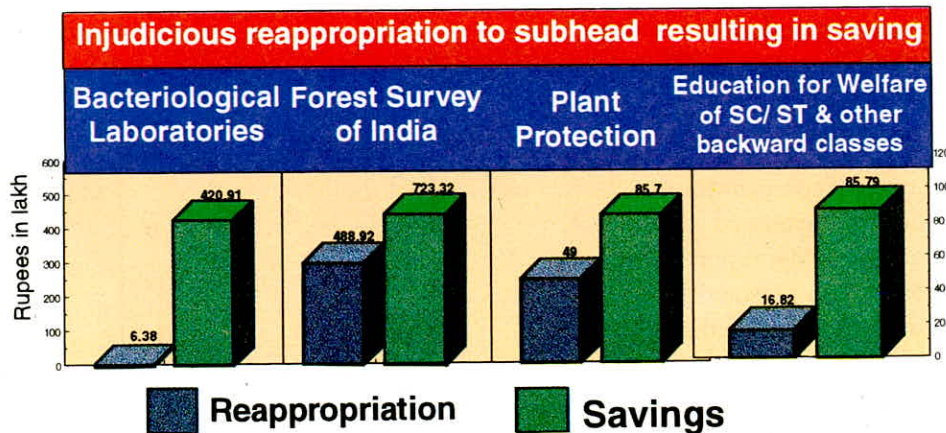
The optimal utilisation of all reserve funds need to be looked into by the Chief Accounting Authorities of the administrative Ministries and Departments. In particular, the negative balance under Central Coal Mines Rescue Station Fund needs to be investigated by the Ministry and appropriate action needs to be taken to adjust the negative balance. In the absence of any transaction in the above funds during the last several years, it was not possible to ascertain

as to what arrangements were made for serving the objectives for which these funds were created.

2.10 Injudicious re-appropriation

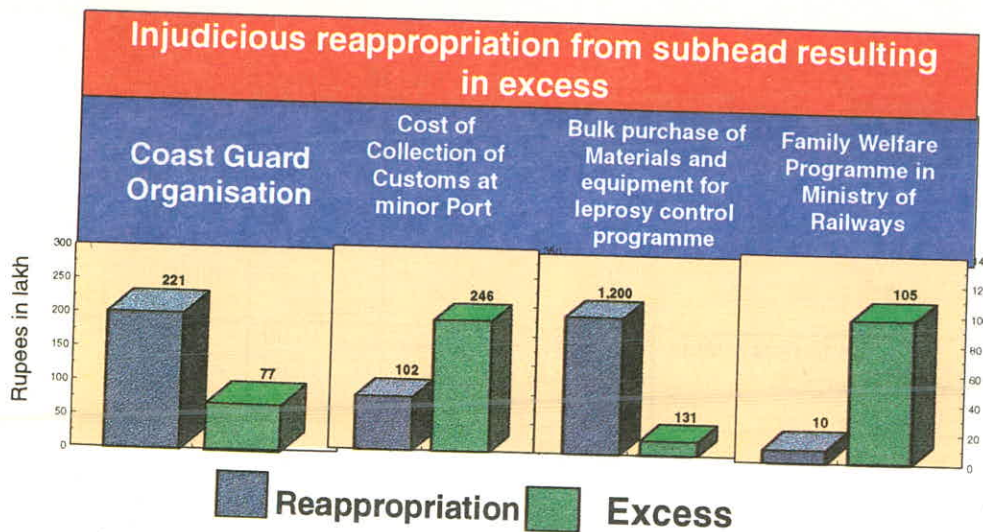
A Grant or Appropriation for charged expenditure is distributed by sub-heads or standard objects (called primary units) under which it is accounted. Re-appropriation of funds can take place between primary units of appropriation within a grant or appropriation before the close of financial year to which such grant or appropriation relates. Re-appropriation of funds should be made only when it is known or anticipated that the appropriation from the unit for which funds are to be transferred will not be utilised in full or that savings can be affected in the appropriation of the unit.

During test-check of the accounts for 1994-95, it was observed that in the case of 128 sub-heads in 33 Grants/ Appropriations, (details are given in Appendix IX) re-appropriation amounting to Rs 1677.28 crore was injudicious as the original provision under the sub-head to which funds were transferred by re-appropriation was more than adequate and consequently there was final saving under the sub-head. A few instances are illustrated below :



Similarly, there was injudicious reappropriation wherein the original provision from which funds were transferred, was inadequate and

there was final excess under that sub-head. A few instances are illustrated below :



There is, therefore, need to exercise due caution by the Ministries/ Departments so that re-appropriations are

not made in without conducting a proper and close scrutiny of the expenditure incurred or likely to be incurred.

2.11 Irregular re-appropriation of funds

(i) As per the extent instructions, any re-appropriation order issued during the year which has the effect of increasing budget provision by more than 25 per cent or Rs one crore whichever is more under a sub-head should be reported to Parliament along with the last batch of Supplementary Demands. Any order of re-appropriation issued by the Ministry after presentation of the last batch of Supplementary Demands exceeding the above limit would require prior approval of the Secretary/Additional Secretary, Department of Expenditure.

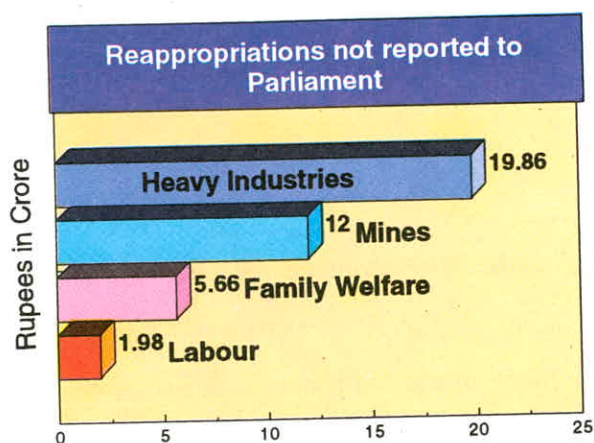
On test check of accounts it was observed that in the following cases, re-appropriations exceeded the prescribed limit during 1994-95, but the Ministry/Department neither reported the augmentation to Parliament nor obtained prior approval of the Secretary/Additional Secretary (Expenditure).

Table 2.11.(i): Irregular re-appropriation

Sl. No.	No. and Name of Grant	Major Head	Sub-head	Amount (Rs in crore)		Remarks
1.	41-Family Welfare	2211-B-Family Welfare	B11(13)-Misc Expenditure on specified item viz. laproscope etc.	O S R	0 3.00 4.34 5.66	Ex-post facto approval of Rs 1.88 crore was yet to be obtained (January 1996)
2.	52-Department of Heavy Industries	6860-Loans to Consumer Industries	GG.3(1)(1)(1)(1)-Hindustan Photo Films Mfg. Ltd.	O R	Nil 19.86	At the instance of Audit, ex-post facto approval of Secretary (Expenditure) was obtained in October 1995.

Sl. No.	No. and Name of Grant	Major Head	Sub-head	Amount (Rs in crore)		Remarks
				O	R	
3.	57-Ministry of Labour	2230-Labour & Employment	C1(8)(3) Education	3.77	1.98	At the instance of Audit, ex-post facto approval of Secretary (Expenditure) was obtained in November 1995.
4.	60-Ministry of Mines	2853-Non ferrous Mining & Metallurgical Industries	B2(7)(4) Hindustan Zinc Ltd.	10.00	12.00	

O: Original; S: Supplementary; R: Re-appropriation;



(ii) In the context of the efforts to keep the fiscal deficit under control, Ministry of Finance had prescribed that all re-appropriation which would have the effect of increasing the budget provision by more than Rupees one crore under the sub-head, should be made only with the prior approval of the Secretary (Expenditure).

However, on test check of accounts in the following cases the re-appropriation during 1994-95 exceeded the limit of Rupees one crore for which approval of Secretary (Expenditure) was not obtained.

Table 2.11.(ii) : Re-appropriation without approval of Ministry of Finance

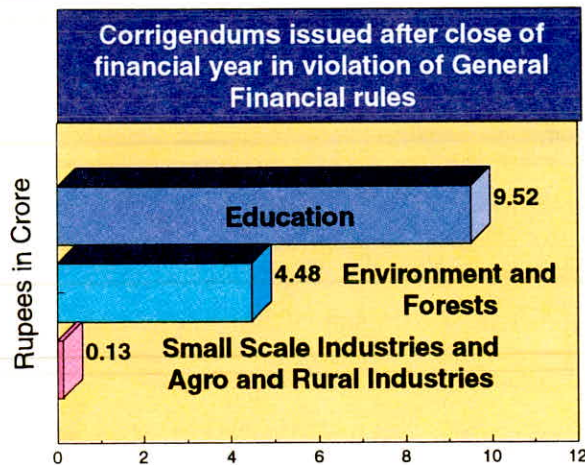
Sl. No.	No. and Name of Grant	Major Head	Sub-head	Amount (Rs in crore)		Remarks
				O	R	
1.	6-Department of Fertilisers	2852-Industries	C1(1)(1)(1)-Nitrogenous fertilisers	O	2800.00	-----
				R	47.67	
			C1(1)(1)(2)-Phosphate fertilisers	O	240.00	
				R	58.75	
			C1(1)(1)(3)-SSP Fertilisers	O	15.00	
				R	20.95	
C1(1)(4)-Payment on account of interest and customs duty concessions to new and recently commissioned fertiliser units	O	10.00				
	R	21.45				
2.	50-Department of Women & Child Development	3601-Grants-in-aid to State Governments	D2(1)(1)(1)-General Component	414.59	1.70	

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Sl. No.	No. and Name of Grant	Major Head	Sub-head	Amount (Rs in crore)		Remarks
				O	R	
3.	51-Department of Industrial Development	3451-Secretariat Economic Services	A.I Secretariat	O R	6.15 3.09	At the instance of Audit ex-post-facto approval of Secretary, Ministry of Finance (Department of Expenditure) was obtained in December 1995
4.	52-Department of Heavy Industry	6858-FF-Loans for Engineering Industries	FF2(1)(1)(11)-Bharat Yantra Nigam Ltd.	O S R	7.92 3.80 1.09	At the instance of Audit ex-post-facto approval of Secretary, Ministry of Finance (Department of Expenditure) was obtained in December 1995.
5.	80-Public Works	2059-Public Works	A3(1)(2)(1)-Regular Establishment	O S R	54.68 1.00 1.51	-
6.	90-Rajya Sabha	2011-Parliament/State/ U.T. Legislatures	A.1(1)(4)-Members	O S R	9.63 2.09 1.66	-

O: Original; S: Supplementary; R: Re-appropriation;

2.12 Corrigendum to re-appropriation order after close of financial year



In terms of Rule 72 of General Financial Rules, re-appropriation of funds from one primary unit of appropriation to another within a grant or appropriation should be sanctioned by a competent authority at any time before the close of the financial Year to which such grant or appropriation relates. It was noticed in the course of audit of Appropriation Accounts that in certain cases, the Ministry had carried out re-

re-appropriation which they should not have done without prior approval of Ministry of Finance. These re-appropriations were done and orders issued in anticipation of such approval. However, later when such approvals were denied, the re-appropriations already done were sought to be

reversed by issue of corrigendum to re-appropriation orders after close of the financial year. In view of the clear provisions of Rule 72 of General Financial Rules, issue of such corrigendum amounting to re-appropriation after the close of financial year is not valid. The cases noticed in the course of appropriation audit for the year 1994-95 are detailed below.

2.12.1 Ministry of Environment and Forests

Ministry of Environment and Forest issued a corrigendum re-appropriation order after the close of the financial year to cancel the re-appropriation of funds of Rs 4.48 crore from Plan to Non-Plan Heads. This provision was already included in Revenue Section in original re-appropriation order issued on 31 March 1995 in anticipation of approval of Ministry of Finance. As required in Rule 10 of Delegation of Financial Power Rules, Ministry of Environment and Forests had sought the approval of Ministry of Finance for re-appropriation of Rs 5.92 crore, which included this re-appropriation of funds in the re-appropriation order issued on 31 March 1995, Ministry of Finance, however, granted ex-post-facto approval of re-appropriation of only Rs 1.44 crore. Ministry of Environment and Forests, therefore, sought to reverse the re-appropriation of Rs 4.48 crore by issue of corrigendum re-appropriation order in September 1995, after the close of the financial year.

2.12.2 Ministry of Human Resource Development

Ministry of Human Resource Development, Department of Education issued a corrigendum re-appropriation order after the close of the financial year to nullify the re-appropriation of funds of Rs 9.52 crore from 'Grants in aid to States/U.T.' to direct expenditure head already included in Revenue section in original re-appropriation order issued on 31 March 1995 in anticipation of approval of Ministry of Finance.

As per note 3(ii) below rule 10 of Delegation of Financial Power Rules re-appropriation of funds in the Revenue section from Grants-in-aid to States/ Union Territories to direct expenditure head could be made only with the prior approval of Ministry of Finance. Ministry of Finance was approached for granting the sanction of above re-appropriation in March, 1995 but the same was rejected in April 1995. Thus re-appropriation, from Major Head "3601" Grants-in-aid to State Government, of Rs 9.52 crore to direct expenditure Major Head "2202" made, without the approval of Ministry of Finance, was not in order. Ministry sought to reverse this re-

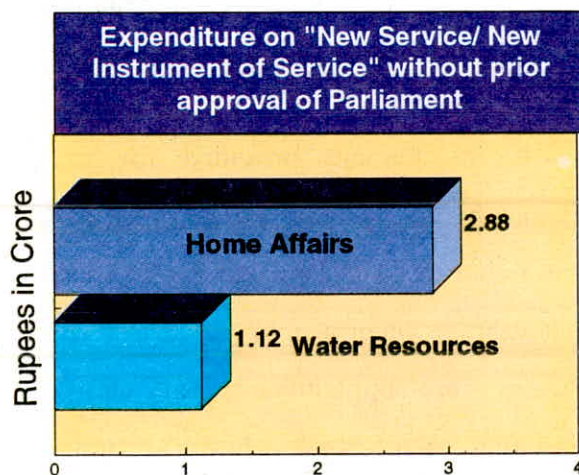
appropriation by issue of a corrigendum re-appropriation order in October 1995, after the close of the financial year.

2.12.3 Ministry of Industry

During the year 1994-95, Department of Small Scale Industries and Agro and Rural Industries. had erroneously re-appropriated funds to the extent of Rs 13.00 lakh from Capital Section to Revenue Section. As per Government of India decision 2 (ii) below Rule 10 of Delegation of Financial Power Rules, no re-appropriation from Capital to Revenue and vice-versa can be made.

Ministry of Industry had issued a corrigendum to the re-appropriation order in order to nullify the erroneous re-appropriation of funds from Capital to Revenue Section of the Grant on 10 May 1995 after the close of the financial year. Although the corrigendum nullified the re-appropriation of funds from Capital to Revenue Section, it also had the effect of making re-appropriations within the Revenue Section after the close of the financial year which was not in order.

2.13 Expenditure on "New Service/New Instrument of Service"



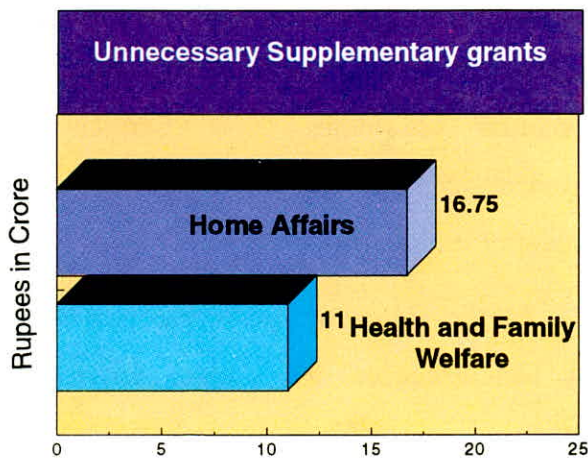
On the recommendations of the Public Accounts Committee, Government has prescribed certain financial limits for different categories of expenditure beyond which the expenditure constitutes New Service/New Instrument of Service and requires prior approval of Parliament.

In the following cases the prescribed limit had exceeded the budget provisions,

Ministries did not obtain prior approval of Parliament.

Sl. No	No. and Name of Grant	Major Head	Sub-head	Amount (Rs in crore)		Remarks
				O	R	
1.	82-Ministry of Water Resources	2701-Major and Medium Irrigation	B.1(4)(5)-National Institute of Hydrology, Roorkee	2.80	1.12	Ministry had incurred an expenditure of Rs 3.92 crore. The additional expenditure of Rs 1.12 crore was in excess of prescribed limit of 10 per cent of the budget provision.
2.	97-Chandigarh	4217-Capital Outlay on Urban Development	TT6-(1)(1) Construction	10.33	2.84	The re-appropriation order of Rs 2.84 crore was not approved/accepted by Ministry of Finance because it attracted the provision of New Service/New Instrument of Service.

2.14 Unnecessary supplementary grant/appropriation



If the amount provided for in the sanctioned budget for any service in a financial year is found to be insufficient for the purpose in that year or when a need has arisen during that year for supplementary or additional expenditure upon some new service' not contemplated in the original budget for that year, Government is to obtain supplementary

grants or appropriations in accordance with the provision of Article 115 (1) of the Constitution.

While obtaining the supplementary grant, Ministry has to keep in view the resources available or likely to be available during the year and exercise due caution while forecasting its additional budgetary requirement of funds and seeking supplementary provision. Resort to supplementary demands should only be in exceptional and urgent cases.

2.14.1 Ministry of Health and Family Welfare

It was noticed in Audit that Department of Health had obtained supplementary grant of Rs 29.00 crore in Revenue section under Major Head "3601-D-Grant-in-aid to State Governments" in March 1995. This included a sum of Rs 11.00 crore for strengthening of District hospitals and Public Health Centres out of German Material Assistance.

This supplementary grant of Rs 11.00 crore remained wholly unutilised under sub head 'D1(2)(7)-Grant-in-Aid-German Material Assistance for strengthening District level Hospitals'. The reasons for saving showed that the Ministry decided to purchase all medical equipments centrally through procurement cell of Director General of Health Services for which sufficient provision was placed under major Head "3606". Thus, the lack of co-ordination resulted in the unnecessary demand for supplementary grant of Rs 11.00 crore.

2.14.2 Ministry of Home Affairs

It was noticed in Audit that Ministry of Home Affairs had obtained supplementary grant of Rs 60.99 crore in Revenue Section under Major Head "2055-Police". Out of this Rs 15.75 crore was meant for Industrial security forces and Rs 1.00 crore for Grants-in-aid contribution respectively, for meeting additional expenditure on account of movement and deployment of para-military forces in the North Eastern Region and to provide security support of elections, purchase of machinery and equipment, ex-gratia payment to the families of the deceased personnel etc. However, there were final savings of Rs 27.05 crore and Rs 3.71 crore respectively under the same sub-heads. Reasons for saving have been explained as due to non-filling up of posts as anticipated for 1994-95, less payment of training charges bills and less purchase of vehicles, and also due to non submission of T.A./ D.A. bills by the Force personnel deployed on Election /I.S. duty and non-materialisation of indents placed with various firms for Purchase of Technical Equipment and due to less payment made to the Welfare bodies of Central Police Organisation. Thus, the estimation for the Supplementary grant to the tune of Rs 16.75 crore was unnecessary.

2.14.3 Ministry of Commerce

On test check of the Appropriation Accounts in respect of Department of Supply for the year 1994-95, it was noticed that a supplementary grant of Rs 39.10 lakh had been obtained by the Department in March 1995 under the sub head B.1-Purchase below the Major Head 2057-

Supplies & Disposals against a budget provision of Rs 1119.40 lakh for meeting additional establishment related expenditure of the Directorate General, Supplies & Disposals, whereas the Department had incurred an expenditure of Rs 1094.66 lakh under the above sub-head which was less than the original budget provision and moreover, saving to the extent of Rs 45.90 lakh out of the above budget provision exceeded the above supplementary provision and the saving was re-appropriated to other sub-heads in March 1995. The saving to the extent of Rs 45.90 lakh was attributed to non-receipt of bills from the Directorate of Audio-Visual Publicity Government Presses and delay in implementation of Cadre Review of Indian Supply Services. The incorrect planning of expenditure and lack of budgetary control by the Department rendered the approval of Parliament to the above Supplementary Provision of Rs 39.10 lakh infructuous.

2.15 Defective Budgeting:

Ministry of Home Affairs

Ministries/Departments are required to prepare their Budget Estimates/Revised Estimates by Major/sub Major head, Minor head, sub-head and Detailed head of account, as per instructions contained in Appendix-3 to Rule 53 of General Financial Rules, keeping in view expenditure trends over the previous year and due attention to considerations of economy must be paid and while all inescapable and foreseeable expenditures are provided for, care should be taken that the estimate is not influenced by undue optimism.

While scrutinising the Appropriation Account of 'Other Expenditure of Ministry of Home Affairs' it was seen that, under the sub-head B.2(1)- Swantantrata Sainik Samman Pension Schemes, there was original provision of Rs 165.00 crore. Out of this, Rs 40.00 crore was re-appropriated and surrendered leaving net provision of Rs 125.00 crore and expenditure incurred against it was Rs 100.13 crore which later on revised to Rs 103.95 crore. While explaining the savings of Rs 40.00 crore, the Ministry stated, that the exact number of live freedom fighters and their dependents who are drawing pension, could not be ascertained.

Keeping in view the instructions for preparation of detailed estimates of expenditure and the reasons given by the Ministry for savings, Budget estimates of the above sub-heads were unrealistic.

2.16 Erroneous depiction of Demand for Grant

2.16.1 Ministry of Finance, Department of Economic Affairs and Ministry of Surface Transport

In terms of articles 293 of the Constitution any sums required for the purpose of making Loans and Advances to State Governments shall be 'Charged' on Consolidated Fund of India. As such any provisions made under Major head "7601"- Loan and Advances to State Governments can only be 'Charged' expenditure and not 'Voted' expenditure. The book of Detailed Demands for Grants is prepared by the concerned Ministry on the basis of which the book of Demands for Grants (Part-II) in respect of all the Grants is prepared by Ministry of Finance, Department of Economic Affairs (Budget Division) which is laid on the floor of the Parliament and after discussion of the Appropriation Bill in the House, the Appropriation Act is passed.

Ministry of Surface Transport made provision of Rs 8.01 crore in Grant No. 76- Roads under Major Head "7601"- "Loans and Advances to State Governments (Charged)" in the book of Detailed Demands for Grants whereas Ministry of Finance, Department of Economic Affairs (budget division) has shown the above referred provision in the book of Demands for Grants (part-II) as under, which is at variance with the above mentioned provision of Article 293.

Major Head "7601"	Budget provision
Charged	Rs 5.00 crore
Voted	Rs 3.01 crore

Ministry of Finance has replied that at this stage no corrigendum to the book of Demands for Grants (Part-II) could be issued as this will lead to divergence between the two documents viz. Appropriation Act and book of Demands for Grants (part-II).

As the Act can not be corrected at this stage and the actual outgo on this account which is Rs 5.57 crore (Rs 5,57,38,000) is classifiable as 'Charged' in the Appropriation Accounts of the grant, the erroneous depiction of demand by Ministry of Finance, has resulted in an excess of Rs 0.37 crore under Capital Section (Charged).

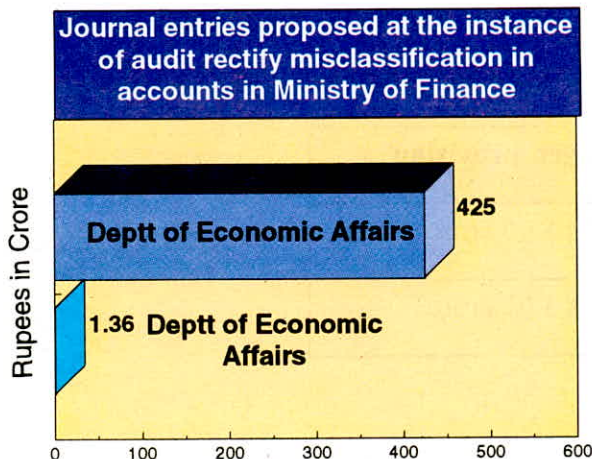
2.16.2 Ministry of Textiles

Ministry of Textiles sent a proposal, for supplementary demand in Grant No.78-Ministry of Textiles for Rs 7.00 crore in Capital Section under Major Head "4860-BB2(1)(1)(1)(3)- Payments under section-25(1) of Jute Companies (Nationalisation) Act, 1980", to the Budget Division of Ministry of Finance. Ministry of Finance while giving the approval of supplementary grant in December, 1994 showed this supplementary grant inadvertently under Major Head "6860-DD-Loans for Consumer Industries, National Jute Manufacturer Corporation" which resulted in an excess of Rs 7.00 crore under Major Head "4860" and savings under Major Head "6860". This irregularity was pointed out by Audit in September 1995.

However, no corrective measure could be taken, since the issue of corrigendum to the book of Supplementary Demands for Grants at this stage will result in a divergence between the two documents viz. Appropriation Act and book of Supplementary Demands for Grants.

2.17 Rectification of accounts at the instance of Audit

Ministry of Finance, Department of Economic Affairs



Grant No.27-Payment to Financial Institutions

(i) Out of Rs 1,58,67,353 released by the Ministry to Canara Bank, Rs 1,35,80,523 represent equity which was debit to Major Head "5465"-DD 1(1)(1) - Subscription to the Share Capital of Nationalised Banks was debited under Major Head "3465 -F1(1)(1) - Grants to Nationalised Banks - External Aided Component". This misclassification of expenditure leads to excess of Rs 1,35,80,523 under the "head F(1)(1) - Grants to Nationalised Banks - External Aided component" under Major Head 3465. Ministry has now rectified this mis-classification at the instance of Audit in October 1995.

(ii) Ministry provided an amount of Rs 425,42,87,000 to Punjab National Bank for reducing its paid-up capital as on 31 March 1994 for adjustment of losses relating to erstwhile New Bank of India. This amount was to be shown as deduct receipt and recoveries on Capital Account. But

it was debited to Major Head "3475-H.1(5) write down of Investment in Banks" The Department has now rectified the accounts at the instance of Audit in October 1995.

2.18 Rush of expenditure

Under Note 3 of Rule 69 of General Financial Rules rush of expenditure particularly in the closing month of the financial year shall be regarded as a breach of financial regularity and should be avoided. Contrary to the above provision, test check in Audit revealed that in a number of cases more than 50 *per cent* of the total expenditure was incurred in the month of March 1995. A few instances are indicated in Appendix .X

CHAPTER III

Ministry of Agriculture

Department of Agriculture and Co-operation

3.1 National Watershed Development Project for Rainfed Areas

3.1.1 Introduction

The National * Watershed Development Project for Rainfed Areas (NWDPRA) was launched in 1990-91 as a Centrally Sponsored Scheme by the Ministry of Agriculture (Department of Agriculture and Cooperation), after restructuring the on-going scheme on National Watershed Development Programme for Rainfed Agriculture.

3.1.2 Objectives

The objective of the Project was to stabilise agricultural production in rainfed areas with a view to providing sustainable production of bio-mass and restoration of ecological balance in the vast tracts of rainfed areas in the country through watershed management.

Out of the total identified watershed of 147.88 million hectares in the country consisting of arable rainfed cultivated land (100 million hectares), barren and unculturable land (20.29 million hectares), permanent pastures and grazing land (12.04 million hectares) and culturable waste land (15.55 million hectares), 2.8 million hectares were targeted to be covered during 1990-95.

3.1.3 Scope of Audit

The Project was launched in 25 States and 3 Union Territories. The implementation of the Project during the period 1990-91 to 1994-95 was reviewed in the Ministry, selected watershed projects in 19 States and in selected Directorates of Agriculture of the State Governments between April 1995 to July 1995 with a view to examining the financial management, planning and execution .

* Watershed is a geo-hydrological unit or a piece of land that drains at a common point. This is evolved through the inter-action of rain water with land mass and comprises arable, non-arable lands and natural drainage lines in rainfed areas.

3.1.4 Organisation

At the apex level a National Watershed Development Policy and Implementation Committee (NWDPIC) was constituted under the chairmanship of the Secretary, Ministry of Agriculture, Department of Agriculture and Co-operation for overall policy formulation, guidance and control. The Project was implemented through the State Agriculture Department. All participatory States and Union Territories were to constitute a State Watershed Development Policy Committee under the chairmanship of the Chief Minister with Ministers of Agriculture, Forest, Animal Husbandry, Horticulture, Rural Development, Finance, etc. as members.

At the watershed level, a multi-disciplinary watershed development team comprising officials from the aforesaid departments was to be constituted for execution of the watershed works. These were to be supervised by a Block Level Committee headed by a Block Pramukh and assisted by the Pradhans of the villages.

3.1.5 Highlights

- **Against release of Rs 712.81 crore during 1990-95 by the Ministry, only Rs 572.54 crore were spent by the States/UTs. There were heavy unspent balances with many States.**
- **Effective monitoring of the implementation of the Project was lacking at the Central, State and Watershed levels. In many cases, the Project was executed in areas where other schemes having similar components like Desert Development Programme, Command Area Development Programme, Jawahar Rojgar Yojana, etc. were being run.**
- **No attempt at conducting evaluation to ascertain impact of the Project on the economic development, increase in agricultural production and overall development of watershed areas was made in most of the States.**
- **Selection of watershed was not done in six States as per the prescribed norms in terms of area and percentage of arable land under assured irrigation.**

- Works in watershed projects were taken up in seven States without conducting detailed integrated surveys of soil, water, vegetation, production system, socio-economic status, etc.
- The run-off of rainwater was not measured, before and after the land and moisture management works were executed, for planning water requirements for various crops in nine States.
- Demonstrations of crop improvement was undertaken without associating appropriate scientific agencies for change of cropping pattern and education of farmers. Rs 235.32 lakh were spent on crop demonstration without taking up/completing soil and moisture conservation measures in six States. Other shortcomings noticed in the organisation of demonstration included non-analysing the results of demonstration on crop production, productivity and increase in income of farmers, non-supply of inputs like seeds, fertilizers and plant protection pesticides, free supply of agricultural implements not envisaged in the Project, irregular supply of inputs without conducting demonstrations, etc.
- Rs 1242.77 lakh were diverted for activities/schemes beyond the scope of the Project and Rs 5488.20 lakh were drawn and kept in personal deposit accounts/banks outside Government Account.
- Instances of infructuous/wasteful expenditure of Rs 664.49 lakh were noticed in five States.
- Advances of Rs 223.39 lakh paid to various implementing agencies were pending adjustment.
- The average unit cost was abnormally low in some watersheds in four States.
- Composite mother nurseries for growing plants for conservation of flora, horticulture and forestry species, grasses and legumes, etc. were not established in many watersheds in five States.

- Live-stock management was not taken up in Kerala and Orissa.
- Contrary to the guidelines, works were executed through contractors in four States.
- Training to farmers to acquire new skills and knowledge was either not imparted or imparted inadequately in most watersheds.
- Despite similar weaknesses and shortcomings being pointed out in the Audit Report of the Comptroller and Auditor General of India for the year 1990-91, the Ministry did not take effective follow up action to improve the implementation of the Project with the result that most of the weaknesses, as pointed out in the earlier Audit Report, continued to persist.

3.1.6 Budget and expenditure

The Project is a Centrally Sponsored Scheme with 100 *per cent* Central assistance consisting of 75 *per cent* grants-in-aid and 25 *per cent* loan.

Total funds released to the State Governments and expenditure incurred by them during 1990-91 to 1994-95 were as under :

Table 3.1.6 : Funds released and expenditure

(Rs in lakh)

Year	Central releases (both Grant-in-aid and Loan)	Expendi- ture	Unspent balance
Unadjusted balance of VII Plan	821		
1990-91	7137	3943	
1991-92	15900	6834	
1992-93	11520	12942	
1993-94	19785	13729	
1994-95	16118	19806	14027
Total	71281	57254	14027

Overall utilisation of funds was unsatisfactory. Over Rs 140 crore representing about 20 per cent of total funds made available by the Ministry during the period remained unutilised at the end of 1994-95.

3.1.6.1 State/UT-wise details of utilisation of funds

States/UTs-wise details of funds released expenditure incurred and utilisation of funds are given below.

Table 3.1.6.1 : State/UT-wise details of funds released and expenditure
(Rs in lakh)

State/UT	Amount released during 1990-95	Expenditure incurred during 1990-95	Unspent balance as on 14.7.95	Percentage of utilisation of funds
Andhra Pradesh	4944.65	3788.10	1156.55	77
Arunachal Pradesh	66.00	41.10	24.90	62
Assam	1866.39	1471.27	395.12	79
Bihar	1738.43	419.32	1319.11	24
Goa	27.93	11.72	16.21	42
Gujarat	5396.68	3151.72	2244.96	59
Haryana	383.34	274.97	108.37	72
Himachal Pradesh	774.53	540.62	233.91	70
Jammu & Kashmir	346.11	317.85	28.26	92
Karnataka	8372.38	7004.81	1367.57	84
Kerala	2293.90	1747.80	546.10	76
Madhya Pradesh	7240.21	5624.99	1615.22	78
Maharashtra	9686.10	10048.07	(-)361.97	104
Manipur	173.90	153.91	19.99	89
Meghalaya	163.55	160.55	3.00	98
Mizoram	798.67	550.61	248.06	69
Nagaland	618.90	390.30	228.60	63
Orissa	4927.71	3621.60	1306.11	73
Punjab	495.66	269.29	226.37	54
Rajasthan	9026.30	7916.34	1109.96	88
Sikkim	318.91	222.41	96.50	69
Tamil Nadu	3211.65	2317.31	894.34	72
Tripura	242.80	118.00	124.80	49
Uttar Pradesh	6800.50	6180.56	619.94	91
West Bengal	1304.98	880.02	424.96	68
D & N Haveli	12.32	2.10	10.22	17
Daman & Diu	2.32	-	2.32	Nil
Andaman & Nicobar	46.00	28.42	17.58	62
Total	71280.82	57253.76	14027.06	80

It would be observed from above that there were heavy unspent balances in Andhra Pradesh (Rs 1156.55 lakh), Assam (Rs 395.12 lakh), Bihar (Rs 1319.11 lakh), Gujarat (Rs 2244.96 lakh), Karnataka (Rs 1367.57 lakh), Kerala (Rs 546.10 lakh), Madhya Pradesh (Rs 1615.22 lakh), Orissa (Rs 1306.11 lakh), Rajasthan (Rs 1109.96 lakh), Tamil Nadu (Rs 894.34 lakh), Uttar Pradesh (Rs 619.94 lakh) and West Bengal (Rs 424.96 lakh).

The percentage of utilisation of funds by various States was as under:

Percentage of Utilisation		Name of States/UTs
(i)	Less than 25	Bihar, D & N Haveli and Daman & Diu
(ii)	Between 25 and 50	Goa and Tripura
(iii)	Between 50 and 75	Arunachal Pradesh, Gujarat, Haryana, Himachal Pradesh, Mizoram, Nagaland, Orissa, Punjab, Sikkim, Tamil Nadu, West Bengal and A & N Islands
(iv)	Between 75 and 90	Andhra Pradesh, Assam, Karnataka, Kerala, Madhya Pradesh, Manipur, and Rajasthan.
(v)	Above 90	Jammu & Kashmir, Maharashtra, Meghalaya and Uttar Pradesh.

From the above it may be seen that utilisation of amount released was satisfactory in only four States; Jammu & Kashmir, Maharashtra, Meghalaya and Uttar Pradesh.

3.1.7 Physical activities and performance

The Project was implemented in 2497 watersheds (including 20 special problem area projects) covering an area of 4.04 million hectares at an estimated cost of Rs 1128.50 crore. During VIII Plan 2.8 million hectares were targeted to be covered under the project. The Ministry had no information on the area actually covered under the watershed projects during 1990-95.

The Project consisted of different components like land management works comprising soil and moisture conservation through construction of vegetative hedges, inter-bund treatments, crop demonstration, repair and clearance of drainage lines, live-stock management, construction of compost pits, agro-forestry, etc.

Activity/component-wise shortcomings noticed were as under:

3.1.7.1 Survey of watershed areas

Integrated surveys in regard to soil, water, vegetation, production system and socio-economic surveys including infrastructural facilities, income generation activities and population growth, etc. were to be conducted with the objective of collecting data regarding production systems and environment relating to target areas for project formulation and to establish bench-marks for evaluation of impact made by the project on selected parameters. However, watershed projects were taken up without conducting detailed survey in Andhra Pradesh (32 watersheds), Himachal Pradesh (15 watersheds), Madhya Pradesh, Orissa, Rajasthan(24 watersheds), Uttar Pradesh and West Bengal. The Ministry did not insist on completion of survey of watershed areas prior to identification of watershed before releasing funds.

Test-check revealed that surveys were conducted in Himachal Pradesh, Karnataka and Punjab without Survey/Cartographic equipment which were purchased at a cost of Rs 6.86 lakh, Rs 50.62 lakh and Rs 1.60 lakh respectively, after the surveys were already over. Besides, in Karnataka procurement of 6502 equipment against requirement of 2367 resulted in avoidable expenditure of Rs 30 lakh. In Madhya Pradesh surveys were conducted at widely varying rates of Rs 15 and Rs 35 per hectare in Bilaspur, Bhopal and Indore districts without justification.

3.1.7.2 Identification of watershed

Under the Project, a micro-watershed of about 500 - 5000 hectares was to be taken up for integrated development in each of the selected blocks. It was to be located at a central place for the convenience of the farmers and also to facilitate effective and intense supervision. Priority was to be given to small and marginal

farmers, scheduled castes/scheduled tribes and backward classes in selecting micro-watersheds to be treated and developed. However, in Himachal Pradesh (34 Watersheds), Maharashtra (3 Watersheds) Orissa (4 blocks), Punjab (11 blocks) and West Bengal (Dinhata I block), selection of watersheds was not as per the norms in terms of prescribed size of watershed (between 500-1000 hectares) and percentage of arable land under assured irrigation (less than 30 *per cent* of the total cultivated area).

Other shortcomings in identification of watersheds noticed in the States were as under :

Andhra Pradesh : In Edira watershed, entire 2683 hectares did not qualify under the Project since part of it was under wet cultivation and another part was not fit for development, rendering the entire expenditure of Rs 20.86 lakh inadmissible. In Dabalagadda watershed in Vizianagaram district 1826 hectares out of 3507 hectares did not qualify as project area, rendering pro-rata expenditure of Rs 38.34 lakh inadmissible.

Karnataka : Though the Project envisaged selection of watershed having preponderance of small/marginal farmers, SCs/STs and backward classes, 33802 hectares out of total area of 46262 hectares in 12 watersheds belonged to big farmers.

Kerala : 114 micro-watersheds were selected without ascertaining irrigation potential of the community development blocks prior to their selection.

Rajasthan : 24 watersheds in Bikaner, Sikar and Nagaur Divisions on which an expenditure of Rs 351.22 lakh was incurred did not fulfil the basic requirement of selection. Water did not drain out at a common point in them. Their selection was contrary to the criteria for selection of the Project. Moreover, activities of Desert Development Programme were also under progress in these watersheds.

West Bengal : None of the projects sanctioned during 1991-92, had been completed. In 9 cases work on watersheds having area of less than the minimum prescribed area of 500 hectares of land was taken up. Though priority was to be given

to the development of non-arable land, no provision for developing non-arable land was made in 32 cases.

3.1.8 Land management, soil and moisture conservation works

Under land management works, emphasis was to provide vegetative filter strips between non-arable and arable lands and strengthening the existing natural waterways. Grassing the sides of waterways, providing farm ponds and percolation tanks for harvesting the rain water were also to be taken up. The current farming systems and practices were to be thoroughly analysed and farmers' experiences and skills were to be given due weightage. Preference was to be given to areas where soil conservation works like contour bunds had already been provided. This component of the project was to rely on low cost and vegetative conservation measures in place of costly engineering structures which were costlier to install and required finances for maintenance. *In-situ* moisture conservation for greening the entire landscape was to be a major pursuit of the project.

Following shortcomings were noticed in test-check of records in land management, soil and moisture conservation works:

3.1.8.1 Non-assessment of run-off rain water

The run-off of rain water was to be measured before and after the execution of land and moisture conservation works to assess the benefits accrued from these works and planning water requirement for crops. This assessment was not done in Andhra Pradesh (6 watersheds), Gujarat, Madhya Pradesh, Maharashtra (4 districts), Orissa (74 watersheds), Punjab, Tamil Nadu (3 districts), Tripura and West Bengal.

3.1.8.2 Other miscellaneous shortcomings

Andhra Pradesh : *Khus* plantation raised at an expenditure of Rs 206.11 lakh, disappeared on account of termite attack and long dry spells. Survival rate of vegetative hedges was as low as 2.5 to 15 *per cent*.

Himachal Pradesh : In Bilaspur, Kullu and Solan districts 24 'pucca' water storage tanks were constructed in nine project areas at a cost of Rs 6.19 lakh against envisaged

sunken type structures. An expenditure of Rs 2.96 lakh was incurred on 2 Pucca Kuhls' in Bilaspur district, not provided in the Project.

Karnataka : The project guidelines contemplated expenditure on conservation measures subject to a limit of 30 *per cent* of project cost. Rs 3815.23 lakh were, however, spent under this component which worked out to 60 *per cent* of the total expenditure of Rs 6369.51 lakh on the Project.

Madhya Pradesh : During 1990-94, Government spent only Rs 366.17 lakh against provision of 1342.14 lakh for these works. Thus, the soil and moisture conservation measures and water harvesting works were far behind the targets.

Meghalaya : Rs 11.45 lakh were spent during 1990-95 on soil conservation works. However, no drainage line treatment at upper, middle and lower reaches of the watershed was taken up. Vegetative conservation measures were also not taken up.

Rajasthan : Rs 22.18 lakh were spent irregularly on provision of contour vegetative hedges on the farmers' existing field boundaries, instead of on contour alignments. In 3 watersheds, Rs 10 lakh were spent on 'Kanna' bunding, a device to control soil erosion by wind by local dry vegetation, on 7.64 lakh metres though the Project envisaged sustainable vegetative measures to have optimum water conservation. The 'Kanna' bunding was destroyed by the farmers at the time of ploughing the field. Rs 17.27 lakh were spent irregularly on construction of costly water harvesting structures in 5 watersheds in Tonk, Jodhpur and Sawaimadhapur districts/divisions not covered under the Project.

Tamil Nadu : Against the prescribed ceiling of unit cost of Rs 500 to Rs 3000, 115 loose rock check dams were constructed at a unit cost of Rs 7500, resulting in an excess expenditure of Rs 4.66 lakh.

Uttar Pradesh : 1.35 lakh 'Eucalyptus' and 'Acacia Auriculiformis' plants were raised in nurseries, of which, 0.46 lakh were planted in rainfed areas ignoring the fact that these plants undo the efforts for in situ moisture conservation due to rapid evaporation of the soil moisture and ground water by these plants. It was stated by the

Department in March - April 1995 that further raising of these plants was stopped. Due to late plantation, vegetative hedges planted on contours covering 1115 hectares at a cost of Rs 4.46 lakh and 2204 hectares at a cost of Rs 8.75 lakh in Patrai river watershed in Jhansi district and Gomti river watershed in Sultanpur district respectively had failed.

3.1.9 Construction of compost pits

The guidelines envisaged construction of compost pits for producing organic manures which are cheap, easily manageable and involved no risk factor when compared to agro-chemicals. In Andhra Pradesh, Madhya Pradesh and Uttar Pradesh, Rs 26.37 lakh, Rs 16.09 lakh and Rs 7.77 lakh were spent during 1992-95, 1992-94 and 1993-94 respectively for digging compost pits. But its impact on enriching the physical conditions of the soil and increase in agricultural production was either not assessed or records of their utilisation were not maintained. In Maharashtra Rs 18.15 lakh were paid to the farmers for construction of compost pits in excess of the prescribed rate of Rs 100 per pit during 1993-95.

3.1.10 Crop demonstration

Crop demonstration is an important activity contemplated under the Project. Use of improved seeds, moderate level of fertilizers and latest technologies and improvement in management systems are the important components in increasing crop production in dryland/rainfed areas. Demonstration was, thus, primarily to induce the farmers to acquire and adopt necessary skills for increasing crop productivity and their income and encourage them to undertake watershed management.

Research support was to be provided through involvement of research scientists in crop demonstration. An analysis of the benefit - cost ratio of these demonstration along with adoption and diffusion studies was to be made for publicity of the impact of technologies for improved cropping/inter-cropping/double cropping system and their benefits. Unlike other components of the project the entire expenditure on seed, fertilizer and plant protection required for holding demonstration was met by Government under the Project.

The Ministry, however, did not create adequate mechanism for monitoring the impact of crop demonstration to ensure if the objective behind it was achieved, as is evident from the following shortcomings:

3.1.10.1 Crop demonstration without conservation measures

Crop demonstration was to be given on arable land after completion of soil and moisture conservation activities so as to analyse the impact of these measures. It was, however, seen during test-check of records that Rs 235.32 lakh were spent on crop demonstration in lands without completing the conservation measures in Andhra Pradesh (Rs 211 lakh), Madhya Pradesh (Rs 12.54 lakh), Orissa (Rs 6.60 lakh), Rajasthan (Rs 1.27 lakh), Tripura (Rs 3.69 lakh) and West Bengal (Rs 0.22 lakh). In Andhra Pradesh, seeding was undertaken in 2149 hectares at a cost of Rs 3.91 lakh in non-arable land during 1991-94.

3.1.10.2 Absence of research support for holding demonstration

Test-check of records revealed that the envisaged research support was not provided during 1990-95 in Andhra Pradesh (6 watersheds), Arunachal Pradesh, Himachal Pradesh (5 districts), Meghalaya, Orissa, Tamil Nadu and Uttar Pradesh (6 districts).

3.1.10.3 Results of crop demonstration

Cost-benefit ratio analysis of crop demonstrations was not conducted in Andhra Pradesh (6 watersheds), Maharashtra (12 watersheds), Madhya Pradesh, Meghalaya, Mizoram (3 districts), Orissa, Tamil Nadu, Tripura (8 watersheds) and Uttar Pradesh (5 districts). In the absence of analysis, the impact of improved techniques could not be demonstrated. In Gujarat, where Rs 338.34 lakh were spent on crop demonstration yield tests were conducted during 1991-94 in only 0.25 to 19.11 *per cent* cases. In Himachal Pradesh, no records of 5496 demonstration conducted during 1991-94 were maintained, while in Orissa instead of organic farming in 4123 hectares crop demonstrations were conducted at a cost of Rs 28.83 lakh during 1990-95, using chemical fertilisers which were contrary to the guidelines

In Punjab, against the target of holding 9106 crop demonstrations, only 5475 demonstrations were held during 1990-95. In Uttar Pradesh, details of variety of seeds, doses of fertilizers, number of watering done, etc. were not available in respect of 9208 crop demonstrations held during 1990-95 at a cost of Rs 29.96 lakh.

The Ministry, in their reply in December 1995, stated that impact evaluation studies had been conducted in 7 States (Assam, West Bengal, Maharashtra, Gujarat, Madhya Pradesh, Haryana and Uttar Pradesh) by the Agro Economic Research Centres of the Directorate of Economic & statistics of the Ministry and positive impact of crop yield had been revealed in 4 States (Uttar Pradesh, Madhya Pradesh, Maharashtra and Rajasthan).

3.1.10.4 Other shortcomings

Andhra Pradesh : In six watersheds test-checked, only supply of seeds, chemical fertilizers and pesticides were made to the farmers rather than conducting the demonstration.

Gujarat : Excess expenditure over the norms of Rs 750 per hectare resulted in extra expenditure of Rs 206 lakh.

Himachal Pradesh : Seeds valuing Rs 8.26 lakh purchased for holding demonstrations in watershed areas of 5 districts during 1991-92 and 1993-94 were not utilised for the purpose but were distributed free to the farmers. In 5 districts test-checked, excess expenditure of Rs 5.38 lakh was incurred on demonstrations due to non-adherence of prescribed limit of expenditure.

Madhya Pradesh : In place of providing inputs for crop demonstrations, cash payment of Rs 17.22 lakh was made to the cultivators by the department in Indore and Dhar districts. Advance of Rs 8 lakh was given to District Marketing Officer (DMO) for supply of inputs for demonstration in Ujjain district during 1992-93. The DMO supplied inputs worth Rs 4.05 lakh. Out of the balance of Rs 3.95 lakh, the DMO refunded Rs 1 lakh to Deputy Director of Veterinary Services for purchase of goats, spent Rs 0.87 lakh on purchase of furniture and balance of Rs 2.08 lakh was still lying

unutilised with DMO. In Raigarh, though expenditure against the advance of Rs 8.69 lakh was reported, the inputs were neither supplied nor the demonstrations were held.

Maharashtra : Repeat demonstrations were given to 20 *per cent* of the farmers in 4 watersheds for the same cropping pattern against the provision for giving only one demonstration of one cropping pattern. No record was maintained to show that the cultivators adopted the techniques of demonstration in subsequent years in 12 watersheds test-checked in Audit.

Tamil Nadu : Rs 1.79 lakh were spent on supply of farm implements to farmers in Dindigul Anna district during 1993-95, though free supply of implements was not envisaged under the Project.

Tripura : Against the target of covering 340 hectares under crop demonstrations at an outlay of Rs 2.21 lakh, no demonstrations were conducted. Instead, seeds for Rs 0.62 lakh were distributed to 463 beneficiaries. In 12 micro-watersheds, excess expenditure of Rs 0.95 lakh was incurred due to non-observance of ceiling cost.

3.1.11 Composite mother nurseries

The guidelines envisaged establishment of composite mother nurseries for conservation of flora, horticultural and forestry species, grasses, legumes, etc. so that adequate planting material would be available for both conservation and production of flora. However, in Andhra Pradesh (42 watersheds), Himachal Pradesh (24 watersheds), Karnataka (47 watersheds), Kerala (113 watersheds) and Maharashtra (10 watersheds) such nurseries were not established. Other shortcomings noticed in the following States were as under:

Madhya Pradesh : Sisul bulbils plant purchased for Rs 7.13 lakh for use in Dewas and Mandsaur watershed areas were totally damaged before these could be used. 'Khus' and 'Ageva' plantation in Dhar district costing Rs 4.13 lakh was destroyed due to lack of moisture.

Uttar Pradesh : Test-check of records relating to nurseries in seven districts revealed that at the end of March 1995, 12.67 lakh plants remained in various nurseries which

were in excess of requirements, resulting in wasteful expenditure of Rs 12.67 lakh at Re 1 per plant.

3.1.12 Agro-forestry and dry land horticulture

Records of physical verification of 24.72 lakh plants and survival thereof were not maintained/made available to audit in Himachal Pradesh (8 watersheds), Madhya Pradesh, Maharashtra (22 watersheds) and Uttar Pradesh (4 districts). In Andhra Pradesh (5 watersheds), Gujarat and Uttar Pradesh (3 districts), the percentage of survival of plants ranged from 5 to 55, 26 to 53 and 20 to 30 respectively. No assessment of survival of plants was carried out in the micro-watershed areas of Almora, Bahraich, Budaun and Lalitpur of Uttar Pradesh districts although 13.37 lakh plantation was done at a cost of Rs 16.13 lakh.

3.1.13 Drainage lines treatment

The drainage lines treatment under the project was characterised by a series of dug out water and silt harvesting structures and stabilization of nala banks primarily with vegetative measures. In upper and middle reaches vegetative barriers, brush wood dams, loose boulder dams, earthen dug out bunds fortified with vegetation were to be provided.

However, contrary to the instructions regarding adoption of low cost techniques, costlier stone retaining protection walls/terraces and cement and concrete structures were constructed in the following States.

Table 3.1.13 : States where costlier structures/retaining walls were constructed

State	No. and type of structures	No. of watersheds/districts	Expenditure (Rs in lakh)	Remarks
Andhra Pradesh	Cement concrete spill way structures	3	7.06	
Gujarat	118 Cement and concrete structures	18	15.74	
Karnataka	Cement concrete 68 dams	3	23.68	The department stated in June 1995 that the matter would be reviewed and suitable action taken.

Contd ⇨

State	No. and type of structures	No. of water-sheds/districts	Expenditure (Rs in lakh)	Remarks
Kerala	14895 metres stone retaining/ protection walls	27	38.42	The extra expenditure was Rs 36.73 lakh.
Rajasthan	2352 running metres of stone-wall terraces		1.56	The work was executed in the non-arable land of 9 farmers in June-July 1991.
Tamil Nadu	Masonry check dams	2	19.62	Expenditure was incurred mainly with a view of achieving speedy financial progress.

Other shortcomings noticed during test-check of records in the following States were as under:

Gujarat : Against an estimated cost of Rs 2.10 lakh for treatment of drainage lines in a watershed of Block Sihor in Bhavnagar district, Rs 10.87 lakh were spent involving excess expenditure of Rs 8.77 lakh.

Himachal Pradesh : Work relating to treatment of drainage lines, vital for regeneration of the non-arable land, was not taken upto 1992-93 in 23 out of 26 watersheds test-checked though required to be completed during the first year of the project (1991-92).

Kerala : Though as per the guidelines, construction/renovation of farm ponds was not to be treated as part of drainage line works, 3702 farm ponds were constructed in Kerala in 15 micro-watershed projects at a cost of Rs 20.68 lakh including a sum of Rs 8.93 lakh spent for widening/deepening /renovation of 164 ponds.

3.1.14 Live-stock management

The Project envisaged specific measures to regulate the live-stock rearing and to enhance their productivity. Components like castration of scrub bulls and production of fodder on cultivated lands were to be taken up under the project. Health care activities were to be provided through Animal Husbandry Department.

Test-check of records, however, revealed that live-stock management were not undertaken in Kerala (Thazhava and Thevalarkkara watersheds in Kollam district) and Orissa during 1990-95.

In Andhra Pradesh though Rs 84 lakh were placed with Animal Husbandry Department and in Haryana Rs 1.81 lakh were spent during 1993-95 under the above component, particulars of the amount utilised were not available with the nodal offices.

In Madhya Pradesh, instead of providing small live-stock unit, tool kits, etc., an amount of Rs 7.49 lakh at the rate of Rs 1000 per beneficiary was irregularly deposited in banks by Assistant Soil Conservation Officer, Kanker and Gariaband during 1993-94. Actual utilisation certificates were awaited as of March 1995. Advance payment of Rs 3 lakh was made to Madhya Pradesh Live Stock Corporation by Deputy Director of Veterinary Service (DDVS), Mandasaur and Ratlam during 1992-93 and 1993-94 for purchase of 150 bucks in each district at the rate of Rs 1000 per buck for distribution to the beneficiaries. Only 35 bucks were received by the DDVS, Mandasaur in March 1994. However, purchase of 300 bucks was included in the progress report.

In Meghalaya, Rs 6.90 lakh were spent irregularly on distribution of cows, pigs, goats, ducks, poultry, feed and medicines to beneficiaries in the watershed areas which was not covered under the Project.

3.1.15 Fodder development

In Gujarat, against the target of development of 42018 hectares as silvi pasture and fodder plots in various watersheds at a cost of Rs 254.69 lakh, only 9509 hectares were developed. Though the physical achievement was only *23 per cent*, more than 84 *per cent* of approved amount were spent.

In Janjgir and Raigarh districts of Madhya Pradesh, seeds and grasses worth Rs 10.43 lakh were purchased after start of rainy season and planted in watershed areas between August and March despite instructions for purchase and planting prior

to the rainy season so that the plants get sufficient time for settlement. Grass seeds worth Rs 7.87 lakh were distributed to cultivators in Bastar, Bilaspur and Mandasaur districts for sowing in arable land though it was to be made available only in non-arable land.

Fodder development activities were not taken up until 1993-94 in Rajasthan and in Sonebhadra, Baudaun and Almora districts of Uttar Pradesh.

In Tamil Nadu, assistance of Rs 1000 per family spread over three years was to be provided in the form of seeds, fertilizers, etc. However, in Salem district, Rs 10.07 lakh were released in cash in one lumpsum. No records were made available to assess application of the assistance for the intended purposes.

3.1.16 Irregular execution of works/activities through contractors

As per the guidelines, execution of works were not to be undertaken through contractors. However, test-check revealed that in Andhra Pradesh (Rs 15.81 lakh), Haryana (Rs 6.32 lakh), Maharashtra (Rs 14.22 lakh) and Tamil Nadu (Rs 19.42 lakh) works were entrusted to contractors.

3.1.17 Diversion/Unauthorised use of funds

Rs 1242.77 lakh were spent on schemes/activities and purposes which were not covered under the Project or connected with NWDPRA. Such diversion of funds included purchase of motor vehicles, computers, air-conditioners, fax machines, photocopiers, television, VCRs, etc. as given in Appendix XI. Rs 5488.20 lakh were drawn and kept in Civil/Personal Deposit Accounts or banks outside Government account by following States as per details indicated in Appendix XI. The Ministry did not have mechanism for controlling such diversion/unauthorised use of funds.

3.1.18 Infructuous/wasteful expenditure

In the following States infructuous expenditure of Rs 664.49 lakh was incurred as the projects were abandoned midway.

Table 3.1.18 : Infructuous expenditure by States

State	No. of water-sheds	District spent	Period	Amount(Rs in lakh)
Andhra Pradesh	35		1990-91	148.48
Gujarat	75	State as a whole	1990-92	426.76
Himachal Pradesh	8		1988-91	53.02
Rajasthan	10	Tonk, Ajmer, Dholpur and Dungarpur	1990-91	35.12
	1	Sikar (Gowti Watershed)	1991-92	1.11
Total				664.49

3.1.19 Expenditure on un-approved works and excess expenditure

Test-check of records in the following States revealed irregular expenditure on un-approved works/activities.

Table 3.1.19 : Expenditure on un-approved works/activities

State	Implementing agencies	Period	Amount (Rs in lakh)	Remarks
Haryana	Saral and Piarelal Watersheds	1992-95	22.36	Expenditure on unapproved works and expenditure in of approval
Himachal Pradesh	D.D.A. Bilaspur	1990-93	2.22	Subsidy on distribution of agricultural & horticulture implements.
Orissa	.....	.....	75.76 21.95	Expenditure on unapproved works and expenditure in excess of approval.
Punjab	Various	.....	29.33	Excess expenditure.
West Bengal	16 Executing agencies	1990-91	68.49	Amount was released to 16 executing agencies without specifying the works to be executed. Rs 52.93 lakh remained un-utilised with 12 executing agencies (March 1995)

3.1.20 Rush of expenditure

Test-check of records in the following States revealed that heavy amount upto 100 per cent of the total expenditure were shown as spent during the last quarter/March as detailed below :

Table 3.1.20 : Heavy expenditure during the last quarter/March

(Rs in lakh)

State	Year	Total expenditure during the year	Expenditure during March	Last Quarter
Andhra Pradesh	1991-92	35.32	--	22.47
	1992-93	53.85	--	36.61
	1993-94	28.96	--	19.51
Gujarat	1990-91	508.59	350.11	399.39
	1991-92	734.66	235.85	466.62
	1994-95	744.69	112.28	303.69
Himachal Pradesh	1990-94	185.27		100.32
Kerala	1992-93	298.61	298.42	NA
	1993-94	356.81	297.45	NA
	1994-95	355.69	355.69	NA
Madhya Pradesh	1990-91	37.45	17.82	33.36
	1991-92	188.40	76.31	114.89
	1992-93	428.39	124.27	207.59
	1993-94	467.38	155.07	265.28
Punjab	1991-92	78.71	72.35	72.51
	1992-93	65.43	31.61	64.23
	1993-94	165.39	163.87	164.95
Tamil Nadu	1992-93	451.48	291.07	
Uttar Pradesh	1990-91	455.81	NA	293.61
	1991-92	801.78	NA	801.75
	1992-93	887.96	NA	833.00
	1993-94	879.49	NA	786.21
	1994-95	2000.22	NA	1923.95

It would be seen that rush of expenditure in March/last quarter was persistent and significant, particularly in Kerala, Madhya Pradesh and Uttar Pradesh.

3.1.21 Advances

Test-check of records revealed that funds released/advanced to implementing agencies were treated as final expenditure in the following cases though these were not actually spent.

Table 3.1.21 : Funds released/advanced to implementing agencies treated as final expenditure

State	Period	Amount (Rs in lakh)	Remarks
Karnataka	1992-94	113.50	Amount was advanced to Universities of Agricultural Science, Bangalore and Dharwad (Rs 56.75 lakh each). The actual expenditure was Rs 17.21 lakh and Rs 10.93 lakh respectively.
Orissa	1991-92 and 1993-94	11.39	Amount advanced to Orissa University of Agriculture and Technology for conducting farmers training was treated as final expenditure.
Punjab	1991-94	23.56	The amount of Rs 23.56 lakh, out of Rs 41.16 lakh advanced to various departments at district levels was treated as final expenditure.

Besides, adjustment of advances was not made and utilisation certificates were not received for Rs 223.39 lakh given to various executing agencies/departments as given in Appendix XII.

3.1.22 Normative unit cost

The guidelines stipulated unit cost of Rs 3500 per hectare for development and treatment of plain area and of Rs 5000 per hectare for hilly area. In the following States, average/range of unit cost was very low during 1990-95.

Table 3.1.22 : Very low unit cost in development of hilly and plain areas

(Rs per hectare)

States	Unit Cost	
	Plain area	Hilly area
Andhra Pradesh	1382 to 3488	3580 to 3877
Karnataka	574 to 3427	756 to 4653
Madhya Pradesh	1725 to 2098	
Rajasthan	2282	--

On the other hand, the average unit cost was abnormally high in Meghalaya at Rs 19412 per hectare.

3.1.23 Other shortcomings in financial management

Andhra Pradesh and Gujarat : 'Rs 272 lakh in Andhra Pradesh and Rs 28.58 lakh in Gujarat were spent in excess of prescribed ceiling for various activities like providing of contour vegetative hedges, horticulture, crop demonstrations, treatment of drainage lines, live-stock management, etc.

Madhya Pradesh : Detailed contingent (DC) bills against works expenditure of Rs 3.32 lakh for the months of February and March 1993 were not submitted by Assistant Soil Conservation Officer (ASCO), Balaghat (January 1995). The controlling officer in Jagdalpur disallowed a sum of Rs 32.04 lakh out of DC bills of Rs 77.42 lakh for the period 1991-94 submitted to him by ASCO, Jagdalpur. No further action was taken for recovery of the disallowed amount. Further, DC bills worth Rs 45.38 lakh for the period of September 1992 to March 1993 were returned by the controlling officer to ASCO, Jagdalpur with objections. The bills were not re-submitted until March 1995.

Maharashtra : Against the expenditure of Rs 399 lakh towards average pay and allowances of 266 Agricultural Assistants deployed in 266 watersheds, the Directorate of Soil Conservation and Watershed Management claimed Rs 787 lakh towards establishment and management cost resulting in an excess claim of Rs 388 lakh during 1991-95 under the Project.

Mizoram : The District Agriculture Officers, Aizawl, Aizawl(East) and Saiha paid wages of Rs 2.48 lakh during November 1993 after a lapse of 8 to 12 months. However, no records of daily attendance, nature and quantum of work done were maintained. Utilisation certificates were submitted by Government of Orissa to the Ministry based on the amounts drawn instead of on actual expenditure incurred.

Rajasthan : Out of Rs 833.64 lakh shown as spent during 1990-91, Rs 620.26 lakh were actually transferred by the Directorate to Personal Deposit (PD) Account of District Rural Development Agency, Jaipur. In the subsequent year (1991-92) this amount was placed in the PD Account of 17 Divisional Offices and Assistant Engineer, headquarters. 53 per cent (Rs 329.74 lakh) of the above amount was ultimately refunded in 1994-95. Shortfall in utilisation of funds in Jodhpur and

Sawaimadhopur districts under major components of survey, training, research support, conservation measures, production system, kitchen garden, house-hold production system, conservation measures in non-arable lands, and treatment of drainage lines ranged between 26 and 100 *per cent* upto 1993-94.

Uttar Pradesh : Rs 423.37 lakh were spent in excess of prescribed ceiling of 10*per cent* of total expenditure on establishment and management.

West Bengal : In Medinipore and Cooch Bihar districts of West Bengal only Rs 5.74 lakh and Rs 6.16 lakh were spent during 1990-95 (upto February 1995 in case of Cooch Bihar) respectively against release of Rs 95.53 lakh and Rs 49.94 lakh.

3.1.24 Research support

Under the Project, research support was to be provided for on-site testing, trial observation, etc. by scientists of the State Agricultural Universities/ICAR Research Centres.

However, test-check revealed that research support was not provided in the States of Arunachal Pradesh, Haryana, Madhya Pradesh, Orissa, Tamil Nadu, Tripura, Uttar Pradesh and West Bengal. Other shortcomings noticed in this regard were as under.

In Andhra Pradesh, though Andhra Pradesh Agriculture University (APAU) had unspent balance of Rs 19.82 lakh at the end of 1992-93, which was sufficient to take up research studies during 1993-94, further amounts of Rs 56.90 lakh and Rs 53.41 lakh were released to the APAU during 1992-93 and 1993-94 respectively, without receiving any fresh proposal from it.

Rs 56.75 lakh each were provided to Universities of Agricultural Sciences (UAS), Bangalore and Dharwad in Karnataka during 1992-94 for research support. While the UAS, Bangalore incurred an expenditure of Rs 25.35 lakh to end of 1994-95 on site trials in 11 watersheds, the UAS, Dharwad spent only Rs 10.94 lakh to end of 1994-95. Details of activities undertaken by these UASs, progress report and utilisation certificates were awaited as of June 1995.

In Kerala, no project for research was taken up till November 1994 when 21 proposals of Kerala Agricultural University costing Rs 14.20 lakh were sanctioned. The State Coordinator of the project, however, released Rs 25 lakh, which was far in excess of estimates submitted by Kerala Agricultural University.

3.1.25 Training

Under the Project, training for soil and water conservation and the integrated farming system was envisaged to be imparted to farmers for acquiring new skills and knowledge. Three farmers from each village of the selected watershed were to be selected for the purpose. The training centres were to form the focal point for establishing contacts between scientists and farmers in three day institutional training programme. Shortcomings noticed during the test-check of records are discussed below:

In Andhra Pradesh, as against Rs 152.76 lakh and Rs 277.51 lakh provided during 1993-94 and 1994-95 for training of farmers, staff, etc., only Rs 25.73 lakh and Rs 48.67 lakh respectively were utilised.

Against the target of training 1086 and 543 'Mitra Kisan' and 'Gopal' respectively each year in Gujarat, only 795 and 565 'Mitra Kisan' and 323 and 282 'Mitra Gopal' were provided training during 1992-93 and 1993-94. During 1994-95 only 922 'Mitra Kissan and Gopal' were provided training.

In Himachal Pradesh, during 1992-94, 453 'Mitra Kisans' against targeted 844 were imparted training.

As against 136 training courses to be arranged during 1991-95 for training the farmers in Kerala, only 24 courses were arranged in 17 watershed projects. In five watershed projects in Kollam and Thrissur districts neither the training courses nor the orientation -cum-feed back sessions were arranged.

In Orissa, Rs 25.80 lakh were paid towards stipend to post graduate apprentices till end of March 1995. They were required to be posted in each watershed to provide

training to farmers. However, they were posted in State Soil Conservation Division/Sub-Divisions.

Against provision of Rs 3 lakh for construction of four Chetna Kendras for imparting training to farmers in Punjab, an expenditure of Rs 11.99 lakh was incurred on construction of four unrelated buildings in Bala Chaur, Hoshiarpur, Malikpur and Mohali.

In Rajasthan, Rs 10 lakh provided during 1991-92 for procuring audio visual aid for training of farmers/field level staff were spent on procurement of copier and litho paper, V matic tapes, etc. for publicity. However, no publicity was undertaken in the watersheds test-checked by Audit.

3.1.26 Other miscellaneous shortcomings/irregularities in physical achievement

In Hazaribagh and West Singhbhum districts in Bihar, out of 23 projects sanctioned during 1991-94 at Rs 332.38 lakh, no work was taken up in 4 projects and in the remaining projects, the percentage of execution of work ranged between 2 and 7. Development of non-arable lands was not taken up at all.

In Karnataka, in two watersheds against the available effective area of 4175 hectares, the total area treated was shown as 8329 hectares.

In Maharashtra, figures of physical achievements available with the Director of Agriculture and those reported to the Ministry as of March 1994 were at variance with each other in respect of crop demonstration, agro-forestry, homestead gardens and organic farming.

In Punjab, only 6657 hectares were developed in 13 watersheds against 12000 targeted during 1990-95. The shortfall in the coverage of area was 34 *per cent* in 1990-91 to 51 *per cent* in 1993-94.

3.1.27 Promotion of peoples' participation

Involvement of local farmers with project activities was one of the important feature of the project for resolving the short term as well as long term problems of watershed communities. For this purpose farmers were to be trained, encouraged and organised to undertake watershed development programmes in which Government and Non-Government Organisations were to synergistically work as facilitators. However, in Andhra Pradesh, Arunachal Pradesh, Himachal Pradesh, Kerala, Maharashtra, Meghalaya, Orissa, Rajasthan, Tripura, Uttar Pradesh and West Bengal, efforts for involvement of local people/Non Government Organisations were not made available.

3.1.28 Monitoring

Monitoring was to be developed as an in-built system of the project management/activities and for collecting day-to-day information for helping project managers at different levels. Guidelines on the project also envisaged preparation of 'Sumangal Diary' for each beneficiary of micro-watershed indicating project benefits derived by them. Directions for implementation of the policy were to be provided by a committee comprising senior level officers in the State Government. Quarterly and annual reports were prescribed to be furnished by Watershed Development team to State Government and Government of India. Test-check of records, however, revealed inadequacy of monitoring arrangements in Andhra Pradesh, Bihar, Gujarat, Himachal Pradesh, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Orissa, Punjab, Rajasthan, Tripura, Uttar Pradesh and West Bengal. In Arunachal Pradesh, Meghalaya and Mizoram no arrangements for the monitoring of the implementation of project activities were made. In Andhra Pradesh, Kerala, Maharashtra, Orissa and Rajasthan even 'Sumangal' diary indicating Project benefits derived by each beneficiary were not maintained, in the absence of which increasing trend of productivity or otherwise could not be assessed in audit. The results of demonstrations conducted under the project were not obtained and analysed in Andhra Pradesh (6 watersheds), Himachal Pradesh, Madhya Pradesh (4 districts), Maharashtra (12 watersheds), Meghalaya, Mizoram, Orissa, Tripura (8 watersheds) and Uttar Pradesh

(6 districts). From the above it would be evident that there was inadequate mechanism in the matter of information collection, collation and control at the State level.

3.1.29 Evaluation

Despite lapse of 5 years since the modified project was introduced in 1990-91, no evaluation study of the impact of the project was conducted in almost all the test-checked States except Rajasthan, Gujarat and Uttar Pradesh. In Gujarat the Ministry assigned the work of evaluation to an outside agency. Its report was awaited.

In Uttar Pradesh, a joint team of Central and State level officers visited 12 blocks in 12 districts in February 1994 and April 1994 and noticed the following shortcomings :

- (i) Participation of Horticulture and Animal Husbandry Departments in implementation of NWDPRAs was missing.
- (ii) Fodder cultivation on arable lands was not taken in most of the watersheds.
- (iii) Peoples' participation at planning and implementing stages was negligible.
- (iv) Physical achievements were not as per phased programme.
- (v) Little conservation measures were taken up through the contour vegetative hedges on arable lands.
- (vi) Basic concept, approach and strategy was not made clear to the beneficiaries.

3.1.30 Previous Audit

The programme of watershed management having similar components was reviewed by Audit and weaknesses/shortcomings were brought out in Paragraph 3.3 of the Audit Report of the Comptroller and Auditor General of India for the year ended 31 March 1991, No.1 of 1992, Union Government (Civil). The shortcomings/weaknesses as indicated above suggest that the Ministry has no effective control over the implementation of the Project and the shortcomings were persisting.

3.1.31 Conclusion

From the foregoing paragraphs it is evident that the implementation of the Project lacked effective planning and execution of various activities. Effective monitoring of the implementation of the Project was also lacking at the Central, State and watershed levels. No attempt at conducting evaluation to ascertain the impact of the Project on economic development, increase in agricultural production and overall development of watershed areas, the end objective of the Project, was made in several States. The Ministry had made the Project expenditure-oriented rather than result-oriented.

The matter was referred to the Ministry in November 1995; their reply was awaited as of January 1996.

Department of Animal Husbandry & Dairying

3.2 Non-reconciliation and non-deposit of sale proceeds of milk by Cash Clerks

Mention was made in para 67.12 of the Report of the Comptroller and Auditor General of India No. 1 of 1988 Union Government (Civil) that at the end of March 1986, the difference in the figures of receipts as per Machine Accounting Section and the amount deposited by Cash Clerks and Drivers aggregated to Rs 4.73 lakh. Of these, cases for Rs 2.59 lakh are stated to have been registered with the Police. The reconciliation work for the balance was in arrears for March 1986. The Ministry in their Action Taken Note stated in February 1989 that the accounts had been brought upto date. As regards outstanding against Cash Clerks, it was stated that the same had been reduced to Rs 1,29,108.04 out of which Rs 33,010.98 were pending on account of court cases etc.

Test check of records revealed that at the end of March 1995, there was a difference of Rs 15,23,788 as per details given below in the figures of receipt as per Machine Accounting Section and the amount deposited by cashier.

Sl. No.	Particulars	Amount (In rupees)
1	Cash Clerks	4,87,358
2	Heavy Vehicles Drivers/Driver-cum-Sales man	2,28,659
3	Mates on Driver Duty	51,700
4	Concessionaire left DMS as well as current	2,69,198
5	Cash Clerk who left DMS	22,635
6	Cases under suspension in court cases/with vigilance	4,64,238
	Total	15,23,788

Thus, despite having been pointed out in the Audit Report, DMS has not taken corrective/remedial action for prompt reconciliation of the difference and realisation of amount due from the clerks, drivers etc. with the result that the difference has increased to Rs 15.24 lakh.

The Ministry stated, in December 1995, that an amount of Rs 26,035 had been recovered by them and all possible efforts were being made to recover the balance amount. The reply is not satisfactory as only a small fraction of the outstanding amount has been recovered and a substantial part of the amount due has remained unrealised for a number of years.

CHAPTER IV
Ministry of Civil Aviation and Tourism
Department of Tourism

4.1 Unfruitful expenditure on tourist facility

For development of tourist facilities in Midnapore-Bankura region of West Bengal, Department of Tourism, based on proposal of the State Government, accorded (September 1987 and September 1988) sanction for construction of tourist lodge-cum-restaurant at Mukutmanipur and Kankrajhore within 18 months from the date of sanction. The work of construction was entrusted to the Central Public Works Department (CPWD).

The State Government was to provide land free of cost and also provide water supply, electricity and approach road including supporting infrastructure. The assets were to be leased to the State Government on nominal lease rent of one rupee *per annum*.

The tourist lodge-cum-restaurant at Mukutmanipur was constructed by CPWD in May 1993 at a cost of Rs 15.48 lakh. The construction work of other tourist lodge-cum-restaurant at Kankrajhore was, however, stopped in January 1993 due to land dispute with State Forest Department. CPWD spent Rs 10.72 lakh on construction of the incomplete lodge-cum-restaurant at Kankrajhore. However, the work on external water supply, electricity, approach road, sanitary installation, development of site etc. for the lodges could not be taken up by CPWD as the estimates prepared in January 1991 by CPWD were not sanctioned by the State Government having failed to get sanction, CPWD requested the State Government, in December 1993, to get the work executed through State Government Agency. The work has not been sanctioned by the State Government till September 1995. The State Government did not take over tourist lodge-cum-restaurants from CPWD.

The State Government stated, in October 1995, that the estimates were not sanctioned since the work at Kankrajhore had to be stopped due to objection by Forest Department. They further added that measures had been taken to take over and

commission the lodge at Mukutmanipur and resolve the hindrance to work at Kankrajhore. The contention about not sanctioning the work is not tenable since the work was stopped in January 1993, while the estimates were sent for approval in January 1991.

Before undertaking work for execution, the Department of Tourism, Government of India failed to ensure that the State Government transfers title of land to the Central Government and accords necessary sanction for creation of infrastructural facilities.

Thus, due to lack of co-ordination between the Department and Government of West Bengal, expenditure of Rs 26.20 lakh incurred on lodge-cum-restaurants has become wasteful.

The matter was referred to the Ministry of Urban Affairs and Employment and Ministry of Civil Aviation and Tourism in June 1995; their replies were awaited as of December 1995.

CHAPTER V
Ministry of Commerce
Department of Supply

5.1 Wasteful expenditure on procurement of Aldrin Emulsifiable worth Rs 42.27 lakh due to defective inspection

Director General, Supplies and Disposals (DGS&D) placed in May 1991 supply order on a firm for 40,000 litres of ISI marked Aldrin Emulsifiable 30 *per cent* at a cost of Rs 44.50 lakh against an indent of Executive Engineer, Central Stores Division, CPWD, New Delhi.

The contract provided for supplies at the rate of 10,000 litres per month which were to be completed by September 1991 (extended to 10 June 1992). Each lot was required to be inspected before despatch, by the Director of Inspection, Calcutta.

The firm supplied the material during March 1992 to August 1992 and obtained 95 *per cent* payment against proof of despatch of 40,000 litres amounting to Rs 42.27 lakh.

Tests conducted by the Executive Engineer to whom Aldrin was issued, revealed that it was not conforming to the specifications. Based on the reports of the user divisions, Superintending Engineer, Quality Control, CPWD got samples drawn from the stock in the Central Stores and tested in the Shriram Institute of Industrial Research. The test results revealed strength of 0.70 and 1.00 *per cent* against the specification of 30 *per cent*. Conveying the test results, the SE, Central Stores, CPWD requested DGS&D in December 1992 either to get the material replaced or recover the cost from the firm.

DGS&D got the samples drawn from each lot tested again in January 1993 at National Test House (NTH) Ghaziabad. Results obtained were found satisfactory indicating Endo - Exo - HHDN contents ranging from 28.5 *per cent* to 29.8 *per cent* against the stipulated requirement of 30 *per cent* \pm .5 *per cent*.

As the buildings where the Aldrin was used, had shown termite attacks, CPWD conducted the test again at both Test Houses and found variance in the contents of the

samples drawn. The CPWD accordingly insisted in March 1993 for another joint inspection which was conducted by DGS&D in April 1993 at NTH, Ghaziabad in the presence of representatives of CPWD. The results obtained were drastically different from the earlier results and indicated practically nil aldrin content. Samples were also drawn by Bureau of Indian Standards (BIS) in May 1993, which were found not conforming to BIS standards.

Consequently, the CPWD rejected the entire lot under warranty clause applicable to the contract and again asked DGS&D to arrange for replacement of the defective material or recovery of the cost from the contractor. Ministry of Law advised DGS&D in October 1993 to consider cancellation of the contract at firm's risk and cost after issue of performance-cum-extension notice. The contractor, however, refused to replace the stores.

The contract was cancelled by DGS&D in August 1994 at the firm's risk and cost. However, no amount could be recovered from the firm and the entire lot is lying unused at indenter's end.

Ministry, in their reply of November 1995, stated that, following the firm's refusal to deposit the amount, the matter has been referred for arbitration. Ministry has, however, failed to explain as to how the inspection conducted by DGS&D and NTH at Calcutta and Ghaziabad (first time) could not detect the sub-standard quality of the supplies and how test results could vary widely.

5.2 Avoidable expenditure of Rs 40.50 lakh on procurement of Buff Pulp Board

DGS&D placed supply orders for 1500 tonne and 1000 tonne of Buff Pulp Board (BPB) on a firm for Security Printing Press, Hyderabad in May 1993 and September 1994 at Rs 28,450 per tonne. Orders were also placed for 1850 tonne and 300 tonne of BPB for India Security Press, Nasik in May 1993 and February 1995 at Rs 28,050 per tonne on the same firm. In addition, packing charges at the rate of Rs 600 per tonne on 1500 tonne, for which order was placed in May 1993 and Rs 350 per tonne on 1000 tonne order placed in September 1994 were also allowed for

quantities ordered for Hyderabad, while Rs 350 per tonne was allowed towards packing charges for BPB ordered for Nasik. 2500 tonne and 2000 tonne of BPB were supplied by the firm to Hyderabad and Nasik during May 1993 to March 1995.

Scrutiny of records in DGS&D in April 1994 revealed that lower quotation of Rs 27,300 per tonne for supply to Hyderabad and Rs 27,650 per tonne to Nasik with quantity discount of Rs 1000 per tonne for a minimum quantity of 3500 tonne was rejected in favour of the firm which had quoted higher rate on the grounds that the firm was not tried earlier and was an unregistered firm. The grounds on which the lower offer was not accepted were not tenable since the firm was actually registered with DGS&D for ordinary BPB, and the Security Printing Press, Hyderabad had confirmed in April 1993 the technical capability of the firm of manufacturing and supplying BPB as required by the department. Scrutiny in audit further revealed that the firm on which orders were placed, was also not registered with DGS&D.

Besides, the Department paid packing charges at differential rate of Rs 600 and Rs 350 per tonne to the firm for Hyderabad and Nasik respectively for the consignments ordered in May 1993. Since the packing for both destinations should have been identical, there was no justification for packing charges at higher rate of Rs 600 per tonne for Hyderabad. The firm supplied additional quantity of 1000 tonne to Hyderabad against repeat order placed in September 1994 at the same rate of packing charges of Rs 350 per tonne, which was applicable for Nasik.

Thus, placing of orders on a firm at higher rate without acceptable reasons resulted in extra expenditure of Rs 36.75 lakh on procurement of 4500 tonne of BPB. In addition, packing charges at higher rate for Hyderabad on 1500 tonne resulted in additional expenditure of Rs 3.75 lakh.

The matter was referred to the Ministry in November 1995; their reply was awaited as of January 1996.

5.3 Irregular admittance of cash compensatory support on export of stainless steel flanges

The erstwhile Joint Chief Controller of Imports and Exports (JCCI & E), Bombay paid Cash Compensatory Support (CCS) of Rs 25.71 lakh to a firm in June 1991 and February 1992 on the export of "stainless steel flanges" worth Rs 128.54 lakh made during March 1991 to May 1991. As CCS was not admissible on stainless steel flanges, payment of CCS of Rs 25.71 lakh was irregular.

The matter was referred to the department in March/July 1995. Joint Director General of Foreign Trade (JDGFT), Bombay stated, in November 1995, that adjustments of Rs 6.29 lakh from International Price Reimbursement Scheme (IPRS) claim of the firm had been made. The Department further added that it has directed the firm to refund the balance of excess payment of Rs 19.42 lakh.

The matter was referred to the Ministry in December 1995; their reply was awaited as of December 1995.

5.4 Un-intended benefit of cash compensatory support

Ministry of Commerce decided in November 1988 to take the following steps:

- (i) Amend the OGL Order so that import of Colour Picture Tubes (CPTS) would be permitted under OGL only for the purpose of manufacture of colour TV sets and not for manufacture of Sub-assemblies containing CPTS.
- (ii) Place CPTS and sub-assemblies containing CPTS in the list of canalised items for exports and designate Electronic Trade and Technology Development Corporation (ETTDC) as the canalising agency.

Pursuant to above decision, the Ministry of Commerce issued public notice on 04 November 1988 to canalise the export of Colour Picture Tubes through ETTDC, New Delhi. It, however, did not include sub-assemblies containing CPTS in the list of canalised items for exports while issuing the said notification.

In December 1988, when it came to notice of the Ministry that Colour Picture Tube sub-assemblies were being exported by some units, the Ministry amended the

Exports (Control) Order 1988, by issue of an order relating to Export Trade Control in March 1989 by substituting the item 'Colour Picture Tubes' by 'Colour Picture Tube and sub-assemblies of Colour TV containing Colour Picture Tube'.

Test check in audit of the payments of Cash Compensatory Support (CCS) made by the erstwhile Joint Chief Controller of Imports and Exports, New Delhi revealed that M/s Weston Electronics Limited exported 'Colour TV sub-assemblies containing CPTS' on 19 November 1988 for a total FOB value of Rs 1.13 crore on outright sale basis and was paid CCS amounting to Rs 16.98 lakh at the rate of 15 *per cent* of FOB value.

Failure of the Ministry to include the sub-assemblies containing CPTS in the public notice of November 1988 to canalise its export through ETTDC resulted in unintended benefit of Rs 16.98 lakh to the exporter.

The Ministry accepted in December 1995, that sub-assemblies containing CPTS in the list of canalised items for export was inadvertently omitted in the public notice of 04 November 1988.

5.5 Follow up on Audit Reports

Lok Sabha Secretariat issued instructions in April 1982 to all Ministries requesting them to furnish notes indicating remedial/corrective action taken by them to the Ministry of Finance (Department of Expenditure) on various paragraphs, contained in the Audit Reports, as soon as they were laid on the Table of the Houses, duly vetted by Audit.

A review of the position regarding receipt of Action Taken Notes on the paragraphs included in the various Audit Reports upto the period ended 31 March 1994 revealed that the Ministry had not submitted the remedial/corrective Action Taken Notes on the following paragraph as of November 1995 inspite of the instructions.

Table 5.5 : Corrective Action on Audit Reports

Audit Report Number and Year	Paragraph Number	Subject
1 of 1995	6.1.6	Irregular payment of Cash Compensatory support on export of sports goods

The Ministry stated in November 1995 that action taken by them in regard to para 6.1.6 would be intimated.

Further progress was awaited as of January 1996.

CHAPTER VI

Ministry of External Affairs

6.1 Cost escalation due to defective planning and delayed execution of works

A proposal for renovation of the embassy residence at Warsaw at an estimated cost of Zlotys 226.2 millions plus US \$57,630 (Rs 76.04 lakh) was forwarded to the Ministry in April 1989. The work was scheduled for execution between May and September 1989. The estimate included consultant's fee at eight *per cent* of the value of work.

After restricting the scope of the project; seeking reduction in the consultant's fees by negotiations; and changing the currency of payment to US\$, Ministry accorded formal sanction to expenditure not exceeding US\$ 69,160 (Rs 11.34 lakh) in October 1990.

The Mission did not take up the work immediately for the reason that winter was setting in and no construction activity could be undertaken.

Tenders were invited in March 1991 and the offer of contractor 'A' for US\$ 1,78,360 recommended by the consultant, was forwarded for Ministry's approval in April 1991. Ministry's approval was, however, not received. In April 1992, tenders were invited once again and firm 'X' was recommended for award of contract in May 1992. The overall cost of the project was now determined at US\$ 1,85,000 inclusive of US\$ 35,000 towards cost of renovation to the facade and exterior works not included in the earlier estimates. Ministry's approval was conveyed in October 1992. An agreement was executed with firm 'X' on 25 November 1992 to complete the project by 26 May 1993. The firm commenced the work in December 1992 and completed it in July 1993 at a total cost of US\$ 1,85,000. The cost of the works which were sanctioned by the Ministry in October 1990, now stood at US\$ 1,50,573.83 (Rs 41.07 lakh).

The work on the project was undertaken in the middle of winter in the background of Mission's stand in October 1990, that the work could not be taken up in winter. Mission stated, in August 1994, that the project was executed in two phases, the internal work being first completed during the winter months and the exterior

work being undertaken after the weather improved. This being so, a phased approach could have been adopted in October 1990 when the project had been estimated to cost US\$ 69,160.

Mission further stated that the expertise available with local construction firms in 1990 did not enable the kind of arrangement finally adopted to execute the work in 1992. It further added that the scope of work approved by the Ministry in 1992, was considerably wider than the job it had approved in October 1990. Yet the work was finally executed under the guidance of the same consultant and the additional scope of work was limited only relating to facade and exterior valued at US\$ 35,000.

Thus, deficient project planning and execution by the Mission and delay in sanction to the project led to extra expenditure of US\$ 81,413.83 (Rs 25.72 lakh at conversion rate of July 1993).

The matter was referred to the Ministry in July 1995; their reply was awaited as of December 1995.

6.2 Extra and avoidable expenditure on purchase of flats

The Embassy of India, Berne (Mission), had between 1977 and 1986, hired four flats in a multi-storeyed building for its India based staff. In March 1993, the owners of this building offered all flats on sale to the Mission. The offer was valid upto 15 April 1993.

However, Mission did not take any action for sanction until 09 December 1993, when it received another communication from the owners that their offer of March 1993 would be valid upto 31 December 1993 and thereafter the flats would be open for sale. The Mission sent a proposal to the Ministry of External Affairs (Ministry) on 17 December 1993 for purchase of the four flats with built-up areas each of 105.9 sqm (two, 2 bed rooms flats) and 120.7 sqm (two, 3 bed rooms flats) at a total cost of Sfr. 13,76,000.

Reasons for delay of 8 months in sending the proposal by the Mission to the Ministry were, however, not on record.

The Ministry did not accept (February 1994) the proposal on the ground that the costs of the flats were more than the economic cost as per general formula laid down by the Ministry, but desired that Mission should either negotiate the price or identify alternative properties for purchase. The Mission reiterated to the Ministry in February 1994 that the prices offered had already been discounted by the owners because of their long association with Mission and a survey of the going market rates in the area showed the offer as most competitive.

Meanwhile, three of the four flats were sold out. Consequently, Mission had to hire a new flat in the same area at higher rent from 01 May 1994. Of the remaining two flats, lease of one flat had to be renewed (May 1994) at higher rent effective from 01 July 1994, while the lease of the third flat continued on the same rate.

The property team of the Ministry visited Berne in May 1994 and finalised purchase of three flats out of the flats shortlisted by the Mission. The Ministry accorded approval for purchase of these 3 flats at a cost of Sfr 1053000 and authorised the Mission to purchase fourth 3 bed rooms flat within the cost limit of Sfr 4,20,000.

Thus, the Mission purchased four flats (two, 2 bed rooms and two, 3 bed rooms) in two buildings in the same residential complex in July and August 1994 at a total cost of Sfr. 14,62,633.50. A comparison of cost of flats available for purchase during March-December 1993 and those finally purchased, is given below :

Table 6.2 : Comparison of cost of flats offered for purchase and actually purchased

Offered for purchase (March-December 1993)		Actually purchased (July-August 1994)	
Built-up area (sqm)	Cost (Sfr)	Built-up area (sqm)	Cost (Sfr)
105.90	313000	105.90	317000.00
105.90	322000	102.00	314000.00
120.70	375000	107.52	417763.50
120.70	366000	102.52	413870.00
Total	453.20	417.94	1462633.50

Difference-Sfr 86633.50 (Rs 21.13 lakh)

One of the flats purchased was from those originally offered and finally purchased at Sfr. 317000.

It may also be mentioned that value of a flat in the area increases with the ascending order of the level in multistoreyed building. The flats initially offered were on the 6th, 10th, 11th and 13th floor and those finally purchased were on the 4th, 9th and 10th floors. The delay in purchase of the flats proved disadvantageous in this respect.

The Mission failed to take any action for obtaining sanction of the Ministry for 8 months, after receipt of the preferential offer of sale of the flats from the owners in March 1993. It forwarded the proposal on 17 December 1993 to the Ministry only after being alerted by the owners on 09 December 1993, when the validity of the offer was to expire by 31 December 1993. Had the Mission sent the proposal to the Ministry in time, adequate time would have been available for survey and inspection by the property team to enable it to take a decision before the expiry of the validity period of offer.

In reply, the Mission stated that since the offer received in March 1993 was more than the economic cost as per the guidelines, no proposal was forwarded to the Ministry. The contention was not tenable as subsequently the Mission forwarded the same proposal in December 1993.

Thus, due to failure of the Mission in processing the proposal in time, it ended up purchasing four flats having a combined area of 417.94 sqm at a price of Sfr 1462633.50 in the same residential area as against the offer of four flats having a combined area of 453.20 sqm at a price of Sfr 1376000.

This resulted in paying a higher price of Sfr 86633.50 (Rs 21.13 lakh) besides obtaining 35.26 sqm lesser built up area. Besides, the Mission had to incur avoidable expenditure on rent of about Sfr 65537 (Rs 14.44 lakh) from November 1993 to July/October 1994.

The matter was referred to the Ministry in August 1995. Ministry, while confirming the fact stated, in November 1995, that Missions/ Posts abroad have been directed to be more vigilant so as to avoid recurrence of such delays.

6.3 Non-utilisation of vacant Embassy Residence

On retirement of the Ambassador in Belgrade, the Counsellor was appointed Charge d' Affairs (CDA) from 01 January 1992. The CDA, however, did not shift to the Embassy Residence but continued to stay in the leased residence till his transfer in December 1993. The Ministry on 22 April 1992 telexed the Mission to explore the possibility of one of the officers shifting to the vacant Embassy Residence to save on rentals. Instead of acting on Ministry's instructions the Mission, however, entered into a one year lease agreement on 24 April 1992 for hiring of a residential building for the newly arrived First Secretary (FS), at a monthly rent of \$ 1,320.

In May 1994, Ministry again directed the Mission that since the Embassy Residence was quite large (536 square metre) and much bigger than the entitlement of the Representational Grade (RG) officer (121 square metre), one RG officer should be accommodated there. No action was, however, taken by the Mission in this regard. Subsequently, in June 1994, the Ministry, while conveying the approval for retention of Embassy Residence directed that the next CDA be accommodated directly in the Embassy Residence. Accordingly, the new CDA on his arrival in November 1994, occupied the Embassy Residence.

The Embassy Residence remained vacant for thirty three months (February 1992 to October 1994) for which the Mission had to pay rent amounting to \$1,71,050 (Rs 53.97 lakh). During this period, two RG officers stayed in rented accommodations. Had the Embassy Residence been occupied by the FS in May 1992, when Ministry's instruction was received in the Mission, an expenditure of \$ 40,260 (Rs 11.90 lakh) incurred as rent between May 1992 and November 1994, on his accommodation, could have been saved.

The matter was referred to the Ministry in August and September 1995; their reply was awaited as of November 1995.

6.4 Follow up on Audit Reports

Lok Sabha Secretariat issued instructions in April 1982 to all Ministries requesting them to furnish notes indicating remedial/corrective action taken by them to the Ministry of Finance (Department of Expenditure) on various paragraphs,

contained in the Audit Reports, as soon as they were laid on the Table of the House, duly vetted by Audit.

A review of the position regarding receipt of Action Taken Notes on the paragraphs included in the various Audit Reports upto the period ended 31 March 1994 revealed that the Ministry has not submitted the remedial/corrective Action Taken Note on the following paragraph as of December 1995 in spite of the instructions.

Table 6.4 : Corrective action on Audit Reports

Audit Report Number and Year	Paragraph Number	Subject
1 of 1995	7.3	Idle and malfunctioning computer facility at passport office, Bombay

The matter was referred to the Ministry in December 1995; their reply was awaited as of January 1996.

CHAPTER VII
Ministry of Finance
Department of Economic Affairs

7.1 Recovery of Government loans advanced to Shipping and Fishing Industries

7.1.1 Introduction

In 1959, Government of India established Shipping Development Fund Committee (SDFC) under the Merchant Shipping Act, 1958. Its function was to grant loans and extend different types of financial assistance to eligible persons/companies under the Act for acquisition and maintenance of ships. It also used to furnish guarantees and counter-guarantees to Indian and foreign banks on behalf of Indian Shipping companies in respect of payment of loan instalments for the ships acquired by them on credits. SDFC was a non corporate entity and it had no capital of its own. Its ability, therefore, was limited to influence the development of industry. It also had a dismal record of enforcing recoveries of the loans advanced.

In view of these reasons, the SDFC was abolished by the SDFC (Abolition) Act, 1986. Following powers were vested in the Central Government in terms of Section 4 and 5 of the Act.

(a) all the rights and privileges of the SDFC shall become rights and privileges of the Central Government (b) all properties, movable and immovable, including cash balances, reserve funds; instruments and moneys lying in the credit of the Committee etc., shall vest in the Central Government (c) all borrowings, liabilities and obligations of the Committee shall be deemed to be the borrowings, liabilities and obligations of the Central Government (d) all contracts entered into and all matters and things engaged shall be deemed to have been done for the Central Government (e) if, on the appointed day, any suit, appeal or the proceeding in relation to the fund of the Committee is pending by or against such Committee, may be continued, prosecuted and enforced by or against the Central Government and (f) on the appointed day, all

moneys and cash balances lying with the credit of the Committee shall become part of and be credited to the Consolidated Fund of India.

A new company called Shipping Credit and Investment Company of India (SCICI) was notified as 'designated person' in terms of Section 16(1) of the Act for taking action in terms of the Act on behalf of Government of India. All the powers derived by Central Government from the Abolition Act in terms of Section 4 and 5, were delegated to SCICI vide Ministry of Finance notification No.480 dated 22 September 1988. However, the Central Government was authorised to exercise any or all the said powers and functions in any particular case or class of cases. Besides, functioning as an agent of Government of India for commitments/ recoveries of past cases, the SCICI has also been entrusted with the responsibility of extending fresh finances for acquisition of the ships and fishing trawlers from its own resources.

7.1.2. Scope of Audit

The SCICI has been discharging the functions as the designated person under the SDFC (Abolition) Act, 1986 and in that capacity engaged in management of loans advanced by erstwhile SDFC as well as those advanced later to honour the earlier commitments made by SDFC. The Ministry of Finance has been releasing funds to SCICI for this purpose. In addition, other loans have also been advanced to SCICI by the Ministry of Finance. A test-check of the records relating to these transactions in the Ministry of Finance, Department of Economic Affairs (Banking Division) alongwith the records maintained by SCICI was carried out for the period from 1987-88 to 1994-95. The findings are based on this examination as well as the information made available in the course of audit.

7.1.3. Outstanding dues on the eve of abolition of SDFC

Details of loans sanctioned by the SDFC, loans disbursed, repayments received loans outstanding and the loans overdue on the eve of abolition of SDFC i.e. on 02 April 1987 are given below :

Table 7.1.3 : Loans outstanding and Overdue in April, 1987*(Rupees in crore)*

S.No	Nature	Shipping	Fishing	Total
1.	Loans sanctioned by SDFC	1940.93	131.54	2072.47
2.	Loans disbursed	1452.39	60.76	1513.15
3.	Repayment received	599.35	2.54	601.89
4.	Loans outstanding	853.04	58.22	911.26
5.	Loans overdue			
	i) Principal	236.02	0.45	236.47
	ii) Interest	150.71	0.99	151.70

7.1.4. Outstanding dues in June 1995

The dues mentioned in paragraph 7.1.3 above were handed over to the SCICI as an authorised person in terms of Section 16 of the SDFC (Abolition) Act 1986. The present status of loans outstanding/overdue and interest overdue as on 30 June 1995 was as under:

Table 7.1.4 (i): Loans outstanding and overdue in June 1995*(Rupees in crore)*

Sl.No.	Nature	Shipping	Fishing	Total
1.	Loans outstanding	588.22	91.52	679.74
2.	Principal overdue	325.61	33.49	359.10
3.	Interest overdue	230.44	47.00	277.44

From the above, it may be seen that the total loans advanced either by the erstwhile SDFC or subsequently in continuation of its earlier commitment, which were outstanding as on 30 June 1995 amounted to Rs 588.22 crore and Rs 91.52 crore for the shipping and fishing companies respectively. Out of this, the total principal overdue for repayment as on 30 June 1995 was Rs 359.10 crore and Rs 277.44 crore as interest against Rs 236.47 crore principal and Rs 151.70 crore interest as on April

1987 when the task of management of loan portfolio of erstwhile SDFC was handed over to SCICI.

There are 18 defaulting shipping companies and 72 defaulting fishing companies as on 30 June 1995. The details of these companies are placed at Appendix XIII and Appendix XIV respectively. Prominent defaulting shipping companies are as under:-

Table 7.1.4 (ii) : Prominent defaulting shipping companies

(Rupees in crore)

S No	Name of the Company	Overdue Principal	Overdue Interest	Total
1.	M/s Scindia Steam Navigation Company	99.10	62.33	161.43
2.	M/s Dempo Steam Ship Ltd	57.97	39.40	97.37
3.	M/s Hedge Navigation	29.28	27.90	57.18
4.	M/s Damodar Bulk Carrier	24.65	20.33	44.98
5.	M/s Indo Seanic Shipping Company	18.85	15.72	34.57
6.	M/s India Steam Ships	26.59	7.24	33.83
7.	M/s Nilhat Shipping	11.88	15.32	27.20
8.	M/s Ratnakar Shipping Company	15.93	4.60	20.53
9.	Seven Seas Transportation Ltd.	12.93	5.95	18.88
10.	M/s Panchsheel Shipping	8.29	15.62	23.91

Recovery management

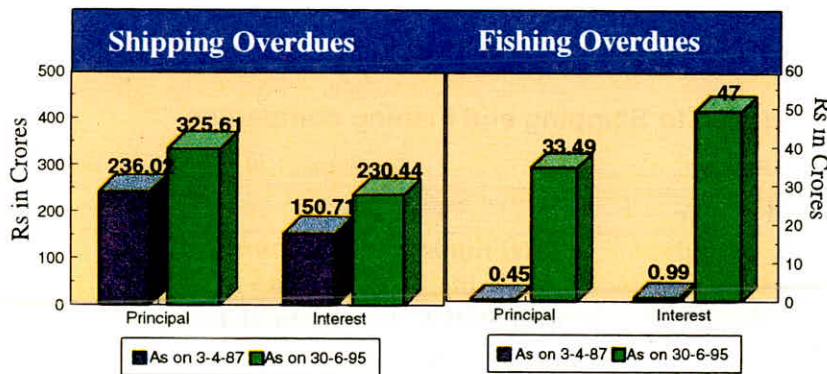
A major reason for creating SCICI was for taking on behalf of Government speedy and effective action to recover Government dues as the SDFC had a dismal record in enforcing recovery of loans extended to shipping and fishing companies. SCICI has totally failed to discharge this responsibility as is evident from a comparative statement of overdues in respect of principal and interest as on 03 April 1987 and 30 June 1995 (i.e. the dates of taking over the management by SCICI and the present date) given below:

Table 7.1.4 (iii) : Position of overdues

(Rupees in crore)

	As on 03 April 1987	As on 30 June 1995
(1) Shipping overdues		
(a) Principal	236.02	325.61
(b) Interest	150.71	230.44
Total (A)	386.73	556.05
(2) Fishing overdues		
(a) Principal	0.45	33.49
(b) Interest	0.99	47.00
Total (B)	1.44	80.49
Total A+B	388.17	636.54

The above position is reflected in the graph below :



It may be mentioned that Central Government in terms of SDFC (Abolition) Act 1986 has statutory special powers of

recovery of dues including appointment of receiver without intervention of Courts, appointment of directors and administrators, recovery of dues as arrears of land revenue etc (vide section 8 to 10 of the Act). It is, however, seen that in terms of notification declaring SCICI as "designated person" powers were delegated under section 4 and 5 (vide notification of September 1988) and subsequently of section 8 (vide notification of April 1993). The reasons for poor recovery of loans have not been forthcoming from SCICI or the Banking division. It is, however, worth noting

that full powers of recovery as envisaged in the SDFC (Abolition) Act 1986 were not delegated to SCICI.

The poor record of overdue loans shows that the Banking division has abdicated its responsibility of ensuring that effective action is taken to recover Government dues. Government, therefore, needs to review the entire scheme of recovery management of loans through the designated person viz SCICI as the main purpose for which SDFC (Abolition) Act, 1986 was enacted, has been defeated.

7.1.5. Funds released to SCICI

Since the SCICI was declared a 'designated person' under the SDFC (Abolition) Act, 1986; the Banking Division was providing financial support to SCICI right from 1987 onwards for meeting past committed liabilities of SDFC. Year-wise budgetary provisions made, funds released to SCICI for disbursement as loans to shipping companies as commitments of erstwhile SDFC, funds released by SCICI, savings from budgetary provisions left with the Banking Division and unspent balance with SCICI for the period upto 1994-95 was as under:-

Table 7.1.5: Funds released to Shipping and Fishing companies

(Rupees in crore)

Year	Ministry of Finance		SCICI	
	Budget provision made by Ministry	Funds released to SCICI	Total funds available with SCICI during the year	Amount released by SCICI to companies
1987-88	113.35*	113.35	113.35	52.58
1988-89	80.53	19.51	80.28	80.28
1989-90	66.00	61.70	61.92**	26.72
1990-91	35.00	3.62	38.82	31.40
1991-92	4.99	-	7.42	5.26
1992-93	5.00	3.36	5.52	4.59
1993-94	1.00	0.56	1.49	1.08
1994-95	1.00	0.35	0.76	0.62
Total	306.87	202.45	309.56	202.53

Note:- * = Unspent balance of erstwhile SDFC as on 02 April 1987 transferred to SCICI although it became designated person in September 1988.

** = Rs 21.69 lakh received direct by SCICI in 1989-90 as 'Scrap Receipt' and shown in the closing balance as on 31 March 1990.

7.1.6 Release of long term interest free loans to SCICI

When the abolition of the SDFC was being considered, the alternative arrangement for management of existing loans advanced by the SDFC as well as an arrangement for extending fresh credits to Shipping and Fishing industries was considered in the note which was submitted to the Cabinet. After consideration of all factors it was proposed that there should be a single body to look after both these functions and Industrial Credit and Investment Corporation of India Limited (ICICI) would promote a company for this purpose under the Companies Act which would extend future financing for ships and fishing trawlers. It was further decided that the "new company will operate on commercial basis". It is, therefore, clear that SCICI was mandated by the Cabinet to function on commercial basis both in respect of its own activities as well as functions relating to future financing for shipping and fishing industry.

It was seen that in addition to releasing regular financial assistance to SCICI for disbursement of loans and for meeting other obligations of the erstwhile SDFC, as was envisaged in the transfer of functions of SDFC to SCICI, the Ministry of Finance had also been releasing funds. The year-wise break up of such financial support to SCICI is as under :-

Table 7.1.6(i) : Interest free Loans

(Rupees in Crore)

Year	Interest free loans
1986-87	15.00
1987-88	23.00
1988-89	30.00
1989-90	23.75
1990-91	0.90
1991-92 to 1994-95	NIL
Total	92.65

It was noticed during scrutiny in audit that the interest free loans of Rs 92.65 crore have been given for a period of 30 years with a moratorium for 15 years. The ostensible reason for releasing interest free loan was to augment its resources for

carrying out its objectives. It may be mentioned that the grant of concessional funds to SCICI has not been envisaged in the approval obtained from the Cabinet or the organisational arrangements envisaged on the abolition of SDFC. It may also be mentioned that SCICI was a subsidiary of ICICI which enjoyed the status of a 619(B) company under the Indian Companies Act being jointly owned by public and financial institutions. Thus, it being a private company, there was no justification for granting interest free loans to this company to augment its resources. It is also seen that the company had sufficient resources to meet its objectives. The financial position of the company over the years 1986 to 1991 (when the loans were given) was as under:

Table 7.1.6 (ii) : Financial position of SCICI

(Rupees in crore)

Sl No	Heads	06 December 1986 to 1987-88	1990-91	Increase in percentage
1.	Share Capital	25.00	50.00	100.00
2.	Reserve & Surplus	4.28	47.12	1000.93
3.	Profit before tax	5.74	46.07	702.61
4.	Profit after tax	4.28	34.27	700.70
5.	Earning per share	1.71	6.85	300.58

According to the policy of Government, the working capital loan to a public sector company, if given, should carry a rate of interest as notified by Government from time to time. The current rate of interest is 18.50 *per cent per annum* and the re-payment of such loans should commence from the first anniversary date of drawal and the maximum period of such loans should be five years (vide Ministry of Finance O.M. No. F. 5(6) - PD/95 dated 01 June 1995).

There is, therefore, need for Government to immediately review the existing loan portfolio of SCICI and convert the same as working capital loans applying the norms relating to recovery of working capital loan to a public sector company. If the above formula is applied, Government will be able to augment its ways and means

position by recovering principal and interest during the next five years as tabulated below :

Table 7.1.6 (iii) : Recovery profile of interest free loans

(Rupees in crore)

Years of Recovery	Principal recoverable	Interest recoverable @ 18.50% p a	Total recoverable
After first year	18.53	17.14	35.67
After second year	18.53	13.71	32.24
After third year	18.53	10.28	28.81
After fourth year	18.53	6.85	25.38
After fifth year	18.53	3.42	21.95
Total	92.65	51.40	144.05

It may further be mentioned that ICICI's status as 619(B) company changed from May 1991 and, therefore, Government ceased to have limited control over the company in the sense that it no longer enjoyed power to appoint its Chairman-cum-Managing Director. Government having lost management control over ICICI from May 1991 simultaneously, lost control over SCICI, which being subsidiary of ICICI, has no power to appoint its Managing Director. Thus, SCICI becoming a wholly private company from May 1991, there is strong case to convert the entire loan portfolio as interest bearing from that date.

7.1.7 Interest subsidy

In addition to the grant of interest free loans for a long period of 30 years, Government also decided to extend to SCICI an interest subsidy, being the difference between the market rate of interest and the concessional rate of interest charged by SCICI, on the new loans advanced to the shipping and fishing industry. The year-wise break up of interest subsidy amounting to Rs 34.79 crore is given below :

Table 7.1.7 : Interest subsidy*(Rupees in crore)*

Year	Interest Subsidy
1987-88	2.00
1988-89	2.50
1989-90	2.50
1990-91	2.38
1991-92	10.28
1992-93	10.00
1993-94	5.13
1994-95	NIL
Total	34.79

It is not clear what prompted Government to grant interest subsidy. As brought out in paragraph 7.1.6 above, the SCICI's mandate was to function on commercial basis and, therefore, grant of interest subsidy does not seem to be justified.

7.1.8 Management fee

In addition to the above, the SCICI was also being paid management fee for the work entrusted to it under the SDFC (Abolition) Act, 1986 and Notification No. 480 dated 22 September 1988 after declaring it as a "designated person". The component and quantum of management fee as approved by the department payable to SCICI was as under:-

- | | |
|---|--|
| (a) <u>On all disburseals</u> | 1/8th per cent on all disburseals made on the past commitment of erstwhile SDFC. |
| (b) <u>On recoveries</u> | 1/4th per cent on all recoveries effected through action taken by SCICI under the SDFC (Abolition) Act, 1986 |
| (c) <u>Legal expenses</u> | Actual legal expenditure incurred by SCICI |
| (d) <u>Formulating rehabilitation proposals</u> | One time fee @ Rs 1,50,000 for shipping and @ Rs 50,000 for fishing companies. |

The year-wise break-up of budget provision made and funds released under management fee to SCICI from 1987-88 to 1994-95 was as under:

Table 7.1.8 : Management fees paid to SCICI

(Rupees in lakh)

Year	Budgetary provision	Management fee				Total fee paid
		on dis-bursal	on recovery	on rehabilitation	Legal expenses	
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1987-88	40.00	8.63	1.95	24.50	3.25	38.33
1988-89	57.00	10.75	10.97	1.50	1.30	24.52
1989-90	50.00	6.12	12.10	11.50	6.16	35.88
1990-91	61.81	2.55	11.37	NIL	NIL	13.92
1991-92	49.00	0.82	16.29	NIL	NIL	17.11
1992-93	39.00	0.76	12.78	8.00	NIL	21.54
1993-94	39.00	0.09	14.69	NIL	13.06	27.84
1994-95	25.00	0.13	25.54	NIL	0.49	26.16
Total	360.81	29.85	105.69	45.50	24.26	205.30

A review of the Management fee revealed the following :

- (i) As per Department's decision, SCICI was entitled to management fee @ 1/4th per cent on all recoveries. However, it was observed that SCICI had been paid management fee on other collections such as (a) documentation fee; (b) interest on investment; (c) scrap proceeds; and (d) interest on scrap proceeds. The payment of management fee on the above noted collections amounting to Rs 7.40 lakh was irregular as these collections did not form part of the "recoveries" as stipulated.
- (ii) The rate of recovery of ¼ per cent of amount collected also need to be reviewed, since the amount paid for this purpose should be compatible with the resource input by SCICI.
- (iii) Fee on interest on investment and interest on scrap proceeds allowed to SCICI from the year 1987-88 to 1989-90 amounting to Rs 4.19 lakh was inadmissible and needs to be recovered.

7.1.9 Delayed remission of Government funds by SCICI

As per the accounting procedure, SCICI was supposed to remit immediately to the Banking Division all the repayments of loans and interest, scrap-proceeds etc received by it from the loanee companies and in turn the Banking Division was to deposit within two days the amount in the accredited branch of the State Bank of India through a challan crediting the concerned major head. However, it was seen in Audit that SCICI was not remitting the entire collection to the Banking Division but was retaining considerable amount in the Transitional Account. The year-wise collection (comprising documentation fee, scrap-proceeds, interest on investment; recovery of principal and interest) of the amount remitted to Government of India (Banking Division), short/excess remitted and progressive un-remitted amount for the period from 1987-88 to 1994-95 was as under :

Table 7.1.9 : Retention of Government funds by SCICI

(Rupees in crore)

Year	Total collection by SCICI	Amount remitted to GOI	Short (-) or Excess (+) remitted	Progressive total of amount lying with SCICI
1987-88	7.82	7.79	(-)0.03	0.03
1988-89	43.90	12.36	(-)31.54	31.57
1989-90	47.64	75.98	(+)28.34	3.23
1990-91	49.92	42.35	(-)7.57	10.80
1991-92	69.23	78.86	(+)9.63	1.17
1992-93	53.35	51.54	(-)1.81	2.98
1993-94	63.75	66.49	(+)2.74	0.24
1994-95	103.78	103.74	(-)0.04	0.28

The above table reveals that inspite of the instructions issued by the Banking Division to remit the collection to GOI, the SCICI had retained part of the collected amount during 5 years out of 8 years. The retention of funds at one time was upto Rs 31.57 crore.

Appropriate arrangements need to be made for prompt credit of funds belonging to the Consolidated Fund of India.

7.1.10 Bank guarantees in respect of trawlers

For construction and delivery of fishing trawlers by Trawler Builders (shipyard) to the fishing company, the SDFC was obtaining "Bank Guarantee for 2nd stage payment". Under this scheme, the shipyard was required to furnish a bank guarantee from a scheduled bank in India in favour of SDFC to the extent of 30 per cent of the total price of the Loan Trawler plus interest at the rate of 8 per cent. It has been noticed in audit that the SCICI invoked such guarantees in 64 cases involving a sum of Rs 10.78 crore. It is noted that in all the 64 cases, the Bank of India failed to honour the bank guarantees, which forced the SCICI to file suits against the Bank of India in the High Court at Bombay. The Banking Division of Ministry of Finance which is administrative Ministry for the Nationalised Banks, does not appear to have taken decisive action in resolving this matter. The circumstances under which the guarantees given by the bank could not be honoured, need to be investigated.

7.1.11 Irregular transfer of flats of erstwhile SDFC to SCICI

The erstwhile SDFC owned four residential flats in prominent localities of Bombay as detailed below :

Table 7.1.11 : Transfer of flats to SCICI

Sl. No.	Address/location	Area in sq. ft.	Quarterly maintenance charges (Rs)	Book value (Rs in lakh)
1.	Flat No.152-A Gwin towers co-op. society, Prabhadevi, Bombay 25.	1205	1417	3.10
2.	Flat No. 3 CD, New Mona Coop.Society, Bombay 26.	1650	2593.40	4.01
3.	Flat No.19-B, Lavda End. co-op. society Ltd. Malabar Hill, Bombay 6.	1700	2412	2.75
4.	Flat No.172-B, Jolly Maker I coop. society, Cuff Parade, Colaba, Bombay 5.	1615	969	3.95

After the abolition of erstwhile SDFC in April 1987, the Banking Division had no useful purpose in retaining these flats, and therefore, it was decided to approach the Director of Estates for transferring these flats to them for their use in the general pool. In turn, the Director of Estates decided, in June 1988, to take over the flats and the work relating to valuation of the flats was entrusted to Public Works Department. Meanwhile, SCICI approached the Banking Division for use of these flats and the Banking Division without obtaining the views of the Director of Estates and Ministry of Law, handed over the possession of the flats to SCICI in April 1990 without finalising the terms and conditions of transfer of flats.

The action of the Banking Division resulted into losses/lapses as under:

(a) Since SCICI was a company registered under the Companies Act, 1956 it was irregular to hand over the flats which were the property of Government of India.

(b) The decision to transfer the flats to SCICI was taken in April 1990 at the level of an official functionary, (Additional Secretary, Banking) who was not competent to take decision.

The possession of flats needs to be restored to Government. The circumstances under which valuable Government property at Bombay was transferred to the company, need to be investigated.

7.1.12 Conclusion

i) The main purpose of enacting SDFC (Abolition) Act, 1986 and nominating SCICI as designated person, was to improve the recovery of outstanding loans advanced to shipping and fishing companies. However, the position of overdue repayments of principal and interest of these companies increased from Rs 388.17 crore as on 03 April 1987 to Rs 636.54 crore as on 30 June 1995 with all major shipping companies defaulting on loan repayments. The SCICI has, thus, failed to discharge the responsibility entrusted to it. The Banking Division has not developed a monitoring mechanism to ensure that effective action is taken to recover Government

dues. Government, therefore, needs to review the entire scheme of recovery management by SCICI.

ii) SCICI was given interest free loans of Rs 92.65 crore during 1986-87 to 1990-91 for which there does not seem adequate justification. There is need for Government to review the loan portfolio and convert the same as working capital loan analogous to formula prescribed for public sector undertakings. Even if the above formula is made applicable from April 1996, Government will be able to recover Rs 35.67 crore in the first year and Rs 108.38 crore in the next four years augmenting its ways and means position.

iii) SCICI was given an interest subsidy of Rs 34.79 crore during 1987-88 to 1993-94 for which there was no justification as its mandate was to operate on commercial basis while advancing fresh loans to shipping and fishing companies.

iv) Under the scheme of construction and delivery of fishing trawlers by trawler builders to the fishing company, the then SDFC advanced loans by obtaining bank guarantees for second stage of payment. SCICI invoked guarantees in 64 cases involving a sum of Rs 10.78 crore but the Bank of India which had furnished such guarantees, failed to honour them. The circumstances under which guarantees could not be honoured, need to be investigated.

v) 4 flats owned by erstwhile SDFC, the ownership of which vested with the Central Government, in terms of provision of the SDFC (Abolition) Act, 1986 were transferred by the Banking division to SCICI without any authority. The possession of these flats needs to be restored to the Central Government.

7.2 Scheme for Excise Relief for Weak Industrial Units

7.2.1 Introduction

An Excise Relief Scheme was introduced from October 1989 by the Ministry of Finance (Department of Economic Affairs - Banking Division) as a part of relief measures in consequent to the announcement of the Finance Minister in the Budget speech for the year 1989-90 to help industrial companies which were on the verge of

collapse. The main objective of the scheme was to assist industrial units to expeditiously regain viability through the sanctions of loans against excise duty paid and was applicable to certain specific categories of units. Under the scheme, interest free Excise loans were to be provided for a period of seven years, with a moratorium of three years, commencing from the date of last disbursement of loan. The loans were sanctioned by the Ministry on the basis of decision taken by Empowered Committee (EC) constituted by the Ministry, headed by Additional Secretary (Banking), on the recommendations of the Designated Financial Institutions (DFIs). The loans were disbursed to the industrial units through the DFIs.

7.2.2 Conditions for sanction of loan

The payment of Excise loan was subject to the following conditions:

(a) the loan was not to exceed 50 per cent of the excise duty actually paid for three years (increased to five years w. e. f. September 1990) subsequent to the date of approval of the rehabilitation package by the Empowered Committee

(b) total amount of Excise Loan was to be restricted to 25 per cent of the cost of the rehabilitation package (increased to 33 *per cent* w.e.f. September 1990) and

(c) the accumulated losses of the industrial units applying for loans, at the end of any financial year had resulted in erosion of 50 per cent or more of its maximum net worth during the immediately preceding five financial years.

7.2.3 Abolition of the Scheme

The Scheme suffered from a basic defect as it tantamount to assuming responsibility of providing budgetary support to all sick industrial units. According to the data available in the Economic Survey 1994-95, there were 2.36 lakh sick or weak industrial units as on 30 September 1992 in which bank credit of Rs 12586 crore was locked. In view of Government's inability to extend relief to all sick units out of budgetary resources, a proposal to abolish the scheme was initiated in December 1991 and a note was submitted for the decision of the Cabinet in May 1992. Government decided, in February 1993, to abolish the scheme.

The reasons stated in the Cabinet note for the abolition of the scheme mentioned that : (a) with Government's commitment being open ended, Government's ability to fund sick industries was under acute strain, (b) it was also stated that the Excise Relief Loan was used as just one of the components for creating financial viability and its discontinuance will imply that funds will have to be brought in by credit agencies and promoters and in most rehabilitation cases, the feasibility of such compensatory funds being mobilised, will not be in doubt, (c) the Excise loans were used partly to settle the companies' overdues to financial institutions and banks, (d) it was apprehended that the Sick Industrial Companies (Special Provisions) Act, as amended in 1991, will bring within purview of the Scheme, public sector industrial companies and Government's budgetary liabilities would further escalate, (e) it was also mentioned in this note that the administration of the Scheme directly by Government was likely to prove cumbersome as Government will be assuming documentation responsibility of the sort and magnitude for which sizeable account staff would need to be created.

7.2.4. Disbursements in respect of the sanctions issued before the abolition of the Scheme

While deciding to abolish the scheme, Government also decided that the sanctions already issued under the scheme will continue to be honoured. The reasons advanced for this decision were that the loans were part of the rehabilitation packages and that the credibility of Government would suffer by cancelling the sanctions. It is worthwhile to note that while giving their comments on the Cabinet note for abolition of the scheme, Department of Expenditure had advocated the course of cancellation of all existing sanctions for which no disbursement had been made. The decision to honour the pending sanctions as a part of the decision to abolish the scheme, appears to be contradictory since the very decision to abolish the scheme was based on experience gained in its implementation. No specific reason or any additional factor was brought out in the note leading to this decision to believe that the implementation in respect of the remaining sanctions will in any way be different. It is seen that an amount of Rs 26.56 crore was disbursed to various companies as a result of this

decision. If the decision to abolish the scheme was logically extended also to all the sanctions in respect of which no disbursement had been made, the financial impact due to failure of this Scheme could have been contained.

7.2.5. Financial outlay, sanctions and actual expenditure

The year-wise position of the Excise loans sanctioned, financial outlay and expenditure (amounts released to DFIs) was as under:

Table 7.2.5(i) : Yearwise position of the Excise Relief loans

(Rs in crore)

Year	Budget Estimates	Revised Estimates	Amount of loan sanctioned by the EC)	Expenditure (Amount released to DFI's)
1989-90	Nil	30.00	Nil	Nil
1990-91	100.00	40.00	121.55	Nil
1991-92	105.00	97.05	42.47	35.46
1992-93	96.75	60.00	Nil	18.59
1993-94	100.00	65.00	Nil	20.70
1994-95	45.00	40.00	Nil	5.86
Total	446.75	332.05	164.02	80.61

It is noteworthy that the budget allocation for loans under the excise relief scheme for 1995-96, was Rs 35 crore.

The position regarding loans sanctioned by the EC and release of funds to individual DFIs was as under:

Table 7.2.5(ii) : Release of funds to DFIs

(Rs in crore)

Name of the DFI	Loans sanctioned by EC	Funds disbursed upto 31 March 1995
(a) I.F.C.I.	38.84	34.27
(b) I.C.I.C.I.	31.74	29.63
(c) I.D.B.I.	83.93	11.94
(d) I.R.B.I.	9.51	4.77
Total	164.02	80.61

7.2.6. Implementation of the scheme

The EC had sanctioned loans amounting to Rs 164.02 crore to 60 sick companies under the Excise Relief Scheme. As per information supplied by the Ministry, the excise loans were cancelled/not disbursed in respect of 21 units. Out of the remaining 39 units, the rehabilitation scheme sanctioned by BIFR, has failed or the working has not improved in respect of the following 18 units:

Table 7.2.6 : Units in which the scheme failed or the working had not improved

(Rs in crore)

Sl. No.	Name of the Units	DFI	Excise loan sanctioned	Excise loan disbursed	Remarks
1.	Swastic Surfactants Ltd.	ICICI	3.14	2.52	Due to failure another scheme is to be formulated by operating agency.
2.	Kalyanpur Cement Ltd.	IFCI	11.48	9.72	Scheme implemented but working has not improved. Revised scheme being worked out.
3.	India Jute & Industries Ltd.	-do-	4.18	3.54	Scheme failed. Revised scheme being formulated.
4.	Rohtak Textile Mills Ltd.	-do-	1.08	0.65	Scheme implemented but working not improved, BIFR has issued show cause notice for winding up.
5.	Samrat Forgings Ltd.	-do-	0.11	0.11	Scheme implemented but working not improved. Revised scheme being formulated.
6.	R.G. Foundry Forge Ltd.	-do-	0.35	0.24	Scheme implemented but profitability did not improve. BIFR has recommended for winding up. Legal action being initiated.
7.	Khediya Pottery Works	IRBI	0.40	0.40	BIFR has suggested the winding up on 2.6.95.

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Sl. No.	Name of the Units	DFI	Excise loan sanctioned	Excise loan disbursed	Remarks
8.	Shakti Alloys & Steel Ltd.	-do-	0.31	0.31	Found non-viable on stand alone basis. Alternative scheme submitted to BIFR.
9.	Gansons Ltd.	IRBI	0.80	0.72	Revised draft scheme submitted to BIFR
10.	Sree Mahavir Ispat Ltd.	-do-	1.50	0.66	Working has not improved. Company advised by BIFR to submit a fresh scheme to operating agency (Bank of Baroda) by 31.3.96.
11.	Kamani Tubes Ltd.	IDBI	2.25	2.24	Sanctioned scheme failed Revised scheme approved by BIFR. Balance loan cancelled.
12.	Supreme Paper Mills Ltd.	-do-	1.22	0.14	Previous scheme failed. The scheme revised with a request by company to disburse the balance of the sanctioned excise loan.
13.	Universal Paper Mills Ltd.	-do-	1.36	0.13	Previous scheme failed. Revised scheme under consideration of BIFR.
14.	Southern Hydrocarbons Ltd.	IFCI	0.65	0.61	Rehabilitation scheme implemented. Working has not improved.
15.	Aluminium Industries Ltd.	ICICI	11.25	11.25	Working has not improved.
16.	Kalpana Lamps & Components Ltd.	-do-	0.88	0.83	Working has not improved.
17.	Neycer (I) Ltd.	-do-	3.50	3.50	Working has not improved.
18.	Trichur Cotton Mills	IDBI	0.25	0.25	Working has not improved.
			44.71	37.82	

From the above it may be noted that out of a total disbursement of Rs 80.61 crore, the failed rehabilitation schemes have consumed Rs 37.82 crore which amounts

to 47 per cent of the total disbursement as on 31 March 1995. In respect of 21 units, the DFIs have stated that the working of these units has improved as a result of the rehabilitation scheme. This could not be verified as audit of financial institutions does not fall within the jurisdiction of the CAG and the records to support this conclusion could not be made available by the Ministry.

7.2.7. Funds under the scheme did not reach the sick units

The major reason for the units not regaining viability, was that a substantial portion of the excise relief loans was being used to settle the companies' overdues to the banks and financial institutions as is shown below :

Table 7.2.7 : Adjustment of overdues

(Rs in crore)

Name of the DFI (1)	Funds disbursed upto 31 March 95 (2)	Adjustment of overdues (3)	Percentage of (3) to (2)
IFCI	34.27	24.55	71.63
ICICI	29.63	13.26	44.75

In the case of IFCI, out of 13 cases in which disbursement of excise loans was made in 12 cases, the excise loan disbursement was adjusted towards liquidation of outstanding dues of institutions/banks and only in one case, excise loan has been disbursed in cash to M/s Kalyanpur Cements Ltd. (KCL) for implementation of the rehabilitation scheme. Thus, out of a total of Rs 34.27 crore disbursed by IFCI, Rs 24.55 crore i.e. over 70 per cent of the amount was used to settle the companies' overdues to the financial institutions and banks. Similarly, in the case of ICICI, out of a disbursement of Rs 29.63 crore, almost 45 per cent i.e. Rs 13.26 crore was used to settle the companies' overdues to the financial institutions.

Thus, the bulk of the funds disbursed through the scheme, did not actually reach the sick units and the gains accrued only to the financing agencies, rather than to the needy companies thereby, defeating the very purpose for which they were sanctioned.

7.2.8. Lapses in implementation of the schemes.

7.2.8.1 Sanctions issued before the approval of rehabilitation packages

On the recommendations of Empowered Committee, the Ministry sanctioned excise loans amounting to Rs 45.86 crore to 11 companies (as per details given below) even before the rehabilitation package was approved by the Board for Industrial and Financial Reconstruction (BIFR), which was irregular.

Table 7.2.8.1 : Cases where the sanctions were issued before the approval of the rehabilitation packages

Sl. No.	Name of the company	Amount sanctioned (Rs in crore)	Name of DFI	Reference of meeting of EC in which excise loan was sanctioned
1.	Hatwa Vanaspati Ltd.	0.51	IFCI	2nd Meeting held on 26 April 1990
2.	Pefco Industries Ltd	0.16	IDBI	-do-
3.	Rohtak Textile Mills Ltd	1.08	IFCI	3rd Meeting held in June 1990
4.	Orissa Synthetics Ltd	34.16	IDBI	-do-
5.	India Hard Metal Ltd	1.72	IRBI	4th Meeting held in August 1990
6.	Howrah Mills Co Ltd	1.20	IFCI	-do-
7.	Shri Arbuda Mills Ltd	2.30	IDBI	5th Meeting held in April 1991
8.	Bamco Hydraulics Ltd	0.35	ICICI	-do-
9.	Permanent Magnets Ltd	2.00	-do-	-do-
10.	Shri Mahavir Ispad Ltd	1.50	IRBI	6th Meeting held in July 1991
11.	Kalpana Lamps & Components	0.88	ICICI	7th Meeting held in August 1991
		45.86		

In reply to audit, Ministry stated, in September 1994, that EC decided to sanction excise loan on the ground that these companies had turned sick and these were either referred to/ being referred to the BIFR. The sanctions were subject to the

approval of rehabilitation schemes by BIFR and DFIs were also advised to ensure fulfilment of conditions stipulated in sanctions. The reply is not convincing as approval of the rehabilitation packages by BIFR was the basic condition stipulated for the sanction of the loan and it was not proper or regular to issue sanction without fulfilment of such a condition, leaving it to the satisfaction of the DFI disbursing the loan.

7.2.8.2 Loans released beyond the period stipulated in the scheme

The scheme envisaged that the disbursement out of the excise loan shall be made by the DFI in terms of the rehabilitation package at the end of each financial year or on such frequency as may be decided over a period of 3 years. However, it was observed that in eighteen cases, the loans amounting to Rs 15.78 crore were released by the Ministry itself to the DFI beyond the period of 3 years from the date of sanction as given below :

Table 7.2.8.2 : Release of loans beyond period stipulated in the scheme

Sl. No.	Name of Company	DFI	Date of sanction by E.C.	Amounts released by Ministry to DFI after 3 years of sanction (Rs in crore)
1.	Kalyanpur Cement Ltd.	IFCI	26 April 1990	(i) 1.92 on 09.11.93 (ii) 0.96 on 31.03.94
2.	Enfield India Ltd.	IFCI	24 August 1990	(i) 3.54 on 21.09.93 (ii) 0.45 on 09.11.93
3.	Southern Hydro Carbons Ltd.	IFCI	26 June 1990	(i) 0.12 on 09.11.93 (ii) 0.01 on 31.03.94
4.	Rohtak Textile Mills Ltd.	IFCI	26 June 1990	(i) 0.11 on 09.11.93 (ii) 0.04 on 31.03.94
5.	India Jute and Industries Ltd.	IFCI	26 June 1990	(i) 0.68 on 09.11.93 (ii) 0.55 on 31.03.94
6.	Satia Paper Mills Ltd.	IFCI	24 August 1990	(i) 0.09 on 09.11.93 (ii) 0.01 on 31.03.94
			Total	8.48
7.	Bihar Caustics & Chemicals Ltd.	IDBI	26 April 1990	(i) 3.00 on 14.03.95
8.	Trichur Cotton Mills	IDBI	30 July 1991	(i) 0.25 on 14.03.95
9.	Mahindra & Nissan Allwyn Ltd.	IDBI	24 August 1990	(i) 0.39 on 09.11.93
			Total	3.64
10.	International Instruments Ltd.	ICICI	26 June 1990	(i) 0.53 on 31.03.94 (ii) 0.21 on 14.03.95

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Sl. No.	Name of Company	D.F.I.	Date of sanction by E.C.	Amounts released by Ministry to DFI after 3 years of sanction (Rs in crore)
11.	Beco Engineering Ltd.	ICICI	26 June 1990	(i) 0.21 on 09.11.93
12.	Aluminium Industries Ltd.	ICICI	09 April 1991	(i) 1.07 on 14.03.95
13.	Permanent Magnets Ltd.	ICICI	09 April 1991	(i) 0.08 on 14.03.95
14.	Zenith Tinworks Ltd.	ICICI	30 July 1991	(i) 0.18 on 14.03.95
			Total	2.28
15.	India Hard Metal Ltd.	IRBI	24 August 1990	(i) 0.32 on 09.11.93
16.	Shakti Alloys and Steels Ltd.	IRBI	09 April 1991	(i) 0.31 on 14.03.95
17.	Shri Mahabir Ispat Ltd.	IRBI	30 July 1991	(i) 0.66 on 14.03.95
18.	Prabartak Jute Mills Ltd.	IRBI	30 July 1991	(i) 0.09 on 14.03.95
			Total	1.38
			Grand Total	15.78

It may also be mentioned that in eight out of 18 units, where such disbursements have been made, the rehabilitation packages have failed or the working has not improved.

7.2.8.3 Delayed disbursement

As per the sanctions issued by Ministry of Finance, the DFIs were to release the sanctioned amounts to the specified units within 7 days of receiving Government funds for this purpose. However, it was observed from the quarterly statements submitted by DFIs to PAO that in respect of 85 cases, the DFIs delayed the disbursement of loans to the units. In 23 cases as per details given in Appendix XV, the delay was more than 20 days.

7.2.8.4 Incorrect repayment schedules

As per the terms and conditions of the scheme, the repayment of excise loan was to commence on the expiry of 3 years from the date of last disbursement of loan. However, from the quarterly statements submitted by DFIs to PAO, it was observed that the repayment schedule was incorrectly fixed in 12 cases as per details given in Appendix XVI. This, in turn, would have a cumulative impact on delaying the repayment of loans due to Government.

7.2.8.5 Inadequate monitoring

The Ministry had envisaged the furnishing of quarterly statements by the DFIs regarding disbursements/recoveries as a mechanism for monitoring the Excise Relief Scheme but, in fact, only about 20 per cent of the quarterly statements that were due upto 30 June 1995 were received by the PAO. This attitude of the DFIs in respect of the quarterly statements was worsened by the lack of any tangible initiative by the PAO to ensure that the DFIs comply with the stipulation regarding the furnishing of the quarterly statements.

7.2.9. Disbursement and Accounting Procedure

According to Para 7(v) of the Notification dated 17 October 1989 of the Ministry of Finance, Department of Economic Affairs (Banking Division), the disbursement of excise loans was to be made to the companies by the Designated Financial Institutions in terms of Rehabilitation Package at the end of each financial year or on such frequency as may be decided over a period of 3 years and Ministry will sanction the amount to the Designated Financial Institutions for the purpose. The loan was to be disbursed by the DFI to the individual companies within seven days of its receipt from Government. Under the accounting procedure adopted by the Ministry, PAO was to maintain loan accounts in respect of DFIs and unit-wise record of disbursements and recoveries of excise loans, was to be maintained by the DFIs and the Chief Controller of Accounts was to conduct internal audit and periodical inspection of the DFIs.

The above system of disbursement of loan through DFIs and its accountal, was in contravention of the procedures laid down in the General Financial Rules. According to GFR 163(2), in case of loans to private individuals, the detailed accounts of such loans shall be maintained by the departmental authorities concerned who shall also watch their recovery and see that the conditions attached to each loan are fulfilled. Being Government loans, the disbursements should have been made directly by Government to the companies concerned and accounts maintained as envisaged in the Rules.

However, the accounting procedure in respect of these loans was adopted without even taking the concurrence of the Controller General of Accounts to accommodate the Banking Division's administrative decision to release loans only through the Designated Financial Institutions.

It was also noticed that the conduct of internal audit/periodical inspection by the Chief Controller of Accounts was not satisfactory. As on date, internal audit of IFCI has been conducted thrice and that of IRBI twice. No internal audit has so far been conducted in respect of ICICI and IDBI, although Rs 29.63 crore and Rs 11.94 crore had been released to these DFIs respectively.

Thus, whereas the Ministry, in contravention of GFR 163(2), formulated its own system of disbursement and accounting of the Excise Relief Loan Scheme, the net effect has been that after having once released funds to the DFIs, the Ministry has abdicated all responsibility. The Ministry also stated, in September 1995, that no internal audit reports had been received by them. It is clear that the procedure adopted for accounting of these loans as well as similar loans to be advanced in future, needs to be reviewed and adequate measures are required to be taken to safeguard the interest of Government.

7.2.10. Conclusion

(i) The Scheme for Excise Relief Loans was flawed as it indirectly gave powers to BIFR through the mechanism of Empowered Committee constituted under the Ministry of Finance to give concessions for payment of excise duty to sick units and draw on budgetary resources of government without its specific consent.

It was further noticed that sick units were given interest free loans for seven years with a moratorium of three years. This was an unusual concession as whenever Government loans are sanctioned applicable interest rates on the date of sanction as notified by Ministry of Finance are charged.

(ii) In almost 50 per cent of cases (18 units out of 39 units) to whom Excise Relief Loans were disbursed involving Rs 37.82 crore, the rehabilitation scheme sanctioned by BIFR, has failed or the working has not improved.

In view of the above there is a need to review all the cases where sanctions were given by the EC but disbursements have not yet been made. It was noticed that out of sanctioned loans of Rs 164.02 crore as on March 1995, a disbursement of Rs 80.61 crore has been made and budgetary provisions are continued to be made - a budget of Rs 35 crore has been made for the current year (1995-96). It is, therefore, felt that Ministry of Finance/ DFIs should not release any further loans without reviewing each case and if necessary, consult BIFR whether the units are capable of being rehabilitated.

(iii) The major reason why the units could not regain viability, was because a substantial portion of the excise relief loans was being used to settle the companies overdues to the banks and financial institutions. In case of IFCI, out of Rs 34.27 crore released, Rs 24.55 crore (72 *per cent*) and in case of ICICI, out of Rs 29.63 crore, an amount of Rs 13.26 crore (45 *per cent*) was settled against past dues. Thus, the funds could not reach the sick units for whose benefit the scheme was constituted.

(iv) It was noticed that loans amounting to Rs 15.78 crore were released to the DFIs beyond the period envisaged in the scheme. Since this was in violation of the original scheme, the Ministry of Finance need to ask the DFIs to refund the money. In eight out of eighteen such cases, either the rehabilitation scheme has failed or the working has not improved.

(v) When Government decided to abolish the scheme in February 1993 it did not accept the advice of the Department of Expenditure that such units where no disbursement was made, the pending sanctions should be cancelled. The amount released after the decision to abolish the scheme, was Rs 26.56 crore. This money could have been saved, had the technical advice of expenditure control wing of the Ministry been accepted.

(vi) The procedure adopted for accounting of loans given to weak industrial units, is not in accordance with the provisions of GFRs as accounts are being kept by designated financial institutions instead of by the Ministry/ PAO. The Department has also not developed a system by which it could watch that units which have been given loans, are turning round and will be in a position to repay the sum advanced to them.

7.3 Unwarranted escalation of prices

Currency Note Press, Nasik entered into an agreement with a foreign firm in November 1985 for supply of 10,500 tonne of watermarked bank note paper which included 4,550 tonne for Bank Note Press, Dewas. The supply was to be made in two phases; phase I for 5,500 tonne @ £4,650 per tonne and phase II for 5,000 tonne @ £4,691 per tonne. The supply of 5,500 tonne of paper in phase I, which was scheduled to be completed by March 1987 was actually completed by December 1988. Supply of phase II was to commence from January 1988 and completed by June 1989.

As per clause 16(b) of the agreement the prices were final and not subject to escalation whatsoever for both the phases. The schedule for supply and denomination wise quantities for phase II were to be finalised by mutual agreement between purchaser and seller.

In July 1988, Ministry revised the delivery schedule for phase II. Since the supplier was not agreeable to the rates as agreed to for the original schedule, the department agreed to escalation of prices as under :

(Amount in Pound Sterlings)

Year	Quantity	Rate per tonne		Excess over original	Total excess payment
		Original rate	Revised rate		
1988	1080	4691	4743.00	52.00	56,160
1989	2000	4691	4789.50	98.50	1,97,000
1990	1920	4691	4859.25	168.25	3,23,040
					5,76,200

Out of 5,000 tonne of paper on which escalation was given, 2,070 tonne was actually supplied within the originally scheduled date of June 1989 for Phase II. This resulted in grant of escalation of £ 1.54 lakh equivalent to Rs 66.17 lakh over the firm prices agreed to by the supplier for Phase II supplies, which were valid up to that period and was therefore irregular. There was no justification for allowing higher rates on the quantity supplied within the original schedule.

Further, having placed the orders for supply of paper, had the press made arrangements for proper storage space rather than rescheduling the supply at larger rate, it could have further saved £ 4.22 lakh equivalent to Rs 181.93 lakh on import of 2930 tonne of paper, supplied after the original delivery date.

Thus, grant of escalation of rate on the supplies made within the original delivery schedule and grant of higher rates on extended delivery schedule entailed an avoidable extra expenditure of £ 5.76 lakh equivalent to Rs 248.10 lakh.

The Ministry stated, in November 1995, that rescheduling was necessitated on account of improvement in supply from the Security Paper Mill and insufficient storage facility in Bank Note and Currency Note Press. It added that decision to reschedule the phase II supply was taken as general damages for cancellation of the contract worked out to £10.25 lakh while extra expenditure due to escalation came to £5.96 lakh. The reply is not tenable as there could be no justification for escalation of agreed prices for supplies obtained within the already agreed schedule. Besides, having placed supply orders, it was incumbent upon the Press to provide storage facility rather than paying huge amount towards escalation.

7.4 Avoidable expenditure due to delay in despatch of consignments

Currency Note Press (Press), Nasik insured 1,410 tonne of watermarked paper to be imported from U.K. with an insurance company for an amount of Rs 13.45 lakh in February and May 1993. The insurance policy covered the consignment of watermarked paper whilst in transit from European Sea Port to Nasik and was valid for 60 days from the date of discharge of cargo from the ship.

Out of 13 consignments of watermarked paper unloaded in Bombay during April 1993 to March 1994, only 3 consignments could be despatched from Bombay to Nasik by the clearing agent after getting customs clearance and necessary arrangements with police escort within the validity period of 60 days. There were delays ranging up to 172 days over and above the stipulated period in the despatch of remaining 10 consignments.

Consequently, the Press had to pay additional insurance premium of Rs 18.61 lakh for extensions to the insurance policy till the receipt of consignment at Nasik, in addition to Rs 8.30 lakh towards demurrage and wharfage charges.

The Ministry, stated in July 1995, that delay in despatch was beyond their control as the consignments were delayed due to non-availability of railway wagons, armed police escorts and the prevailing law and order situation in Bombay.

The reply is not tenable as the department had adequate time of over three months, inclusive of prior notice of despatch of goods of 13 to 20 days, transit time in high seas and 60 days under the insurance policy, to make necessary arrangements in time to ensure that the consignments are transported to the destination within the validity period of the insurance cover. Besides, the disturbances in Bombay took place in March 1993, while the consignments were received during April 1993 to March 1994.

Thus, lack of advance action and proper coordination with the various agencies resulted in delay in despatch of consignments from Bombay port leading to avoidable expenditure of Rs 26.91 lakh.

7.5 Irregular retention of excess subsidy

Under the scheme for providing financial assistance in the form of loan for "Self Employment to Educated Unemployed Youth" (SEEUY), the beneficiaries were eligible for 25 per cent capital subsidy of the total amount of loan sanctioned, subject to a ceiling of Rs 25,000. Implementing branches of banks had to claim capital subsidy from their zonal offices in one lumpsum after disbursement of 25 per cent or

more of the sanctioned loan amount to the beneficiaries. This practice had resulted in retention of amount of subsidy by the banks due to non-availment of full amount of loan by the beneficiaries, completion of project with an amount less than the sanctioned loan and misuse of initially disbursed loan amount and consequent stopping of further disbursement etc.

Test check of the records in Bank of India, Bombay revealed that the bank claimed excess subsidy amounting to Rs 23.44 lakh due to non-disbursement of this amount of subsidy to the beneficiaries from the Reserve Bank of India during 1989-95. Reserve Bank of India did not take any step to adjust the excess amount against future claims to get refund as of December 1995.

The irregular retention of Rs 23.44 lakh resulted in blocking of Government funds.

The matter was referred to the Ministry in April 1995; their reply was awaited as of December 1995.

7.6 Follow up on Audit Reports

Lok Sabha Secretariat issued instructions in April 1982 to all Ministries requesting them to furnish notes indicating remedial/corrective action taken by them to the Ministry of Finance (Department of Expenditure) on various paragraphs, contained in the Audit Reports, as soon as they were laid on the Table of the House, duly vetted by Audit.

A review of the position regarding receipt of Action Taken Notes on the paragraphs included in the various Audit Reports upto the period ending 31 March 1994 revealed that the Ministry has not submitted the remedial/corrective Action Taken Notes on the following paragraphs as of November 1995 in spite of the instructions.

Table 7.6 : Corrective Action on Audit Reports

Audit Report Number and Year	Paragraph Number	Subject
1 of 1992	12.8	Dysfunctional repair and disposal procedure
1 of 1994	7.2	Avoidable payment of brokerage charges
1 of 1995	8.1	Non-recovery of guarantee fees from financial Institutions for bonds

The matter was referred to the Ministry in December 1995; their reply was awaited as of January 1996.

Department of Revenue

7.7 Loss due to short recovery of rent

Department of Revenue sanctioned hiring of four private buildings at Bolpur measuring 8268 sq ft between May and August 1984 for providing residential accommodation to staff members of the Central Excise Department, subject to the condition that the rent paid to the owners of the buildings is recovered fully from the officials occupying them without any loss to Government.

Test check of records of the office of the Pay and Accounts Officer, Central Excise, Bolpur in February 1995, revealed that the Commissioner, Central Excise, Bolpur unauthorisedly fixed rent recoverable from the officials, who were provided accommodation in the hired buildings at much lower rate than their pro-rata share of rent paid for the buildings, in disregard of instruction of Department of Revenue. While Rs 18.54 lakh were paid towards rent of the buildings during May 1984 to December 1995, only Rs 3.71 lakh were recovered.

This resulted in unauthorised subsidy to the employees of Rs 14.83 lakh. Besides, the employees were also paid House Rent Allowance of Rs 5.40 lakh during the same period.

The matter was referred to the Ministry in August 1995; their reply was awaited as of December 1995.

7.8 Follow up on Audit Reports

Lok Sabha Secretariat issued instructions in April 1982 to all Ministries requesting them to furnish notes indicating remedial/corrective action taken by them to the Ministry of Finance (Department of Expenditure) on various paragraphs, contained in the Audit Reports, as soon as they were laid on the Table of the House, duly vetted by Audit.

A review of the position regarding receipt of Action Taken Notes on the paragraphs included in the various Audit Reports upto the period ended 31 March 1994 revealed that the Ministry has not submitted the remedial/corrective Action Taken Notes on the following paragraphs as of November 1995 in spite of the instructions.

Table 7.8 : Corrective Action on Audit Reports

Audit Report Number and Year	Paragraph Number	Subject
1 of 1995	8.8	Idle engines purchased for prototype petrol boat
- do -	8.9	Unfruitful expenditure due to non operational vessel.

The matter was referred to the Ministry in December 1995; their reply was awaited as of January 1996.

Department of Expenditure

7.9 Overpayment of pension

The scheme of payment of pension through Public Sector Banks (PSBs) was introduced initially in 1976 in respect of Central Civil Pensioners and subsequently extended to Political Pensioners, Defence Pensioners in a phased manner.

Test check of records of pension paying PSBs in Calcutta and Tamil Nadu between May 1995 and November 1995 revealed overpayment of Rs 27.61 lakh during January 1986 to September 1995 by more than 200 branches on account of following reasons:

Sl. No.	Reasons for overpayment	Number of cases in which overpayment made	Amount (Rs in lakh)
(i)	Payment of family pension at higher rate beyond the admissible period	110	7.77
(ii)	Incorrect interpretation of Fourth Central Pay Commission	158	18.09
(iii)	Other reasons (payment of inadmissible pension, excess payment of commutation, excess payment after death of the pensioners, etc.)	35	1.75
Total		303	27.61

During test check, it was also observed that an amount of Rs 11.80 lakh was short paid to pensioners by pension paying PSBs between January 1986 and April 1995 on account of the following reasons:

Sl. No.	Reasons for shortpayment	Number of cases in which shortpayment made	Amount (Rs in lakh)
(i)	Payment of family pension at reduced rates	42	5.42
(ii)	Incorrect interpretation of Fourth Central Pay Commission	56	6.38
Total		98	11.80

On being pointed out by Audit, the PSB branches recovered Rs 13.64 lakh of overpaid pension and Rs 9.42 lakh of short payment was also subsequently paid back to pensioners as of September 1995.

It was observed that no checks were prescribed to avoid overpayment, short payment and misclassification of pension payments. Such cases of overpayment and short payment occurred due to lack of proper orientation/training of personnel.

The matter was referred to the Ministry in July and September 1995 ; their reply was awaited as of October 1995.

CHAPTER VIII

Ministry of Food Processing Industries

8.1 Under-utilisation of imported vessels

The Fisheries Survey of India acquired two fishing vessels ('Yellow Fin' and Blue Marlin') under Japanese aid programme valued at Rs 10.57 crores in March 1989 to survey the oceanic resources including deep swimming tunas around the oceanic islands of Andaman and Nicobar, upper east coast, north-west coast and Lakshadweep and to train and build up competent tuna master fishermen and tuna fishermen. However, no targets in terms of area to be covered were set either in the project report or later.

Both the vessels were under-utilised since acquisition, which ranged between 55 and 90 *per cent* for 'Yellow Fin' and 40 to 71 *per cent* for Blue Marlin' against the targets of number of hooks to be operated during the period 1989-90 to 1994-95. The department stated that under-utilisation of 'Yellow Fin' was on account of protest action by floating staff between May and July 1993, idling for 13 months during 1990-92 due to defective turbo charger unit, survey of vessel's life saving and fire fighting appliances by Merchantile Marine Department and requisitioning of vessel by the Navy from November 1993 to February 1994.

The Department incurred an expenditure of Rs 127.98 lakh on pay and allowances of staff on vessels during 1989-1995.

The Ministry stated, in September 1995, that despite the shortfall in physical targets, there was progress in survey operations. 91 members of crew had received training in tuna fishing on board the two vessels during 1989-94. Since the number of fisherman to be trained was not indicated in the project report, comparison of the actual progress with the objectives/targets could not be ascertained. The fact, however, remains that even after a lapse of six years, the survey of the north-east coast was yet to be taken up as of December 1995. The Department did not furnish any justifications for under-utilisation of vessel the Blue Marlin.

Thus, due to lack of proper planning, the vessels received under bilateral aid programme in March 1989 remained under-utilised.

Expected accelerated survey of tuna resource acquisition of the vessels could not be ascertained in the absence of areawise targets of survey.

CHAPTER IX

Ministry of Health and Family Welfare

Department of Health

9.1 Excessive purchase of medicines resulting in accumulation of time expired medicines

As per provisions of the Manual of Government Medical Store Depot, the Medical Store Depots are required to follow the system of forward provisioning of stores. The prescribed procedure envisages that drugs with a definite life span are to be purchased in such a manner that availability of stock at any time is not in excess of the estimated requirement for a maximum period upto six months.

Test check of records in the Government Medical Store Depot, Karnal (MSD) revealed that 30 items of drugs valuing Rs 15.96 lakh procured during May 1986 to January 1993 became time expired during 1991-95 as the MSD could not issue these medicines due to downward indenting trend. Of these, in seven cases, the percentage of expired drugs ranged between 75-99 *per cent* of the total purchase. In another case, drugs valuing Rs 4.54 lakh became time expired as the system of 'First in-First out' had not been followed. It was, further, observed that even though the MSD was obtaining an undertaking, from the firm/suppliers, to the effect that, if the stores were not consumed within its shelf life in the depot or with the indentor, such stock will be replaced by further manufactured stock or cost of stock will be refunded.

On being pointed out in Audit, in March 1994, the MSD stated, in July 1994, that the efforts were being made to recover the amount from the firms or obtain free replacement. It could obtain the replacement of drugs/refund of the cost of store worth Rs 2.73 lakh only till November 1995.

Thus, failure of the department to assess the requirements of medicines realistically and to take appropriate action for replacement of the time-expired medicines resulted in holding of excess and unusable medicines worth Rs 13.23 lakh for a period ranging from 11 months to 57 months as of June 1995.

The matter was referred to the Ministry in August 1995; their reply was awaited as of December 1995.

9.2 Idle Infrastructure

The Ministry of Health and Family Welfare accorded sanction in April 1992 for construction of a dispensary in the compound of General Pool residential accommodation at Koramangala at an estimated cost of Rs 12.41 lakh to serve the medical needs of the Central Government Staff residing in 900 Government residential accommodations and 1100 other families residing in and around Koramangala area.

The construction of the dispensary was taken up by Central Public Works Department (CPWD) and was completed in August 1993 at a cost of Rs 11.69 lakh. In December 1993, CPWD requested the Central Government Health Scheme, Bangalore (CGHS) to take over the possession of the building. Detailed proposal for opening of a new dispensary was submitted by CGHS to the Director General of Health Services (August 1993) for obtaining the sanction of the Ministry of Health and Family Welfare. As sanction from the Ministry was not forthcoming, a proposal was submitted to the Ministry to permit opening an extension of dispensary No. 4 or shift the existing dispensary at Sadashivnagar to Koramangala.

In August 1994, another proposal for converting the vacant dispensary premises into Additional Director's Office and Stores was submitted by CGHS to CPWD which could not materialise due to resistance from the Residents Association, Koramangala and the requirements of further additions and alterations. In February 1995, the Director General of Health Services informed CGHS, Bangalore that the dispensary at Koramangala was proposed for the financial year 1995-96.

Thus, the dispensary constructed at a cost of Rs 11.69 lakh continues to remain vacant for more than 26 months after construction as of October 1995 due to mismatch in construction of the dispensary and sanction for opening a new dispensary resulting in denial of the much needed medical facilities to the Central Government Staff.

The matter was referred to the Ministry in July 1995, their reply was awaited as of October 1995.

9.3 Follow up on Audit Reports

Lok Sabha Secretariat issued instructions in April 1982 to all Ministries requesting them to furnish notes indicating remedial/corrective action taken by them to the Ministry of Finance (Department of Expenditure) on various paragraphs, contained in the Audit Reports, as soon as they were laid on the Table of the House, duly vetted by Audit.

A review of the position regarding receipt of Action Taken Notes on the paragraphs included in the various Audit Reports upto the period ending 31 March 1994 revealed that the Ministry has not submitted the remedial/corrective Action Taken Notes on the following paragraphs as of December 1995 in spite of the instructions.

Table 9.3 : Corrective action on Audit Reports

Audit Report Number and Year	Paragraph Number	Subject
2 of 1994	1.4	Blocking of funds due to non-functioning of a medical equipment
1 of 1995	9.2	Government Medical Store Depot, Calcutta

The matter was referred to the Ministry in December 1995; their reply was awaited as of January 1996.

CHAPTER X

General

10.1 Losses and irrecoverable dues written off

Statement of losses and irrecoverable dues, duties, advances etc. written off during 1994-95 is given in Appendix .XVII to this report.

It will be seen from the Appendix that in 210 cases Rs 40.93 lakh representing losses mainly due to neglect, fraud etc. on the part of individual government officials (Rs 13.74 lakh) and an account of other reasons (Rs 27.19 lakh) were written off during 1994-95.

10.2 Departmentally managed Government Undertakings - position of proforma accounts

As per provisions of the General Financial Rules, departmentally managed government undertakings of commercial or quasi commercial nature are required to maintain such subsidiary accounts and proforma accounts as may be prescribed by Government in consultation with the Comptroller and Auditor General of India.

On 31 March 1995 there were 38 departmentally managed Government undertakings of commercial or quasi-commercial nature. The financial results of these undertakings are ascertained annually by preparing proforma accounts generally consisting of Trading, Profit and Loss Accounts and Balance Sheet. However, Department of Publications, Delhi and Government of India Presses prepare only the stores accounts.

It is necessary for each Ministry and department to get audited accounts of these undertakings within 9 months of the close of the financial year to ensure that accounts are brought upto date and are presented for audit. However, it has been observed that Proforma Accounts for the year 1994-95 have not been received from any of the 38 Undertakings as of November 1995, except Vegetable Garden of the Central Institute of Psychiatry, Kanke, Ranchi. A synoptic statement showing the

summarised financial results of the departmentally managed government undertakings on the basis of their latest available accounts is given in Appendix XVIII. From the Appendix, it will be seen that the proforma accounts had not been prepared for periods ranging from 1 to 21 years as shown below :

Period for which lying in arrears		
No. of years	Period	No. of undertakings
1 - 5	1990-91 to 1994-95	15
6 - 10	1985-86 to 1989-90	10
11 - 15	1980-81 to 1984-85	6
16 - 21	1973-74 to 1979-80	4
		35

(For two undertakings preparation of proforma accounts has been kept in abeyance from 1-4-1983 as simplification of proforma accounts had not been completed.)

The undertakings where proforma accounts were in arrears included D.G., Doordarshan (18 years), All India Radio (12 years), Medical Stores Depots (10 years), Delhi Milk Scheme (6 years).

In the absence of proforma accounts, the cost of services provided by these organisations, which are intended to be managed on commercial basis, could not be ascertained. It was also not possible to ascertain any normal performance indicators like, return on investment, profitability etc. for their activities.

The reasons for delay in compilation of proforma accounts were not available. The delays in compilation of accounts in respect of departmentally managed government undertaking were also brought to the notice of the administrative ministries concerned from time to time but no effective steps had been taken to compile the accounts and bring them upto date.

10.3 Follow up on Audit Reports-Summarised Position

Lok Sabha Secretariat issued instructions in April 1982 to all Ministries requesting them to furnish notes indicating remedial/ corrective action taken by them to the Ministry of Finance (Department of Expenditure) on various paragraphs,

contained in the Audit Reports, as soon as they were laid on the Table of the House duly vetted by Audit.

A review of the position regarding receipt of Action Taken Notes (ATN) on the paragraphs included in the various Audit Reports (viz Civil, Other Autonomous Bodies, Scientific Departments) upto the period ended 31 March 1994 revealed that the Ministries have not submitted the remedial/ corrective Action Taken Notes on paragraphs relating to them in spite of instructions. Out of 385 paragraphs on which Action Taken Notes were required to be sent, remedial/ corrective Action Taken Notes on as many as 156 paragraphs (41 *per cent*) were still awaited as of December 1995. 50 paragraphs on which ATNs are awaited pertain to Reports for the period 1987-88 to 1991-92. A summarised position of Action Taken Notes awaited from various Ministries is shown in Appendix XIX to the Report. Details of the paragraphs on which ATNs are awaited are indicated under respective Ministries in the relevant Reports of the Comptroller and Auditor General of India for the year ended 31 March 1995.



(B M OZA)

Director General of Audit
Central Revenues

New Delhi

The **28 February, 1996**

Countersigned



(C G SOMIAH)

Comptroller and Auditor General of India

New Delhi

The **4 March, 1996**

APPENDIX I
(Refers to paragraph 1.6.2)
Returns on Investment

(Rupees in crore)

Investment at the end of the year	1990-91	1991-92	1992-93	1993-94	1994-95
1. Public Sector Undertakings & Statutory Corporations					
(i) Total investment	37134.66	40121.26	41858.23	44116.15	47070.59
(ii) Share of dividend	301.17	367.19	592.45	633.07	823.78
(iii) Percentage of dividend	0.81	0.92	1.42	1.44	1.75
2. Reserve Bank of India					
(i) Total investment	5.82	5.82	5.82	5.82	5.82
(ii) Share of surplus profits	210.12	350.00	1500.00	1500.00	7087.47
(iii) Percentage of surplus profits	3610.00	6013.75	25773.20	25773.20	121777.83
3. Nationalised Banks					
(i) Total investment	2861.46	2979.01	3739.59	9464.89	14753.73
(ii) Share of profits	50.70	54.59	80.88	3.58	14.35
(iii) Percentage of profits	1.77	1.83	2.16	0.04	0.10
4. Life Insurance Corporation of India					
(i) Total investment	5.00	5.00	5.00	5.00	5.00
(ii) Share of profits	76.18	90.04	100.06	118.53	140.35
(iii) Percentage of surplus profits	1523.60	1800.00	2001.20	2370.60	2807.00
5. General Insurance Corporation					
(i) Total investment	107.50	107.50	107.50	215.00	215.00
(ii) Dividend received	26.88	26.88	32.37	26.94	53.76
(iii) Percentage of dividend	25.00	25.00	30.11	12.53	25.00
6. Industrial Development Bank of India					
(i) Total investment	703.00	753.00	753.00	753.00	753.00
(ii) Share of surplus profits	69.58	92.64	93.00	112.95	120.48
(iii) Percentage of profits	9.90	12.30	12.35	15.00	16.00

Contd ⇒

Investment at the end of the year		1990-91	1991-92	1992-93	1993-94	1994-95
7.	State Co-operative Banks and other Banks:					
(i)	Total investment	520.12	590.10	644.67	690.74	1045.60
(ii)	Dividend received	8.00	9.01	10.00	12.39	14.20
(iii)	Percentage of dividend	1.54	1.53	1.55	1.79	1.36
8.	Co-operative Societies:					
(i)	Total investment	670.06	681.91	723.72	726.69	695.92
(ii)	Dividend received	31.41	41.40	61.01	45.74	49.58
(iii)	Percentage of dividend	4.69	6.07	8.43	6.29	7.12
9.	Co-operative Credit Societies:					
(i)	Total investment	0.18	0.19	0.19	0.19	* 0.05
(ii)	Dividend received	NA	NA	NA	NA	NA
(iii)	Percentage of dividend	NA	NA	NA	NA	NA
10.	International Bodies:					
(i)	Total investment	597.92	660.45	679.81	718.85	751.31
11.	Under Construction:					
(i)	Total investment	4588.87	3316.71	3520.93	6309.51	6311.01

(i)	Total investment	47194.59	49220.95	52038.46	63005.84	71607.03
(ii)	Dividend received	774.03	1031.75	2469.77	2453.20	8303.97
(iii)	Percentage of dividend/profits	1.64	2.10	4.75	3.9	11.60

* Differs from last year due to dropping of investment made by Government of Delhi

APPENDIX II

(Refers to paragraph 1.11)

Outstanding Utilisation Certificates*(Rupees in crore)*

Sl. No.	Ministry/Department	Number of Utilisation Certificates outstanding at the end of March 1995 in respect of grants released upto September 1993	Amount	Earliest year of pendency of grants
1.	Agriculture	562	161.81	1976-77
2.	Andaman and Nicobar Islands	270	10.46	1980-81
3.	Information & Broadcasting	17	1.62	1982-83
4.	Urban Affairs and Employment	252	58.42	1981-82
5.	Water Resources	64	2.38	1985-86
6.	Health & Family Welfare			
	(i) Family Welfare	627	59.10	1976-77
	(ii) Health	2287	609.34	1976-77
7.	Home Affairs	46	0.07	1987-88
8.	Civil Supplies and Public Distribution	26	2.24	1980-81
9.	Central Board of Direct Taxes	40	0.03	1988-89
10.	Commerce	99	79.24	1984-85
11.	Textile	168	143.93	1992-93
12.	Development Commissioner of Handicraft, Delhi	480	10.30	1977-78
13.	Surface Transport	17	2.91	1987-88

Contd ⇨

(Rupees in crore)

Sl. No.	Ministry/Department	Number of Utilisation Certificates outstanding at the end of March 1995 in respect of grants released upto September 1993	Amount	Earliest year of pendency of grants
14.	Rural areas and employment Department of Rural Employment and Poverty Alleviation	291	344.39	1989-90
15.	Food Processing Industries	139	16.32	1988-89
16	Personnel, Public Grievances and Pension Training Division	20	0.5	1989-90
17.	Labour	174	3.26	1979-80
18.	Electronics *	1777	257.26	1982-83
19.	Chemicals and Fertilizers i) Department of Fertilizers ii) Department of Chemicals and Petrochemicals	22 54	32.99 39.97	1989-90 1991-92
20	Finance- I) Revenue ii) Economic Affairs	23 13	1.12 4.01	1989-90 1990-91
21	Industry i) Department of Heavy Industry ii) Small scale Industries and Agro Rural Industries	9 22	2.90 1.70	1991-92 1992-93
22	Power	87	13.84	1984-85
23	Atomic Energy	63	0.81	1984-85

Contd ⇌

(Rupees in crore)

Sl. No.	Ministry/Department	Number of Utilisation Certificates outstanding at the end of March 1995 in respect of grants released upto September 1993	Amount	Earliest year of pendency of grants
24	Steel	4	1.18	1992-93
25	Mines	4	0.60	1989-90
26	Planning and Statistics			
	i) Department of Statistics	4	70.90	1993-94
	ii) Planning Commission and National Informatics Centre	101	3.22	1990-91
27	Environment and Forests	3985	253.85	1980-81
28	Ocean Development	767	54.49	1983-84
29	Law and Justice and Company Affairs	66	0.2	1982-83
30	Space	216	1.43	1976-77
31	Science and Technology	12975	115.53	1977-78
32	Geological survey of India (Department of Mines)	16	0.01	1991-92
33	Human Resource Development #			
	(i) Department of Education	109242	1689.16	1977-78
	(ii) Department of Women and Child Development	4982	516.61	1986-87
	(iii) Department of Youth Affairs and Sports	1670	47.00	1987-88
Total		141681	4615.10	

* Includes utilisation certificates outstanding in respect of grants released upto 31 March 1994

Includes utilisation certificates outstanding in respect of grants released upto 31 March 1994 and outstanding as on 31 October 1995.

APPENDIX-III
(Refers to Paragraph 1.12.2)
Adverse Balances

(Rupees in crore)

Sl No	Name of the Ministry/Department	Head of Account	Balances as on 31-3-95
1.	Controller of Aid Accounts and Audit M/o Finance Department of Economic Affairs	i) 6002-201-Loans from Abu Dhabi Fund for Arab Economic Development	Dr 16.02
		ii) 6002-00-218-Loans from Kuwait Fund for Arab Economic Development	Dr 5.33
		iii) 6002-00-221 Loans from the organisation of Petroleum Exporting Countries Special Fund	Dr 13.99
		iv) 6002-00-224-Loans from Saudi Fund for Development	Dr 37.46
		v) 6002-00-225-Loans from the Government of U.K. (Not bearing interest)	Dr 224.18
		vi) 8012-00-112-Deposits by the Kudremukh Iron Ore Company Ltd	Dr 578.95
		vii) 8449-00-115-Advance Deposits for IBRD Aided Projects	Dr 43.70
		viii) 8449-00-116-Advance Deposits for USA Aided Projects	Dr 15.67
		ix) 8449-00-119-Advance Deposits for ADB assisted Projects	Dr 466.24
2.	Controller of Accounts M/o Finance Department of Economic Affairs	i) 8012-00-105-Special securities issued to Unit Trust of India	Dr 19.88
		ii) 8002-00-103 Treasury Savings Deposits Certificates	Dr 6.55
		iii) 8002-00-104 Defence Saving Certificates	Dr 0.68
		iv) 8002-00-106 National Development Bond	Dr 2.41
		v) 8656-00-104 Bronze and Copper Coinage Account	Cr 2.14
		vi) 8656-00-105 Nickel Coinage Account	Cr 6.56

Contd⇨

Sl No	Name of the Ministry/Department	Head of Account	Balances as on 31-3-95
		vii) 8670-00-103 Departmental Cheques	Dr 26.03
3.	Rural Development	8670-00-103 Departmental Cheques	Dr 106.21
4.	Civil Aviation and Tourism	7452-01-800 other loans	Cr 1.26
5.	Information and Broadcasting	8670-00-105 IRLA Cheques	Dr 36.95
6.	Department of Posts	8002-00-104 Defence Saving certificates	Dr 31.63
		8002-00-106 National Development Bonds	Dr 1.03

Appendix IV
(Refers to paragraph 1.12.2)
Hidden Adverse Balances

(Rupees in crore)

Sl No	Name of the Ministry/Department	Head of Account	Balances as on 31-3-95
1.	External Affairs	i) 8443-113 Deposits for purchases etc abroad	Dr 19.40
		ii) 8443-117 Deposits for work done for Public bodies/ Private individuals	Dr 10.20
		iii) 8443-800 Other Deposits	Dr 0.40
2.	Civil Supplies and Consumers Affairs	i) 6401-195 Loans to Farming Co-operatives	Cr 3.23
		ii) 6860-01-101 Loans to co-operative Spinning Mills	Cr 0.86
3.	Urban Affairs and Employment	7610-203 Advances for purchase of other conveyances	Cr 0.14
4.	Supply	8443-800 Other Deposits	Dr 3.68
5.	Steel and Mines Department of Mines	8550-103 other Departmental advances	Cr 0.67
6.	Coal	6801-202 Thermal Power Generation	Cr 29.50
7.	Civil Aviation and Tourism	8011-103-Central Government Employees Group Insurances scheme	Dr 0.61
8.	Space	8443-106 Personal Deposits	Dr 0.42

APPENDIX V
(Refers to paragraph 2.6)
Cases of unnecessary supplementary grants/appropriations

(Rupees in lakh)

Sl. No.	Grant/appropriation	Amount of Grant/Appropriation			
		Original	Supplementary	Actual expenditure	Saving
Revenue-Voted					
Ministry of Agriculture					
1.	2-Other Services of Department of Agriculture and Co-operation	21543.00	312.00	20887.83	967.17
Ministry of Home Affairs					
2.	42-Ministry of Home Affairs	27386.00	1335.00	26797.84	1923.16
Ministry of Human Resource Development					
3.	50-Department of Women and Child Development	70559.00	57.00	70362.54	253.46
Ministry of Mines					
4.	60-Ministry of Mines	20717.00	158.00	18534.25	2340.75
Ministry of Surface Transport					
5.	75-Ministry of Surface Transport	8821.00	57.00	4881.69	3996.31
Ministry of Welfare					
6.	83-Ministry of Welfare	61485.00	2991.00	61279.12	3196.88
Department of Electronics					
7.	86-Department of Electronics	15110.00	50.00	12086.70	3073.30
Ministry of Home Affairs Union Territories (without legislature)					
8.	95-Dadra & Nagar Haveli	4878.00	50.00	4830.51	97.49
9.	96-Lakshadweep	9675.00	256.00	9634.12	296.88
Revenue-Charged					
Ministry of Home Affairs					
10.	44-Police	44.00	10.00	22.51	31.49
Ministry of Industry					
11.	51-Department of Industrial Development	119.00	43.00	42.81	119.19
Parliament					
12.	89-Lok Sabha	15.00	1.00	9.99	6.01
Capital-Voted					
Ministry of External Affairs					
13.	24-Ministry of External Affairs	4399.00	116.00	3802.62	712.38
Ministry of Finance					
14.	25-Department of Economic Affairs	12550.00	1286.00	5785.69	8050.31
15.	27-Payments to Financial Institutions	742739.00	107560.00	668330.29	181968.71
Ministry of Science and Technology					
16.	72-Department of Scientific and Industrial Research	505.00	267.00	304.84	467.16
Ministry of Surface Transport					
17.	77-Ports, Lighthouses and Shipping	25768.00	300.00	18320.17	7747.83

Contd ⇨

Sl. No.	Grant/appropriation	Amount of Grant/Appropriation			
		Original	Supplementary	Actual expenditure	Saving
Ministry of Urban Development					
18.	79-Urban Development and Housing	19982.00	2103.00	16795.46	5289.54
19.	80-Public Works	16236.00	3673.00	15619.91	4289.09
Capital-charged					
Ministry of Finance					
20.	31 Appropriation - Repayment of Debt	16863780.05	17551.00	13327061.99	3554269.06
Ministry of Urban Development					
21.	79-Urban Development and Housing	2659.00	49.00	2627.04	80.96
22.	80-Public Works	45.00	12.00	37.47	19.53
	Total	17929015.05	138237.00	14288055.39	3779196.66
	Total (Rupees in Crore)	179290.15	1382.37	142880.55	37791.97

APPENDIX VI
(Refers to paragraph 2.6.2)

Savings under Voted Grants

Voted grants where the savings (more than Rs. 50.00 lakh in each case) exceeded 20 per cent of the total grant are given below:-

(Rupees in lakh)

Sl. No.	Grant	Total grant	Expenditure	Savings	Percentage of savings
Revenue					
1.	51-Department of Industrial Development	102461.00	29952.62	72508.38	70.77
2.	75-Ministry of Surface Transport	8878.00	4881.69	3996.31	45.01
3.	10-Ministry of Coal	19445.00	11181.38	8263.62	42.50
4.	78-Ministry of Textiles	71661.00	47523.26	24137.74	33.68
5.	65-Planning	11835.00	7921.05	3913.95	33.07
6.	85-Nuclear Power Schemes	53463.00	36709.14	16753.86	31.34
7.	26-Currency, Coinage and Stamps	59188.00	41151.51	18036.49	30.47
8.	39-Ministry of Food Processing Industries	4434.00	3187.70	1246.30	28.11
9.	52-Department of Heavy Industry	12167.00	9581.35	2585.65	21.25
10.	57-Ministry of Labour	56711.00	45092.90	11618.10	20.49
11.	86-Department of Electronics	15160.00	12086.70	3073.30	20.27
Capital					
12.	69-Department of Rural Development	100.00	-	100.00	100.00
13.	73-Department of Bio-technology	120.00	-	120.00	100.00
14.	35-Department of Revenue	347.00	57.01	289.99	83.57
15.	81-Stationery and Printing	600.00	150.46	449.54	74.92
16.	9-Ministry of Civil Supplies, Consumer Affairs and Public Distribution	226.00	59.53	166.47	73.66
17.	16-Ministry of Defence	8175.00	2217.70	5957.30	72.87
18.	72-Department of Scientific and Industrial Research	772.00	304.84	467.16	60.51
19.	25-Department of Economic Affairs	13836.00	5785.69	8050.31	58.18
20.	38-Ministry of Food	16698.00	7532.72	9165.28	54.89
21.	87-Department of Ocean Development	1070.00	524.09	545.91	51.02
22.	39-Ministry of Food Processing Industries	730.00	408.00	322.00	44.11
23.	4-Department of Animal Husbandry and Dairying	17652.00	11689.17	5962.83	33.78
24.	55-Ministry of Information and Broadcasting	1757.00	1177.01	579.99	33.01
25.	30-Loans to Government Servants etc.	29200.00	19958.63	9241.37	31.65
26.	10-Ministry of Coal	57849.00	40216.05	17632.95	30.48

Contd ⇨

Sl. No.	Grant	Total grant	Expenditure	Savings	Percentage of savings
27.	77-Ports, Lighthouses and Shipping	26068.00	18320.17	7747.83	29.72
28.	42-Ministry of Home Affairs	1720.00	1298.63	421.37	24.50
29.	26-Currency, Coinage and Stamps	162841.00	123221.09	39619.91	24.33
30.	79-Urban Development and Housing	22085.00	16795.46	5289.54	23.95
31.	64-Ministry of Petroleum and Natural Gas	68798.00	53038.57	15759.43	22.91
32.	80-Public Works	19909.00	15619.91	4289.09	21.54
33.	27-Payments to Financial Institutions	850299.00	668330.29	181968.71	21.40

APPENDIX VII

(Refers to paragraph 2.7)

Surrender of funds

Instances of savings, greater than 20 per cent and more than Rs.1.00 crore only,
partly surrendered are given below:

<i>(Rupees in crore)</i>					
Sl. No.	Grant	Total savings	Amount surrendered	Amount not surrendered	Percentage not surrendered
Revenue-Voted					
1.	7-Department of Civil Aviation	8.87	6.92	1.95	21.98
2.	9-Ministry of Civil Supplies, Consumer Affairs and Public Distribution	9.09	5.08	4.01	44.11
3.	23-Ministry of Environment and Forests	30.43	3.46	26.97	88.63
4.	35-Department of Revenue	17.30	11.89	5.41	31.27
5.	36-Direct Taxes	17.24	4.27	12.97	75.23
6.	37-Indirect Taxes	45.44	21.73	23.71	52.18
7.	40-Department of Health	198.05	16.27	181.78	91.78
8.	42-Ministry of Home Affairs	19.23	4.93	14.30	74.36
9.	44-Police	32.54	1.90	30.64	94.16
10.	45-Other Expenditure of the Ministry of Home Affairs	52.96	19.91	33.05	62.41
11.	48-Department of Youth Affairs and Sports	11.65	8.69	2.96	25.41
12.	50-Department of Women and Child Development	2.53	0.49	2.04	80.63
13.	52-Department of Heavy Industry	25.86	3.98	21.88	84.61
14.	54-Department of Small Scale Industries and Agro and Rural Industries	45.41	26.96	18.45	40.63
15.	57-Ministry of Labour	116.18	80.67	35.51	30.56
16.	59-Department of Company Affairs	1.57	0.76	0.81	51.59
17.	60-Ministry of Mines	23.41	0.31	23.10	98.68
18.	71-Department of Science and Technology	4.13	0.33	3.80	92.00
19.	73-Department of Bio-technology	4.41	3.40	1.01	22.90
20.	76-Roads	8.01	1.22	6.79	84.77
21.	78-Ministry of Textiles	241.38	179.66	61.72	25.57
22.	79-Urban Development and Housing	10.11	5.63	4.48	44.31
23.	80-Public Works	7.60	0.13	7.47	98.29
24.	81-Stationery and Printing	16.52	10.08	6.44	38.98
25.	82-Ministry of Water Resources	50.76	40.43	10.33	20.35
26.	85-Nuclear Power Schemes	167.54	101.54	66.00	39.39
27.	89-Lok Sabha	4.26	3.37	0.89	20.89
28.	96-Lakshadweep	2.97	1.25	1.72	57.91
Capital-Voted					
29.	1-Agriculture	2.78	0.47	2.31	83.09

Contd. ⇨

Sl. No.	Grant	Total savings	Amount surrendered	Amount not surrendered	Percentage not surrendered
30.	2-Other Services of Department of Agriculture and Co-operation	9.26	3.02	6.24	67.39
31.	9-Ministry of Civil Supplies, Consumer Affairs and Public Distribution	1.66	0.57	1.09	65.66
32.	24-Ministry of External Affairs	7.12	4.30	2.82	39.61
33.	30-Loans to Government Servants etc.	92.41	63.11	29.30	31.71
34.	36-Direct Taxes	8.88	4.21	4.67	52.59
35.	38-Ministry of Food	91.65	70.80	20.85	22.75
36.	39-Ministry of Food Processing Industries	3.22	2.53	0.69	21.43
37.	42-Ministry of Home Affairs	4.21	2.96	1.25	29.69
38.	44-Police	65.20	40.59	24.61	37.75
39.	56-Broadcasting Services	5.01	0.68	4.33	86.43
40.	60-Ministry of Mines	1.24	0.94	0.30	24.19
41.	65-Planning	1.03	0.60	0.43	41.75
42.	76-Roads	27.44	18.38	9.06	33.02
43.	79-Urban Development and Housing	52.90	30.98	21.92	41.44
44.	80-Public Works	42.89	11.36	31.53	73.51
45.	81-Stationery and Printing	4.50	3.50	1.00	22.22
46.	86-Department of Electronics	2.64	1.53	1.11	42.05
47.	87-Department of Ocean Development	5.46	0.05	5.41	99.08
48.	94-Andaman and Nicobar Islands	5.34	1.39	3.95	73.97

APPENDIX VIII
(Refers to paragraph 2.8)
Major variations in recoveries

Details of major variations between budgeted recoveries and actuals adjusted in reduction of expenditure

Sl. No.	Grant	Budget estimates	Actual recoveries	Variation	
				Amount	Percentage
Short recoveries against budget estimates					
Revenue					
1.	6-Department of Fertilizers	1280.00	869.41	410.59	32.08
2.	9-Ministry of Civil Supplies, Consumer Affairs and Public Distribution	9.00	0.30	8.70	96.67
3.	29-Transfers to State and Union Territory Governments	6.00	0.87	5.13	85.50
4.	35-Department of Revenue	22.70	5.32	17.38	76.56
5.	38-Ministry of Food	35.25	4.82	30.43	86.33
6.	51-Department of Industrial Development	204.72	2.31	202.41	98.87
7.	52-Department of Heavy Industry	107.00	85.22	21.78	20.36
8.	60-Ministry of Mines	57.40	37.03	20.37	35.49
9.	65-Planning	5.74	----	5.74	100.00
10.	75-Ministry of Surface Transport	49.06	15.45	33.61	68.51
11.	78-Ministry of Textiles	145.00	49.45	95.55	65.90
12.	81-Stationery and Printing	66.00	37.43	28.57	43.29
13.	95-Dadra & Nagar Haveli	24.81	0.02	24.79	99.92
Capital					
1.	10-Ministry of Coal	15.00	----	15.00	100.00
2.	38-Ministry of Food	144.75	64.35	80.40	55.54
3.	40-Department of Health	328.06	258.78	69.28	21.12
4.	77-Ports, Lighthouses and Shipping	33.35	18.11	15.24	45.70
5.	84-Atomic Energy	79.43	8.03	71.40	89.89
Excess recoveries against budget estimates					
Revenue					
1.	4-Department of Animal Husbandry and Dairying	6.08	27.92	21.84	359.21
2.	5-Department of Chemicals and Petro-chemicals	27.00	101.72	74.72	276.74
3.	40-Department of Health	12.00	19.45	7.45	62.08
4.	41-Department of Family Welfare	237.00	355.56	118.56	50.03
5.	74-Ministry of Steel	28.04	37.02	8.98	32.03
6.	76-Roads	11.15	52.76	41.61	373.18
7.	94-Andaman & Nicobar Islands	20.96	58.48	37.52	179.01
Capital					
1.	27-Payments to Financial Institutions	----	425.43	425.43	100.00
2.	36-Direct Taxes	100.00	153.74	53.74	53.74
3.	76-Roads	26.00	106.07	80.07	307.96

APPENDIX IX

(Refers to paragraph 2.10)

Cases of injudicious re-appropriation

1. Significant Cases of major re-appropriation which were injudicious on account of non-utilisation

(Rupees in lakh)

Sl. No.	Number and name of Grant	Major Head	Sub-head	Amount of re-appropriation to the sub-head	Amount of final saving under the sub-head after re-appropriation
1.	1-Agriculture	4401-Capital outlay on Crop Husbandry	AA.3(3)-Integrated Pest Management Centres	61.00	51.85
2.	23-Ministry of Environment and Forests	2406-Forestry and Wildlife	B.1(3)(1)-Forest Survey of India	488.92	723.32
		3435-Ecology and Environment	C.4(2)(3)-Prevention and Control of Water Pollution (Cess)	447.74	452.72
3.	24-Ministry of External Affairs	2061-External Affairs	B.2(1)-Discretionary Expenditure	4719.00	139.46
		2075-Miscellaneous General Services-Loss by Exchange	C.-Miscellaneous General Services Loss by Exchange	815.00	417.78
		3605-Technical and Economic Co-operation with Other Countries	F.1(6)-Aid to other developing countries	388.99	366.92
		4216-Capital Outlay on Housing	F.1(7)(2)-Other Programmes	99.50	66.69
			BB.(1)(1)-Other Housing	1444.00	285.64
4.	25-Department of Economic Affairs	2047-Other Fiscal Services	B.1(1)-National Savings Organisation	14.63	64.00
		3075-Other Transport Services	F.1(1)(1)-Subsidy to Railways towards dividend reliefs and other concessions	2031.00	368.39
		3475-Other General Economic Services	G.3(4)-Economic Wing of the Embassy of India, Tokyo	130.00	101.46
5.	26-Currency, Coinage and Stamps	4046-Capital Outlay on Currency Coinage and Mints	AA.5-Metal Value of uncurrent and confiscated coins destroyed	442.00	154.47
6.	28-Interest Payments	2049-Interest Payments	A.2(5)-Interest on loans from the Government of USSR	1198.47	1281.75
		-do-	A.2(10)-Interest on loans from ADB	340.99	1297.33
		-do-	A.3(2)-Interest on Savings Certificates	76399.02	127308.03
		-do-	A.3(9)-Interest on Special Deposits and Accounts	13581.42	31934.71
		-do-	A.3(10)-Bonus on field deposits	636.00	412.62
		-do-	A.3(11)-Interest on Other Deposits and Accounts	130.10	484.20
		-do-	A.5(1)-Interest on Deposits	1823.65	9704.22

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Sl. No.	Number and name of Grant	Major Head	Sub-head	Amount of re-appropriation to the sub-head	Amount of final saving under the sub-head after re-appropriation
7.	31-Repayment of Debt	6001-Internal Debt of the Central Government	AA.4-364 Days Treasury Bills	26.25	165.00
8.	33-Pension	2071-Pension and Other Retirement Benefits	A.1(1)(1)-Ordinary Pensions	3889.82	156.18
9.	35-Department of Revenue	2047-Other Fiscal Services	D.1(1)-Enforcement Directorate	48.63	54.91
10.	37-Indirect Taxes	2037-Customs	A.1(1)(1)-Collectorates	267.58	279.43
			A.2(2)(1)(1)-Inter Account Transfers	102.00	245.65
			A.2(3)(1)(1)-Inter Account Transfers	67.00	109.93
		2038-Union Excise Duties	B.2(2)-Other Offices	915.86	438.68
			B.3(1)-Collection of Land Customs	126.96	178.29
		4047-Capital Outlay on Other Fiscal Services	AA.1(1)(4)-Acquisition of Aircrafts	765.50	88.85
11.	40-Department of Health	2210-Medical and Public Health	C.1(1)(2)-National Medical Library	131.84	56.48
			C.1(2)(6)-Extension of Central Government Health Scheme to Madras	200.12	92.26
			C.1(2)(14)-Extension of Central Government Health Scheme to Kanpur	38.50	80.06
			C.1(2)(15)-Extension of Central Government Health Scheme to Allahabad	26.18	109.36
			C.3(4)(1)(1)-Lady Hardinge Medical College and Smt.S.K. Hospital, New Delhi	352.39	729.87
			C.4(3)(1)-Anti T.B.Drugs supplied to voluntary Organisations	97.15	231.41
			C.4(3)(9)-Other Health Schemes	352.34	121.41
			C.4(7)(1)-Bacteriological Laboratories	6.38	420.91
		3601-Grants-in-aid to State Governments	D.2(2)(2)(1)-General Areas	550.93	1787.84
		3602-Grants-in-aid to Union Territory Governments	E.2(1)(6)-National AIDS Control Programme	130.10	76.25

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Sl. No.	Number and name of Grant	Major Head	Sub-head	Amount of re-appropriation to the sub-head	Amount of final saving under the sub-head after re-appropriation
		4210-Capital Outlay on Medical and Public Health	AA.2(1)(2)-Bulk Purchase of Material and Equipment for T.B. Control Programme AA.2(1)(3)-Bulk Purchase of Materials and Equipment for Prevention of Visual Impairment and Control of Blindness and Trachoma Control Programme	56.15 600.00	512.07 90.50
12.	41-Department of Family Welfare	2211-Family Welfare	B.9(1)-Mass Education B.11(13)-Miscellaneous Expenditure on specified items viz. Laparoscope etc.	45.30 566.00	79.89 326.69
13.	44-Police	2055-Police 3601-Grants-in-aid to State Governments 4059-Capital Outlay on Public Works 5054-Capital Outlay on Roads and Bridges	A.6 (2)-Border Check Posts A.6(3)-Indo Tibetan Border Police A.7-National Security Guard C.1(2)-Police-Other Grants AA.1(1)(1)(2)-Border Security Force CC.1(1)(3)-Erection of barbed wire fencing and wire obstacles on Indo-Pak Border	75.84 318.00 401.00 1006.00 1375.00 350.00	90.66 718.81 351.54 345.22 582.92 61.24
14.	45-Other Expenditure of the Ministry of Home Affairs	2235-Social Security and Welfare	B.2(4)(1)-Special Pension for Ex-Army Personnel	71.00	71.00
15.	47-Department of Education	2202-General Education 2203-Technical Education	C.1(1)(1)-Strengthening of Teachers Training Institutions C.4(1)(1)-Directorate of Adult Education D.6(4)(2)-Indian Institute of Management Calcutta	600.00 352.00 213.67	622.30 248.86 52.71
16.	50-Department of Women and Child Development	2236-Nutrition	C.2(3)(5)-Other Schemes	69.80	79.59
17.	51-Department of Industrial Development	2852-Industries 3475-Other General Economic Services	C.1(2)(1)(3)-Central Manufacturing Technology Institute E.1(1)-Controller General of Patents, Designs and Trade Marks	15.00 54.50	150.00 122.82
18.	54-Department of Small Scale Industries and Agro and Rural Industries	2851-Village and Small Industries	A.4(1)-Small Industries Service Institutes A.4(11)-Opening of Tool Rooms	43.97 408.00	78.63 103.00

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Sl. No.	Number and name of Grant	Major Head	Sub-head	Amount of re-appropriation to the sub-head	Amount of final saving under the sub-head after re-appropriation
19.	56-Broadcasting Services	2221-Broadcasting 4221-Capital Outlay on Broadcasting	A.1(2)-Operation and Maintenance	60.72	172.40
			A.1(4)-Programme Services	331.99	368.29
			AA.1(3)-Transmitters (Charged)	171.50	189.72
			AA.1(5)(2)-Miscellaneous Works Schemes	10.05	61.57
20.	57-Ministry of Labour	2230-Labour and Employment	C.1(2)(1)-Chief Labour Commissioner (Central) and Regional Labour Commissioners	21.60	76.04
			C.1(8)(3)-Education	198.15	56.88
			C.1(17)(1)-Other items	409.22	199.17
21.	60-Ministry of Mines	2853-Non-ferrous Mining and Metallurgical Industries	B.1(1)-Direction and Administration	99.50	106.19
			B.1(3)-Research and Development	2.50	99.44
22.	68-Ministry of Power	2801-Power	B.2(2)(7)(1)(1)-Inter Account transfer	425.20	264.98
23.	69-Department of Rural Development	2215-Water supply and Sanitation 2505-Rural Employment	B.1(1)(1)(12)-Publicity and Printing	100.00	148.56
			G.I.(1)(5)-Grants-in-aid to District Rural Development Agencies	99.85	615.74
		2515-Other Rural Development Programmes	G.2(1)(1)-Establishment	54.00	92.00
			I.4(3)(2)-Advertising and Publicity	200.00	73.04
24.	78-Ministry of Textiles	2851-Village and Small Industries	B.2(12)-Welfare and Other Schemes	11.65	105.08
25.	79-Urban Development and Housing	2216-Housing 4216-Capital Outlay on Housing	C.1(1)(1)(1)(1)-Minor works	44.00	82.18
			BB.1(2)(2)-Audit	973.00	929.43
			BB.1(2)(17)-Meteorology BB.1(2)(21)-Personnel and Training	125.00 72.00	62.33 72.27
26.	80-Public works	2059-Public Works	A.1(3)(2)-Minor works	30.00	59.55
			A.1(5)(1)-Stock	90.00	320.40
			A.1(5)(2)-Miscellaneous works Advances	30.00	80.86
			A.3(1)(2)(2)-Work charged staff converted into Regular Establishment	97.70	55.99

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Sl. No.	Number and name of Grant	Major Head	Sub-head	Amount of re-appropriation to the sub-head	Amount of final saving under the sub-head after re-appropriation
		4059-Capital Outlay on Public works	AA.2(1)(5)-Finance (Revenue)	1470.00	901.30
			AA.2(1)(11)-Personnel and Training	208.00	224.63
			AA.2(1)(15)-Stationery and Printing	41.00	61.42
		4202-Capital outlay on Education, Sports, Art and Culture	BB.2(1)-Archives	80.00	89.15
		4401-Capital outlay on Crop Husbandry (Agriculture)	FF.I-Plant Protection	49.00	85.70
27.	81-Stationery and Printing	2202-General Education	B.1(1)(1)-Government of India Text Book Presses	54.01	50.44
28.	82-Ministry of Water Resources	2711-Flood Control and Drainage	E.1(1)(11)(1)-Survey and Investigation of Flood Control Projects on rivers common with Nepal and Bhutan	20.00	77.63
		3075-Other Transport services	F.1(1)(1)-Farakka Barrage	221.66	135.89
29.	83-Ministry of Welfare	2225-Welfare of Scheduled Castes, Scheduled Tribes and other Backward Classes	C.2(2)-Education	16.82	85.79
30.	84-Atomic Energy	3401-Atomic Energy Research	C.5(2)-Indira Gandhi Centre for Atomic Research	53.50	68.52
		4861-Capital outlay on Atomic Energy Industries	CC.1(5)(5)-Heavy Water Plant Kota	109.00	399.39
			CC.1(5)(9)-Deduct	100.00	4468.00
		5401-Capital outlay on Atomic Energy Research	DD.1(2)(8)-Development of Materials and Crystals	499.50	311.83
			DD.4(4)-Housing for IGCAR	60.00	58.81
31.	95-Dadra and Nagar Haveli	3054-Roads and Bridges	P.2(2)(4)-Suspense	41.96	52.10
			Total	126590.27	

2. Cases of re-appropriation to other sub-heads under which the expenditure finally showed excess over the balance provision

(Rupees in lakh)

Sl. No.	Number and name of Grant	Major Head	Sub-head	Amount of re-appropriation to other sub-head	Amount of excess after re-appropriation
1.	17-Defence Pensions	2071-Pensions and Other Retirement Benefits	A.1(1)(2)-Commuted value of Pensions	3400.00	145.57
2.	24-Ministry of External Affairs	2052-Secretariat General Services 2061-External Affairs 3605-Technical and Economic Co-operation with other Countries	A.I-Secretariat	130.82	382.60
			B.3(1)-International Conferences/Meetings	83.00	95.29
			B.4(1)-Central Passport and Emigration Organisation	2255.83	268.67
			B.8(5)-Other schemes	144.54	155.77
			F.1(3)-Aid to Nepal	160.86	143.00
			F.1(4)(1)-ITEC Programme	480.00	321.61
3.	28-Interest Payments	2049-Interest Payments	A.2(7)-Interest on loans from the Government of Federal Republic of Germany	1995.69	548.61
			A.2(15)-Interest on loans from the Government of Italy	989.31	968.92
			A.2(18)-Interest on loans from the Government of Japan	30.97	328.02
			A.2(19)-Interest on loans from the IBRD	12369.05	629.05
			A.2(20)-Interest on loans from the International Development Associations	3218.14	3128.31
4.	31-Repayment of Debt	6002-External Debt	BB.11-Loans from Kuwait	910.15	765.39
			BB.12-Loans from the Government of Netherlands	218.79	163.57
			BB.15-Loans for the Government of United Kingdom	615.96	601.91
5.	33-Pension	2235-Social Security and Welfare	B.1(2)-Deposit Linked Insurance Scheme-Govt. Provident Funds	627.48	605.93
6.	37-Indirect Taxes	2037-Customs 2038-Union Excise Duties	A.2(6)-Coast Guard Organisation	221.00	76.84
			B.3(5)(1)-Cost of Collection of customs at Minor Port	102.00	245.65
			B.3(5)(2)-Cost of Collection of land Customs	67.00	109.93
7.	40-Department of Health	2210-Medical and Public Health 4210-Capital Outlay on Medical and Public Health	C.3(2)(2)(1)-General Areas	75.00	72.65
			AA.2(1)(5)-Bulk purchase of Materials and Equipment for leprosy Control programme	1200.00	130.65

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Sl. No.	Number and name of Grant	Major Head	Sub-head	Amount of re-appropriation to other sub-head	Amount of excess after re-appropriation
8.	41-Department of Family Welfare	2211-Family Welfare	B.11(6)-Family Welfare Programme in Ministry of Railways	10.00	105.34
9.	44-Police	2055-Police 5054-Capital Outlay on Roads and Bridges	A.4-Central Reserve Police Force CC.1(1)(2)-Construction of Roads on Indo-Bangladesh Border	127.56 1249.00	57.12 337.85
10.	57-Ministry of Labour	2230-Labour and Employment	C.3(1)(1)-Training of Crafts Instructors	78.59	63.24
11.	69-Department of Rural Development	2501-Special Programmes for Rural Development 2505-Rural Employment	F.1(3)(1)-Normal Programme G.2(1)(3)-Grants-in-aid to District Rural Development Agencies	390.00 6000.00	168.48 660.70
12.	77-Ports, Light Houses and Shipping	3051-Ports and Lighthouses	B.3(2)(5)-General Reserve Fund	358.00	1304.00
13.	84-Atomic Energy	3401-Atomic Energy Research 4861-Capital Outlay on Atomic Energy Industries	C.1(5)-Indira Gandhi Centre for Atomic Research CC.1(5)(6)-Heavy Water Plant Thal Vaishat CC.1(5)(7)-Heavy Water Plant Hazira CC.1(5)(8)-Heavy Water Plant Manuguru CC.3(5)(3)-New Uranium Oxide Fuel Project 2 Hyderabad	54.50 700.00 1560.00 14.00 1300.00	82.12 117.11 101.35 187.19 66.25
			Total 2	41137.24	
			Total 1 + 2	167727.51	
			Total (Rupees in crore)	1677.28	

Appendix X
(Refers to paragraph 2.18)
Rush of expenditure during the month of March

(Rupees in lakh)

Sl. No.	Description of the Grant and Major Head	Total provision	Total expenditure	Expenditure in March	Percentage of expenditure during March to	
					Total provision	Total expenditure
1	2	3	4	5	6	7
1.	1-Agriculture					
	2401-Crop Husbandry	80002	79348	47967	59.95	60.45
	3601-Grants-in-aid to State Governments	45428	44345	23435	51.59	52.85
	3602-Grants-in-aid to Union Territory Governments	86	87	44	51.16	50.57
	7601-Loans and Advances to State Governments	3792	3792	2046	53.96	53.96
2.	2-Other Services of Department of Agriculture and Co-operation					
	2405-Fisheries	2060	1977	1170	56.80	59.18
	2425-Co-operation	3308	3305	1685	50.94	50.98
	3601-Grants-in-aid to State Governments	13715	13699	7949	57.96	58.03
	3602-Grants-in-aid to Union Territory Governments	212	209	151	71.23	72.25
	6425-Loans for Co-operation	28776	28776	20376	70.81	70.81
3.	4-Department of Animal Husbandry and Dairying					
	3602-Grants-in-aid to Union Territory Governments	85	67	34	40.00	51.00
	4404-Capital Outlay on Dairy Development	137	142	86	62.77	60.56
4.	7-Department of Civil Aviation					
	3053-Civil Aviation	6128	6114	5133	83.76	83.95
	3606-Aid Material and Equipment	211	35	35	16.59	100.00
	5053-Capital Outlay on Civil Aviation	845	873	499	59.05	57.16
	7053-Loans for Civil Aviation	550	550	500	90.91	90.91
5.	8-Department of Tourism					
	5452-Capital Outlay on Tourism	1541	1540	1040	67.49	67.53
6.	11-Department of Commerce					
	5453-Capital Outlay on Foreign Trade and Export Promotion	7430	7227	5473	73.66	75.73
	6407-Loans for Plantation	1440	1329	929	64.51	69.90
7.	24-Ministry of External Affairs					
	7615-Miscellaneous Loans	10	10	10	100.00	100.00
8.	25-Department of Economic Affairs					
	6885-Loans for Other Industries and Minerals	586	586	586	100.00	100.00
	7475-Loans for Other General Economic Services	2000	2000	2000	100.00	100.00
	7605-Advances to Foreign Governments	3217	3165	2615	81.29	82.62
	2075-Miscellaneous General Services	41	15	15	36.59	100.00
	2235-Social Security and Welfare Programmes	3026	3029	1529	50.53	50.48
	3475-Other General Economic Services	2609	2609	2609	100.00	100.00

Contd. ←

Sl. No.	Description of the Grant and Major Head	Total provision	Total expenditure	Expenditure in March	Percentage of expenditure during March to	
					Total provision	Total expenditure
9.	26-Currency, Coinage and Stamps 4046-Capital Outlay on Currency, Coinage and Mints	129396	123068	121449	93.86	98.68
10.	27-Payments to Financial Institutions 2416-Agricultural Financial Institutions 4885-Other Capital Outlay on Industries and Minerals 6416-Loans to Agricultural Financial Institutions 6885-Loans for Other Industries and Minerals	446 9592 19367 79846	446 9591 19368 79846	446 8100 17944 56642	100.00 84.45 92.65 70.94	100.00 84.45 92.65 70.94
11.	35-Department of Revenue 2020-Collection of taxes on Income and Expenditure	15	8	4	26.67	50.00
12.	37-Indirect Taxes 2038-Union Excise Duties	11.07	2.55	2.55	23.04	100.00
13.	39-Ministry of Food Processing Industries 2408-Food Storage and Warehousing 3606-Aid Materials and Equipments 4405-Capital Outlay on Fisheries 4860-Capital Outlay on Consumer Industries 6860-Loans for Consumer Industries	1284 80 69 50 89	1254 115 50 50 88	807 115 50 50 88	62.85 143.75 72.46 100.00 98.88	64.35 100.00 100.00 100.00 100.00
14.	40-Department of Health 3601-Grants-in-aid to State Governments 4210-Capital Outlay on Medical and Public Health 6210-Loans for Medical and Public Health	27203 32234 2400	18639 31605 2400	12798 31604 2400	47.05 98.04 100.00	68.66 100.00 100.00
15.	41-Department of Family Welfare 2211-Family Welfare 3606-Aid Material and Equipments 6211-Loans for Family Welfare	38825 7100 112	37712 7100 107	19360 7100 107	49.86 100.00 95.54	51.34 100.00 100.00
16.	45-Other Expenditure of the Ministry of Home Affairs 3601-Grants-in-aid to State Governments 7601-Loans and Advances to State Governments	15872 1110	15851 1107	13963 638	87.97 57.47	88.09 57.63
17.	47-Department of Education 2204-Sports and Youth Services 3602-Grants-in-aid to Union Territory Governments	58 429	60 426	30 250	51.72 58.28	50.00 58.69
18.	48-Department of Youth Affairs and Sports 3601-Grants-in-aid to State Governments	2807	2737	1931	68.79	70.55
19.	50-Department of Women and Child Development 3602-Grants-in-aid to Union Territory Governments	715	715	374	52.31	52.31

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Sl. No.	Description of the Grant and Major Head	Total provision	Total expenditure	Expenditure in March	Percentage of expenditure during March to	
					Total provision	Total expenditure
20.	51-Department of Industrial Development 2852-Industries	24712	14243	11032	44.64	77.46
21.	52-Department of Heavy Industry 3475-Other General Economic Services 4854-Capital Outlay on Cement and Non-metallic Mineral Industries 4858-Capital Outlay on Engineering Industries 6854-Loans for Cement and Non-metallic Mineral Industries	947 1250 2295 1250	947 1250 2295 1250	947 1250 1176 1250	100.00 100.00 51.24 100.00	100.00 100.00 51.24 100.00
22.	53-Department of Public Enterprises 2852-Industries	47	47	25	53.19	53.19
23.	54-Department of Small Scale Industries and Agro and Rural Industries 3601-Grants-in-aid to State Governments 6851-Loans for Village and Small Industries	608 34918	580 34906	304 26368	50.00 75.51	52.41 75.54
24.	55-Ministry of Information and Broadcasting 2205-Art and Culture	85	83	60	70.59	72.29
25.	56-Broadcasting Services 2221-Broadcasting 4221-Capital Outlay On Broadcasting	113654 25463	113415 25030	34369 23700	30.00 93.08	30.00 94.69
26.	57-Ministry of Labour 3601-Grants-in-aid to State Governments 3602-Grants-in-aid to Union Territory Governments 4250-Capital Outlay on Other Social Services 6250-Loans for Other Social Services	3208 194 12 77	2909 160 7 75	1906 132 7 46	59.41 68.04 58.33 59.74	65.52 82.50 100.00 61.33
27.	63-Ministry of Personnel ,Public Grievances and Pensions 7601-Loans and Advances to State Governments	600	600	600	100.00	100.00
28.	64-Ministry of Petroleum and Natural Gas 4802--Capital Outlay on Petroleum 6802-Loans for Petroleum	55208 106	52933 106	52933 106	95.88 100.00	100.00 100.00
29.	65-Planning 2501-Special programme for Rural Development 3606-Aid Materials and Equipment 5475-Capital Outlay on Other General Economic Services	- 574 2990	7 112 2947	7 112 1808	100.00 19.51 60.47	100.00 100.00 61.35
30.	66-Department of Statistics 3601-Grants-in-aid to State Governments 5475-Capital Outlay On Other General Economic Services	81 304	81 295	81 239	100.00 78.62	100.00 81.02

Contd ⇨

Sl. No.	Description of the Grant and Major Head	Total provision	Total expenditure	Expenditure in March	Percentage of expenditure during March to	
					Total provision	Total expenditure
31.	68-Ministry of Power 3601-Grants-in-aid to State Governments	463	458	458	98.92	100.00
	4801-Capital Outlay on Power Projects	131434	131317	126704	96.40	96.49
	6801-Loans for Power Projects	146656	146656	94922	64.72	64.72
	7601-Loans and Advances to State Governments	1500	1500	1500	100.00	100.00
32.	71-Department of Science and Technology 5425-Capital Outlay On Other Scientific and Environmental Research	467	439	400	85.65	91.12
	5455-Capital Outlay on Meterology	2682	2685	2076	77.40	77.32
33.	75-Ministry of Surface Transport 3055-Road Transport	1974	1933	1438	72.85	74.39
	3056-Inland Water Transport	1255	1255	713	56.81	56.81
	5056-Capital Outlay On Inland Water Transport	550	550	550	100.00	100.00
	7056-Loans for Inland	1550	1550	460	30.00	30.00
	7601-Loans and Advances to State Governments	20	20	20	100.00	100.00
34.	76-Roads 3054-Roads and Bridges	39460	39451	25404	64.37	64.39
	3601-Grants-in-Aid to State Governments	27402	26732	26682	97.37	99.81
	5054-Capital Outlay on Roads and Bridges	82595	81992	44304	53.64	54.03
	7601-Loans and Advances to State Governments	559	549	549	98.21	100.00
35.	77-Ports, Lighthouses and Shipping 2852-Industries	2766	2412	2300	83.15	95.36
	3051-Ports and Lighthouses	15965	16888	12285	76.95	72.74
	3606-Aid Material and Equipment	4000	3985	3985	99.63	100.00
	4858-Capital Outlay On Engineering Industries	701	700	452	64.48	64.57
	5052-Capital Outlay on Shipping	3840	3829	3828	100.00	100.00
	7051-Loans for Ports and Lighthouses	4787	3987	2806	58.62	70.38
36.	78-Ministry of Textiles 3601-Grants-in-aid to State Governments	23785	22737	14203	59.71	62.47
	3602-Grants-in-aid to Union Territory Governments	117	116	77	65.81	66.38
	4851-Capital Outlay on Village and Small Industries	863	624	529	61.30	84.78
	4860-Capital Outlay on Consumer Industries	1	701	701	701	100.00
	6851-Loans For Village and Small Industries	255	255	230	90.20	90.20

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Sl. No.	Description of the Grant and Major Head	Total provision	Total expenditure	Expenditure in March	Percentage of expenditure during March to	
					Total provision	Total expenditure
37.	82-Ministry of Water Resources					
	2705-Command Area Development	150	146	82	54.67	56.16
	3602-Grants-in-aid to Union Territory Governments	2	2	1	50.00	50.00
	4701-Capital Outlay on Major and Medium Irrigation	311	312	176	56.59	56.41
	4702-Capital Outlay On Minor Irrigation	390	344	191	48.97	55.52
	6701-Loans for Major and Medium Irrigation	689	689	689	100.00	100.00
38.	96-Lakshadweep					
	3275-Other Communication Services	58	57	39	67.24	68.42

Appendix XI
(Refers to paragraph 3.1.17)

A - Diversion of Funds

State	District	Year	Amount (Rs in lakhs)	Remarks (Amount spent on)
Andhra Pradesh	State Government	1990-94	123.86	Office expenses, payment of rent, rates taxes and purchase of motor vehicles
Arunachal Pradesh	(i) DFO, Wasteland Development Division	November 1991- January 1992	1.27	Construction of 2 buildings
	(ii)	1992-93	2.70	Purchase of Maruti Gypsy which was used for purposes not connected with the project.
Bihar	Director of Soil Conservation	August 1993	12.00	Works executed in areas beyond the project area
Haryana	Soil Conservation Specialist (Engineering) Panchkula ASCO, Bhiwani and Director of Agriculture State as a whole	(i) March 1994 and March 1995	2.49	Purchase of photocopy machine electronic and other typewriters
		(ii) 1992-95	12.82	Salaries of staff other than on full time job were wrongly charged to the project.
Himachal Pradesh	.....	1993-94	1.66	Purchase of 4 castrators and 10 cry cans which was to be met by the regular budget of Animal Husbandry Department
Gujarat	State as a whole	1990-95	24.15	Purchase of ten computers, 9 air-conditioners furnitures and stationery.
Karnataka	(i) Directorate of Agriculture (ii) Director of Agriculture (iii) -do-	March 1993	5.11	Purchase of 18 Fax machines
		1991-94	1.31	Digging of borewells and purchase of generator set
		March 1992	1.59	Purchased one plain paper copier and supplied to DDA (Indo-Japanese Agriculture Education Training Centre, Mandya) where the scheme was not in implementation
	(iv) Kolar District	1991-95	25.50	The pay and allowances of staff chargeable to Agriculture Department were irregularly charged to the project.

Contd. ⇨

State	District	Year	Amount (Rs in lakhs)	Remarks (Amount spent on)
Madhya Pradesh	Indore	1990-91	3.33	Distribution of minikits to cultivators and for crop demonstration in areas outside the project area Construction of Press Building. Purchase of electronic typewriters (63), duplicating machines (64), photocopier (46), Facit typewriter (2), PC Computer (1) and sprinkler sets. The receipt of 16 electronic typewriter costing Rs 4 lakhs could not be ascertained for want of acknowledgement of recipient units. Total approved cost was Rs 402.59 lakhs. These watershed areas were already covered under CADA programme. These areas were already covered under CADA programme. Purchase of castrators, crycones and service crates, etc.
	Ujjain	1993-94	0.40	
	Director of Agriculture	1992-95	84.82	
	9 Blocks of Raipur and Durg districts	Till March 1994	104.66	
	2252 hectares of Ghissari watershed (Balaghat district) 10 districts	Till March 1994	10.70	
			16.20	
Maharashtra	(i) State as a whole	February-November 1992	199.00	Sanctioned for purchase of Xerox machine colour TVs Computer, FAX machine and VCRs. Details of actual purchase were called for but were not made available. Purchase of books for library, Smokeless Chullahs, Nadep vermi composting and Vanajyoti Chullahs.
	(ii) Various implementing agencies		41.90	
Meghalaya	Director of Agriculture	.....	0.20	Paid to a local hotel towards expenditure on entertainment.
Mizoram	Directorate of Agriculture and DAO, Aizawl, East and West	1991-92 to 1994-95	11.24	Purchase of Modi zerox, printer, Honda generator, trailer, celebration of World Food Day, improvement of link road, pay and allowance, cost of POL, repair/maintenance of vehicles.

Contd. ⇐

State	District	Year	Amount (Rs in lakhs)	Remarks (Amount spent on)
Punjab	.....	March 1991 to March 1993	9.09	Purchase of desert coolers, diesel engines, TV sets, VCR, water tanks, ammonia printing machines, Photostat machine, spare parts of vehicle, motor batteries and POL.
Rajasthan	(i) Nagaur (ii) Ajmer (iii) Jaipur	1993-94	4.69 2.32 9.00	DDP and JRY Pushkar Valley Project Purchase of liquid nitrogen tankers which was to be supplied by Animal Husbandry Department.
	(iv) State Government	1991-92 to 1993-94	25.68	Irregular purchase of cars, jeeps, photocopiers, coolers, etc.
	(v)	1990-94	13.05	Amount spent on works not provided for in the Scheme.
	Director, Animal Husbandry Rajasthan, Jaipur	1993-94	19.50	Purchase of castrators.
Tamil Nadu	(i) Shanarpatty block		1.14	Payment towards encashment of leave to Government servants
	(ii) Dindigul Anna District		14.56	Provision of live fencing.
	(iii) Dindigul Anna District	1993-95	25.86	Treatment of drainage lines in reserve forest areas.
Tripura	(i) Nodal Office	1990-95	5.38	Purchase of typewriters, Zerox machine, etc.
	(ii) 7 Watershed and one Deputy Director of Agriculture office	1991-94	7.05	Other programmes, beautification of garden in office complex, etc.
		Total	1242.77	

B. Amount drawn and kept in Personal Deposit Accounts/Banks.

State	District	Year	Amount (Rs in lakhs)	Remarks (Amount spent on)
Kerala	(i)14 District Soil Conservation Officers	1991-92	446.00	Amount kept in Treasury Personal Deposit Account/Bank.. Amount deposited in Treasury Personal Deposit Account. Deposited in banks. Amounts kept in Treasury Personal Deposit Account/Bank.
	(ii)Implementing Officers	1994-95	330.00	
	(iii)16 Implementing - Officers in five districts	31 March 1994	66.06	
	(iv)25 Implementing offices in five districts		167.76	
Madhya Pradesh	State Government	1991-95	10.41	Amount kept in treasury under State revenue heads.
Orissa	Assistant Soil Conservation Office	Till 1995	2.74	Rs. 1.06 lakhs were kept in Deposit at call Receipt and Rs.1.68 lakhs as Civil Deposits (February 1992) Amount kept in the form of Deposit at Call in bank./Current Account
	Kozapat State Government	As on March 1995	393.56	
Punjab	Three DDOs	1990-94	303.83	Kept in Current/Saving bank account.
Rajasthan	17 Divisional Officers and Assistant Engineers Headquarters Office	1991-92	620.26	Amount kept in PD Account.
Uttar Pradesh	(I) Director of Agriculture	1990-95	3042.03	Deposited in personal ledger account. Amount lying in personal ledger account
	(ii) -do-	1989-90	40.00	
Total			5488.20	

Appendix XII
(Refers to paragraph 3.1.21)

Unadjusted Advances

State	Year	To whom advanced	Purpose	Amount (Rs in lakh)	Remarks
Bihar	1992-94	5 Implementing agencies.	Execution of works	8.35	
Haryana	March 1995	Haryana Agriculture University, Hissar	Site testing	1.80	Advance for site testing without identifying the site for testing.
Orissa	1990-95	Watershed Team Leaders	Execution of work	91.92	
Rajasthan	(i) Between March 1992 and March 1994	Rajasthan Seeds Corporation Ltd., Jaipur	Supply of stylo Hameta and Scabra, fertilizers and inputs	34.96	The details of material received against the payments and utilisation thereof was not available with the Directorate Watershed Development and Soil Conservation
	(ii) 1992-93	Sawai Madhopur Division	Purchase of seeds and fertilizers	10.65	The details of material received were not available in the Divisions
Tripura	(i) March 1991	Implementing Officers	(i) Construction of community hall, water harvesting structures, etc.	18.00	Though adjustment bills were awaited, the amount was treated as final expenditure and utilization certificate sent
	(ii) March 1993	-do-	(ii) - do -	22.71	-do-
West Bengal	1992-93	Panchayat Samities	Construction of nurseries and Barani Chetna Kendra	35.00	
		Total		223.39	

Appendix XIII
(Refers to paragraph 7.1.4)
Position Showing Company wise principal and interest overdue as on 30.06.1995
Shipping Companies

(Rupees in crore)

Sl. No	Name of the Company	Principal Overdue	Interest Overdue	Total Overdue
1.	Damodar Bulk Carriers	24.65	20.33	44.98
2.	Dempo Steamships	57.97	39.40	97.37
3.	India Steamships	26.59	7.24	33.83
4.	Indoceanic Shipping Co.	18.85	15.72	34.57
5.	Nilhat Shipping	11.88	15.32	27.20
6.	R.A.J. Lines	1.23	1.27	2.50
7.	Ratnakar Shipping Company	15.93	4.60	20.53
8.	Seven Seas Transportation Ltd.	12.93	5.95	18.88
9.	Sujwala Shipping Co.	1.27	1.40	2.67
10.	Thakur Shipping Co.	7.82	5.53	13.35
11.	Panchseel Shipping	8.29	15.62	23.91
12.	Deccan Shipping	2.06	1.89	3.95
13.	Sciendia Steam Navigation	99.10	62.33	161.43
14.	Mangla Bulk Carrier	1.66	1.69	3.35
15.	Mercator Lines	0.03	-	0.03
16.	Hedge Navigation Ltd.	29.28	27.90	57.18
17.	Streamline Shipping Co.	2.43	1.32	3.75
18.	Nirvan Shipping Ltd.	3.64	2.93	6.57
		325.61	230.44	556.05

Appendix XIV
(Refers to paragraph 7.1.4)

Position Showing Company Wise Principal and interest over due as on 30.06.1995
Fishing Companies

(Rupees in crore)

Sl. No.	Name of the Company	Principal Overdue	Interest Overdue	Total Overdue
1.	Srinivasa Enterprises	1.57	1.90	3.47
2.	Aqua Seafoods	0.22	0.31	0.53
3.	Marine Fisheries (P) Ltd.	0.46	0.49	0.95
4.	Phonix India	0.11	0.09	0.20
5.	A.P. Fisheries	0.15	0.20	0.35
6.	Kerala Fisheries	0.15	0.10	0.25
7.	West Coast Marine	0.32	0.49	0.81
8.	Yamuna Sea Foods	1.16	1.34	2.50
9.	Suraj Fisheries	0.72	0.61	1.33
10.	Sancheti Food Productes	0.70	0.72	1.42
11.	Marshal Seafoods	0.77	0.81	1.58
12.	Uninarine P. Ltd.	0.80	0.84	1.64
13.	Satyasai Marine	0.37	0.36	0.73
14.	Sapphire Fisheries	0.43	0.50	0.93
15.	S.B.S. Marine Exports	0.87	1.05	1.92
16.	Coromandal Marine	0.39	0.41	0.80
17.	Samro Food Processors	0.40	0.46	0.86
18.	Arya Fisheries	0.53	0.68	1.21
19.	Annai Fisheries	0.28	0.30	0.58
20.	Columbea Seafoods	0.52	0.73	1.25
21.	Rainbow Seafoods	0.63	0.61	1.24
22.	Leela Seafoods	0.30	0.49	0.79
23.	Golden Ahar	0.53	0.75	1.28
24.	Golden Proteins	0.21	0.35	0.56
25.	Varuna Marine Products	1.05	1.52	2.57
26.	Four Seasons	0.60	0.66	1.26
27.	V.B.C. Exports Ltd.	1.14	1.71	2.85
28.	Gujrat Fisheries	0.15	0.18	0.33
29.	Akama Marine	1.23	2.02	3.25
30.	Shrimp India Ltd.	1.23	2.04	3.27
31.	Coastal Trawlers	1.39	1.87	3.26
32.	Usha Sea Foods	0.50	0.61	1.11
33.	Sarvashakhi	0.48	0.80	1.28
34.	Matsayika Exports	0.43	0.27	0.70
35.	Ocean Products and Shipping	0.67	0.81	1.48
36.	G.P. Marine	0.36	0.80	1.16
37.	Ganga Kaveri Sea Foods	0.09	0.40	0.49
38.	Yeduguri Seafoods	0.90	1.69	2.59
39.	Shabari Fisheries	0.24	0.42	0.66

Sl. No.	Name of the Company	Principal Overdue	Interest Overdue	Total Overdue
40.	Shreyas Seafoods	0.24	0.41	0.65
41.	Capricorn Fisheries	0.24	0.41	0.65
42.	Sarvanan Marine	0.15	0.38	0.53
43.	Reliance Sea Foods	0.50	0.70	1.20
44.	Fishing Consortium	0.54	0.70	1.24
45.	Tashina Seafoods	0.54	0.70	1.24
46.	Raghu Seafoods	0.28	0.47	0.75
47.	Sagarika Seacrafts	0.20	0.34	0.54
48.	Orissa Maritime	Nil	0.11	0.11
49.	Sri Murgum Fisheries	0.26	0.42	0.68
50.	Venkateswara Fisheries	0.36	0.37	0.73
51.	Seamen Fisheries	0.38	0.56	0.94
52.	Holy Island	0.38	0.52	0.90
53.	Seagull Seafoods	0.45	0.56	1.01
54.	Cholamandal Shipping	0.45	0.56	1.01
55.	Pallava Seafoods	0.42	0.58	1.00
56.	Dana Shipping	0.95	1.50	2.45
57.	Sri Laxmi Marine	0.19	0.41	0.60
58.	Sennai Fisheries	0.43	0.58	1.01
59.	Kaza Seafoods	0.31	0.85	1.16
60.	Nekkanti Seafoods	0.31	0.58	0.89
61.	High Seafoods	0.29	0.41	0.70
62.	Premier Trawling	0.15	0.37	0.52
63.	Gees Marine	0.15	0.40	0.55
64.	Swagtha Marine	0.10	0.37	0.47
65.	Crown Fisheries	0.15	0.38	0.53
66.	Mahalakshmi Manine	0.24	0.42	0.66
67.	Seabay Venture	0.27	0.29	0.56
68.	Bhavari Traders	0.19	0.24	0.43
69.	Geetha Marine	0.12	0.32	0.44
70.	Sharmila Fisheries	0.14	0.36	0.50
71.	Victoria Fishereies	0.73	0.72	1.45
72.	Michel Seafoods	0.33	0.62	0.95
		33.49	47.00	80.49

Appendix XV

(Refers to paragraph 7.2.8.3)

Delay in disbursement of loans by the Designated Financial Institutions

Sl. No.	Name of the Units	DFI	Date of receipt of funds by DFI from GOI	Date of disbursement by DFI to unit	Amount (Rs. in crore)	Time Gap (in days)	Delay (in days)
1.	Multiweldwire Co. Pvt. Ltd.	Industrial credit and investment Corporation of India Limited	31.03.92	30.04.92	0.15	30	23
2.	Neycer India Ltd.	-do-	02.12.92	27.03.93	0.76	56	49
3.	-do-	-do-	05.07.93	11.08.93	0.53	37	30
4.	Kalyanpur Cement Ltd.	Industrial Financial Corporation of India Limited	09.11.93	10.12.93	1.92	31	24
5.	India Jute & Industries Ltd.	-do-	11.11.92	11.12.92	0.41	30	23
6.	-do-	-do-	09.11.93	10.12.93	0.68	31	24
7.	Rohtak Textile Mills Ltd.	-do-	11.11.92	11.12.92	0.04	30	23
8.	-do-	-do-	09.11.93	10.12.93	0.11	31	24
9.	Southern Hydrocarbons Ltd.	-do-	11.11.92	11.12.92	0.10	30	23
10.	-do-	-do-	09.11.93	10.12.93	0.12	31	24
11.	Howrah Mills Co. Ltd.	-do-	11.11.92	11.12.92	1.20	30	23
12.	Samrat Forgings Ltd.	-do-	11.11.92	11.12.92	0.04	30	23
13.	Satia Paper Mills Ltd.	-do-	11.11.92	11.12.92	0.05	30	23
14.	-do-	-do-	09.11.93	10.12.93	0.09	31	24
15.	Enfield India Ltd.	-do-	09.11.93	10.12.93	0.45	31	24
16.	R.G.Founry Forge Ltd.	-do-	09.11.93	10.12.93	0.20	31	24
17.	Maharashtra Steels Ltd.	-do-	11.11.92	11.12.92	0.16	30	23
18.	-do-	-do-	09.11.93	10.12.93	0.82	31	24
19.	Aekta Ltd.	-do-	11.11.92	11.12.92	0.47	30	23
20.	-do-	-do-	09.11.93	10.12.93	0.36	31	24

Contd.

Sl. No.	Name of the Units	DFI	Date of receipt of funds by DFI from GOI	Date of disbursement by DFI to unit	Amount (Rs. in crore)	Time Gap (in days)	Delay (in days)
21.	Mahindra Nissan Allwyn Ltd.	Industrial Development Bank of India	02.03.93	31.03.93	0.18	29.	22
22.	Kamani Tubes Ltd.	-do-	02.03.93	31.03.93	0.63	29	22
23.	Trichur Cotton Mills Ltd.	-do-	14.03.95	19.04.95	0.25	36	29

Appendix XVI
(Refers to paragraph 7.2.8.4)

Incorrect dates fixed by the DFIs for commencement of the repayment of loans

Sl. No.	Name of the Unit	DFI	Date of last disbursement to Co.	Date of commencement of repayment by unit as fixed by DFI	Correct date of commencement of repayment
1.	Krishna Glass Ltd.	ICICI	08.04.92	15.05.96	08.04.95
2.	Sriram Bearings Ltd.	-do-	14.12.92	15.02.97	14.12.95
3.	Neycer India Ltd.	-do-	11.08.93	15.08.97	11.08.96
4.	Permanent Magnets Ltd.	-do-	31.03.95	15.04.98	31.03.98
5.	Howrah Mills Ltd.	IFCI	11.12.92	01.04.96	11.12.95
6.	Samrat Forgings Ltd.	ICICI	11.12.92	15.01.96	11.12.95
7.	Aekta Ltd.	-do-	10.12.93	15.01.97	10.12.95
8.	Bihar Caustic and Chemicals Ltd.	IDBI	27.03.95	March 1999	27.03.98
9.	Enfield India Ltd.	IFCI	10.12.93	15.01.97	10.12.96
10.	R.G.Foundy Forge Ltd.	IDBI	10.12.93	15.01.97	10.12.96
11.	Maharashtra Steel Ltd.	-do-	10.12.93	15.01.97	10.12.96
12.	Circar Paper Mills	-do-	24.8.92	From 1997	24.8.95

Appendix XVII

(Refers to paragraph 10.1)

Statement of losses and irrecoverable dues written off during 1994-95

(Rupees in lakh)

Name of Ministry/ Department	Write off of losses and irrecoverable dues due to			
	Neglect/fraud etc.		Other reasons	
	No. of cases	Amount	No. of cases	Amount
Atomic Energy			10	1.27
Commerce			1	0.04
Energy			4	0.24
External Affairs	1	3.89	2	1.69
Finance			3	2.03
Food			1	0.10
Home			13	0.67
Information & Broadcasting	1	0.04		
Space			4	3.25
Surface Transport	19	9.81	150	17.85
Survey of India			1	0.05
Total	21	13.74	189	27.19

Appendix XVIII
(Refers to paragraph 10.2)

Summarised financial results of Departmentally managed Government Undertakings

(Rupees in lakh)

Sl. No	Name of the Undertaking	Period of Accounts	Government Capital	Block Assets (Net)	Depreciation to date	Profit(+) Loss(-)	Interest on Government Capital	Total return	Percentage of total return to mean capital	Remarks
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.
Ministry of Agriculture										
1.	Delhi Milk Scheme	1988-89	1616.34	243.20	599.05	(-)1917.34	181.44	(-)1735.90	-	
2.	Ice-cum-Freezing Plant, Cochin	1987-88	41.17	40.67	33.30	(-)20.90	-	(-)20.90	-	
Ministry of Defence										
3.	Canteen Stores Department	1989-90	48.00	298.85	409.46	2739.90	1030.24	3770.14	29.55	
Ministry of Power										
4.	Electricity Department, Andaman and Nicobar Islands	1989-90	3075.02	2755.22	319.80	(-)1057.65	241.94	(-)1815.71	-	
5.	Electricity Department, Lakshadweep	1982-83	185.80	110.57	36.76	(-)64.04	8.11	(-)55.93	-	
Ministry of Environment and Forests										
6.	Forest Department, Andaman and Nicobar Islands	1986-87	375.02	375.02	180.71	(+)778.52	132.40	(+)2465.79	-	
Ministry of Finance										
7.	India Security Press, Nasik Road	1992-93	5396.65	4089.22	1403.80	(+)1636.73	1489.68	3126.41	21.61	Figures based on Profit and Loss after adjustment
8.	Security Printing Press, Hyderabad	1993-94	1348.00	980.00	369.00	(+)302.00	214.00	516.00	26	Un-audited provisional figures.
9.	Currency Note Press, Nasik Road	1992-93	7681.67	5498.00	2400.00	(+)2508.34	1966.87	4474.91	23.89	Figures based on Profit/Loss after adjustment.
10.	Government Opium Factory, Ghazipur	1990-91	175.68	94.37	34.38	(+) 799.63	392.52	1192.15	30.37	
11.	Government Opium Factory, Neemuch	1992-93	219.93	191.27	27.16	(+) 2044.82	187.87	2232.69	124.78	
12.	Government Alkaloid Works, Neemuch	1992-93	456.64	199.94	10.06	(+) 288.89	41.63	330.52	83.37	
13.	Government Alkaloid Works, Ghazipur	1990-91	136.70	26.96	23.89	(-) 176.24	28.81	(-) 147.43	-	
14.	India Government Mint, Bombay	1983-84	29.89	516.46	25.22	(+)1561.18	193.32	(+)1754.50	63.98	
15.	India Government Mint, Calcutta	1990-91	409.39	276.33	299.40	(-)656.41	762.13	(+)5.72	-	
16.	India Government Mint, Hyderabad	1991-92	4453.70	583.67	337.63	(-)854.88	516.69	338.19	7.59	
17.	Assay Department, Bombay	1980-81	13.00	12.76	0.32	(+)8.04	0.43	(+)8.47	119.85	
18.	Assay Department, Calcutta	1990-91	6.53	6.01	0.19	(+)1.60	Nil	(+)1.60	-	
19.	Silver Refinery, Calcutta	1990-91	58.91	9.84	103.52	(+)552.26	165.24	(+)717.50	-	
20.	Bank Note Press, Dewas	1988-89	5330.65	4004.41	1326.24	(+) 400.57	1020.55	1421.12	26.66	
21.	Security Paper Mill, Hoshangabad	1981-82	3171.16	2318.31	852.85	(-) 152.39	198.89	46.50	1.47	
Ministry of Health and Family Welfare										
22.	Central Research Institute, Kasauli	1993-94	230.23	20.26	28.76	42.84	42.32	235.69	59.49	
23.	Medical Stores Depots	1984-85	(+)978.92	44.61	35.19	(+)38.14	(+)79.98	1306.13	-	The figures do not include the results of GMSD Delhi & GMSD Bombay.
24.	Vegetable Garden of the Central Institute of Psychiatry, Kanke, Ranchi	1994-95	0.31	0.24	0.002	(-)0.49	0.02	1.34	442.93	

Contd⇒

Sl. No	Name of the Undertaking	Period of Accounts	Government Capital	Block Assets (Net)	Depreciation to date	Profit(+) Loss(-)	Interest on Government Capital	Total return	Percentage of total return to mean capital	Remarks	
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	
Ministry of Information and Broadcasting											
25.	All India Radio	1982-83	8325.15	5227.06	3098.09	(-)3121.89	409.64	(-)2712.25	-		
Revenue Assets											
26.	Radio Publication, All India Radio	1985-86	639.64	0.45	0.11	(-) 48.58	0.90	(-) 48.49	-		
27.	Director General Doordarshan, New Delhi	1976-77	2545.61	2026.43	519.18	(-) 575.45	117.88	(-) 457.57	-		
28.	Commercial Sales Service, Doordarshan, New Delhi	1976-77	-	0.14	-	(+) 57.62	-	(+) 57.62	-		
Revenue Assets											
29.	Films Division, Bombay	1984-85	828.99	217.90	(-)280.05	222.84	61.84	736.90	88.89	(i) Due to change in accounting method from 1983-84 net loss has been arrived at after taking into account revenue in respect of supply of prints made to Directorate of Field Publicity and national revenue (Rs.19.81 lakhs) for free supply of prints to State Governments. (ii) Figures for the year 1984-85 are yet to be audited.	
30.	Commercial Broadcasting Service, All India Radio	1983-84	251.28	178.71	72.57	(+) 1071.47	-	(+) 1071.47			
Ministry of Surface Transport											
31.	Lighthouses and Lightships Department	1991-92	8824.60	8030.32	1463.76	635.15	500.00	1153.15	0.17		
32.	Shipping Department, Andaman and Nicobar Islands	1972-73	43.58	56.80	7.89	(-) 80.15	4.47	(-) 75.68	-		
33.	Ferry Service, Andaman	1984-85	195.85	86.93	108.92	(-) 95.45	18.49	(-) 76.96			
34.	Marine Department (Dockyard) Andaman and Nicobar Islands	1984-85	6.11	2.59	3.52	(-) 31.76	19.52	(-) 12.24	-		
35.	Chandigarh Transport Undertaking, Chandigarh	1988-89	1321.81	708.18	119.65	(-) 406.77	111.00	(-) 295.77			
36.	State Transport Service, Andaman and Nicobar Islands	1977-78	35.87	16.05	50.05	(-) 21.03	1.64	(-) 19.39	-	Acceptance received from the Ministry of Surface Transport	
Ministry of Urban Development											
37.	Department of Publications, New Delhi	1989-90	"A new normative pricing policy is being formulated and till the final decision is taken the question of simplification of Proforma Accounts, Profit and Loss Accounts, Balance Sheet, etc., has been kept in abeyance by the Ministry".							Working results in both the cases are not made available	
38.	Government of India Presses	1982-83	-----do-----							----do----	

Appendix XIX

(Refers to Paragraph 10.3)

**Summarised position of the Action Taken Notes awaited from various Ministries/
Departments as on 31th December 1995**

Sl. No	Name of the Ministry / Department	Year of Report	Number of Paragraph on which Action Taken Notes (Awaited)			
			Due	Awaited		
				Civil	Other Autonomous Bodies	Total
1.	Bio-Technology	1993-94	1	1	-	1
2.	Civil Supplies and Consumer Affairs	1993-94	1	-	1	1
3.	Commerce (Department of Commerce)	1993-94	8	1		1
4.	Environment & Forest	1989-90	1	1	-	1
		1993-94	3	2	-	2
5.	External Affairs	1993-94	3	1	-	1
6.	Finance (Department of Economic Affairs)	1990-91	8	1	-	1
		1992-93	1	1	-	1
		1993-94	7	1	-	1
		(Department of Revenue)	1993-94	2	2	-
7.	Health & Family Welfare (Department of Health)	1992-93	4	1	-	1
		1993-94	5	1	-	1
8.	Home Affairs	1990-91	26	1		1
		1991-92	25	8	1	9
		1992-93	15	10	-	10
		1993-94	11	8	-	8
9.	Human Resource Development (Department of Culture)	1989-90	6	-	1	1
		1991-92	1	1	-	1
		1992-93	5	2	2	4
		1993-94	2	-	2	2
	(Department of Education)	1991-92	15	1	2	3
		1992-93	15	1	6	7
		1993-94	15	1	6	7
	(Department of Women & Child Development)	1992-93	1	1	-	1

Contd ⇨

Sl. No	Name of the Ministry/ Department	Year of Report	Number of Paragraph on which Action Taken Notes (Awaited)			
			Due	Awaited		
				Civil	Other Autonomous Bodies	Total
	(Department of Youth Affairs & Sports)	1993-94	2	-	1	1
11.	Information & Broadcasting	1993-94	7	1	-	1
12.	Mines	1993-94	1	1	-	1
13.	Personnel, Public Grievance and Pension (Department of personnel & Training)	1993-94	2	1	-	1
14.	Science & Technology	1993-94	1	1	-	1
15.	Space	1993-94	1	1	-	1
16.	Surface Transport	1991-92	28	-	3	3
		1992-93	24		4	4
		1993-94	31	2	26	28
17.	Urban Affairs and Employment	1988-89	14	-	5	5
		1989-90	13	-	6	6
		1990-91	25	-	9	9
		1991-92	18	-	9	9
		1992-93	20	-	12	12
		1993-94	13		6	6
Total			385	54	102	156

