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REPORT OF THE
COMPTROLLER AND
AUDITOR GENERAL
OF INDIA

FOR THE YEAR
1977-78

GOVERNMENT OF ORISSA
(CIVIL)

ERRATA

REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA FOR THE YEAR 1977-78—GOVERNMENT OF ORISSA—CIVIL

<u>Page</u>	<u>Para</u>	<u>Further reference</u>	<u>For</u>	<u>Read</u>
13	1.6.7	Line—3	balance	balances
18	1.7.1(a)	Line—2 below the table	scheme.	schemes.
25	1.9.3	Line—3	gurarantee	guarantee
28	2.1(a)	Column (4) heading	Savings (—)	Saving (—)
31	2.3	Line—2	15	16
38	..	Line—11 from bottom	Jakhapura Banspani	Jakhapura— Banspani
39	..	Line—5 from bottom column (5)	130	100
45	..	Line—20 from bottom column (4)	4.48	4.84
48	3.1.1.4	Line—2	viz.	viz.,
53	..	Line—8	frm	from
59	..	Line—3	Insert '.' after October 1970	
59	..	Line—21	payabale	payable
64	3.3	Line—8	Dirctor	Director
64	3.3	Line—10	rcords	records
67	..	Line—1	furnances	furnaces
69	..	Line—11 from bottom	equipment purchased	equipment. The equipment purchased
70	..	Lines 1 and 2	miseros-copes	micros-copes
70	..	Sub-para—2, line—4	microscopes	microscopes
70	..	Sub-para—2, line—9	monocular	monocular
74	3.11.2	Line—11	Insert '(' between the words 'department' and 'without'	
79	3.13	Sub-para—2, line—10	having	have
82	3.16	Line—2	—Civil—	(Civil)
83	3.16.3	Sub-para—2, line—2	september	September
84	..	Line—13	geneal	general
86	..	Table heading— column—1	Subdivision	Sub-division
87	..	Line—1	Insert '(C)' at the beginning as sub-para number	
87	..	Table heading— column (1)	Subdivision	Sub-division
87	..	Sub-para (e), line—2	Develoment	Development
93	..	Line—9 from bottom	lakhsup to	lakhs up to
93	..	Line—10 from bottom	form	from

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100	..	Line—4 from bottom	Rangalbera	Rengalbera
102	..	Table—column—1, Item (3), line—2	Officer	Officer,
103	3.26	Line—5	Audit	audit
109	4.1.3.4	Line—2	Delete 'y' after Rs. 1,68.46 lakhs	(February 1978).
111	..	Line—12 from bottom	(February 1978)	(February 1978).
113	..	Line—1	watersupply	water supply
117	4.1.4.4	Sub-para—2, line—8	Delete the word 'the' between the words 'of' and 'Government'	
121	4.1.6.3	Line—6	(January 1977)	(January 1977);
132	..	Line—9 from bottom	Govrnment	Government
133	..	Table	Delete '(In rupees)' and insert 'Rs.' before '1,138' and '1,729'	
137	4.6	Sub-para—2, line—3	tender	tender:
138	..	Table—column (4), last line	2549	254*
144	4.9	Line—3	envisgaed	envisaged
159	4.19	Line—4	eeceived	received
162	..	Line—11 from bottom	execution the	execution, the
165	4.23	Heading	Improvement	improvement
176	..	Line—1	contol	control
177	..	Table—1 below columns (4) and (5)	(In lakhs of rupee)	(In lakhs of rupees)
180	..	Line—1	societies	Societies
189	7.2.2	Lines 5 and 6	Thirty three	Thirty-three
191	7.2.5	Line—7	accoonts	accounts
197	..	Table heading— column (3)	1977 of 3	1977 of 37
200	..	Line—8	(May 1978) the	(May 1978). The
200	..	Line—14	was	were
209	7.4.7	Line—7	Rs. 0.99 lakh	Rs. 0.09 lakh
210	7.5.1	Line—3 below table	Section 15 (i)	Section 15 (1)
212	7.5.4.	Line—3	i.e.	i.e.,
215	..	Line—4 from bottom	grant	grants
223	..	Sub-para (c), line—7	disbursement	disbursements
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PREFATORY REMARKS

This Report has been prepared for submission to the Governor under Article 151 of the Constitution. It relates mainly to matters arising from the Appropriation Accounts for 1977-78 together with other points arising from audit of financial transactions of Government of Orissa. It also includes:—

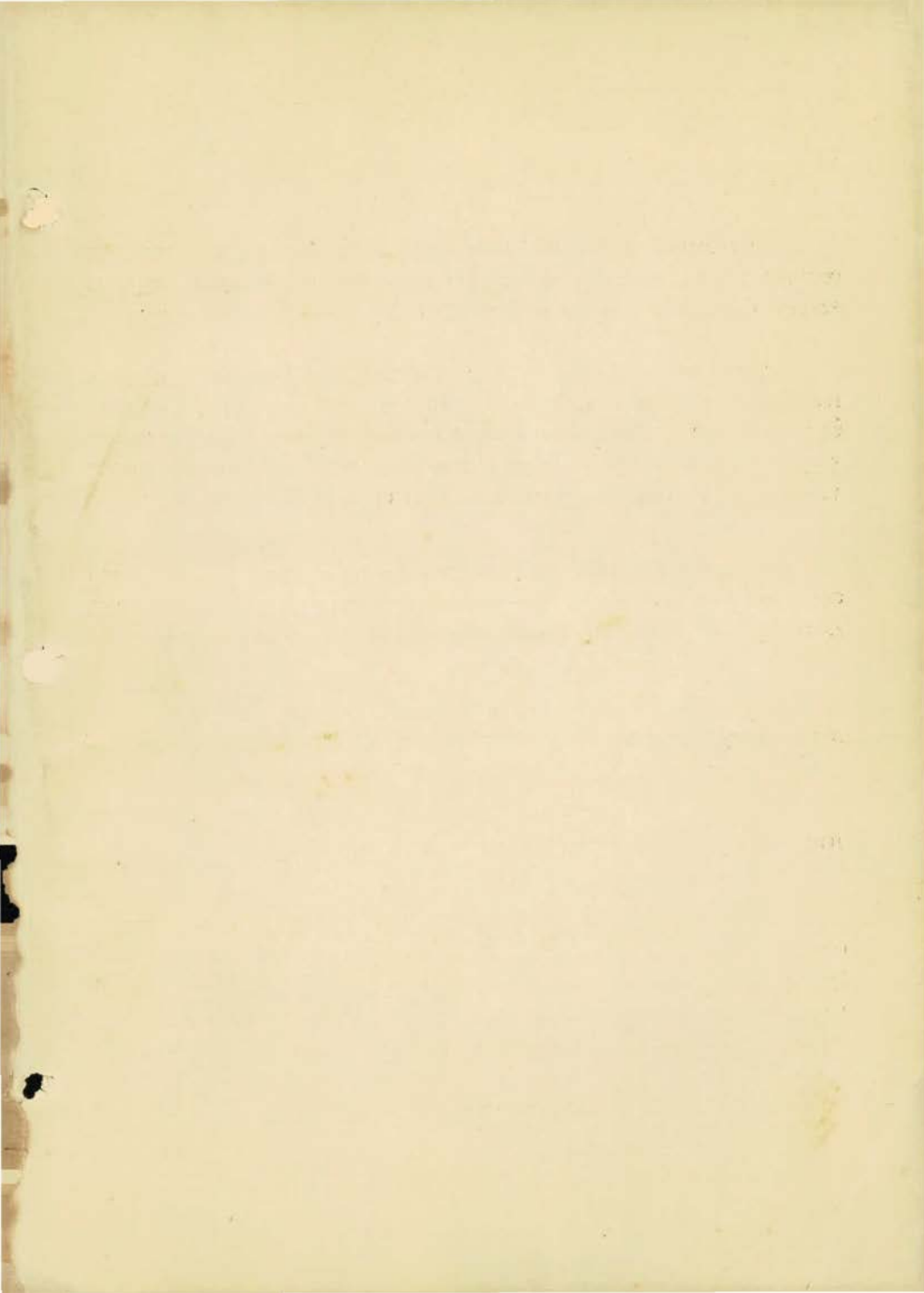
(i) certain points arising from the Finance Accounts for the year 1977-78; and

(ii) comments on Village Reconstruction Programme and Rural Water Supply Scheme (Drinking Water).

2. The Report containing the observations of Audit on Statutory Corporations and Government Companies and the Report containing the observations of Audit on Revenue Receipts are presented separately.

3. The cases mentioned in the present Report are among those which came to notice in the course of test audit of accounts during the year 1977-78 as well as those which had come to notice in earlier years but could not be dealt with in previous Reports ; matters relating to the period subsequent to 1977-78 have also been included, wherever considered necessary.

4. The points brought out in this Report are not intended to convey or to be understood as conveying any general reflection on the financial administration by the departments/bodies/authorities concerned.



CHAPTER I

GENERAL

1.1. Summary of transactions

The receipts and expenditure of the Government of Orissa for the year 1977-78 are given below with corresponding figures of the preceding year:—

	1976-77	1977-78
	(In crores of rupees)	
(1) Revenue—		
Revenue receipts ..	3,25·80	3,68·86
(2) Revenue expenditure ..	3,08·16	3,41·03
Revenue surplus (+) ..	(+)17·64	(+)27·83
(3) Public Debt—		
(i) Internal Debt of the State Government—		
Net increase(+) ..	(+)13·43	(+)5·70
(ii) Loans and advances from the Central Government—		
Net increase (+) ..	(+)34·22	(+)47·93
Total—Public Debt (net) Increase	(+)47·65	(+)53·63
(4) Capital expenditure (net)—		
Increase (—) ..	(—)55·52	(—)78·43
(5) Loans and advances by the State Government (net)—		
Increase(—) ..	(—)27·59	(—)20·02
(6) Transfer to Contingency Fund ..	..	(—) 4·00
(7) Contingency Fund (net)—		
Increase (+) ..	(+)0·54	(+) 0·17

	1976-77	1977-78
	(In crores of rupees)	
(8) Public Account (net)—		
Increase (+)	.. (+)14.95	(+)34.17
Net surplus (+)/deficit (—)	.. (—)2.33	(+)13.35
Opening cash balance	.. (—)16.03	(—)18.36
Closing cash balance	.. (—)18.36	(—)5.01(a)

1.2. Revenue surplus/deficit

(a) *Revenue receipts*—The revenue receipts of the State Government for 1977-78 compared with the budget estimates during the year along with the corresponding figures for 1975-76 and 1976-77 are shown below:—

Year	Budget	Actual	Variation between columns (3) and (2)	
			Amount	Percentage
(1)	(2)	(3)	(4)	(5)
(In crores of rupees)				
1975-76	.. 2,68.10	2,77.46	(+) 9.36	3
1976-77	.. 3,11.35	3,25.80	(+)14.45	5
1977-78	.. 3,77.73	3,68.86	(—) 8.87	2

(a) There was a difference of Rs. 2.30 crores between the figures reflected in the accounts (Rs. (—) 5.61 crores) and that intimated by the Reserve Bank of India (Rs. (—) 7.91 crores) regarding "Deposits with Reserve Bank" included in the cash balance. Difference to the extent of Rs. 2.26 crores has since been reconciled and adjusted and the remaining difference of Rs. (—) 0.04 crore is under reconciliation (January 1979).

(b) *Expenditure on revenue account*—The expenditure on revenue account as compared with (i) the budget estimates and (ii) the budget estimates plus supplementary provisions along with the corresponding figures for 1975-76 and 1976-77 is shown below:—

Year	Budget	Budget plus supple- mentary	Actual	Variation between columns (4) and (3)	
				Amount	percentage
(1)	(2)	(3)	(4)	(5)	(6)
(In crores of rupees)					
1975-76 ..	2,74.90	3,15.33	2,76.18	(—)39.15	12
1976-77 ..	3,08.83	3,54.35	3,08.16	(—)46.19	13
1977-78 ..	3,51.11	3,68.50	3,41.03	(—)27.47	7

(c) The year 1977-78 ended with a revenue surplus of Rs. 27.83 crores as against anticipated revenue surplus of Rs. 26.62 crores.

1.3. Revenue receipts

The revenue receipts of Government for the year 1977-78 (Rs. 3,68.86 crores) registered an increase of 13 per cent (Rs. 43.06 crores) over those for 1976-77 (Rs. 3,25.80 crores). A comparative analysis of the revenue receipts during 1976-77 and 1977-78 together with an analysis of the increase in 1977-78 over 1976-77 is given below:—

	1976-77	1977-78	Increase(+)/ decrease(—) Amount
(In crores of rupees)			
(1) <i>Receipts from Government of India</i> —			
Grants under Article 275 (I) of the Constitution	62.33	72.33	(+)10.00
Other grants ..	39.45	62.09	(+)22.64
State's share of divisible	65.22	69.37	(+) 4.15
Union Taxes			
Total (I)	1,67.00	2,03.79	(+)36.79

	1976-77	1977-78	Increase(+)/ decrease(-) Amount
--	---------	---------	---------------------------------------

(In crores of rupees)

(2) Revenue raised by the State—

(i) Tax Revenue—

Taxes on Income and expenditure	0·07	0·07	..
Taxes on Property and capital transactions	9·55	10·46	(+)0·91
Taxes on Commodities and services	71·20	73·24	(+)2·04

(ii) Non-Tax Revenue—

Interest receipts, dividends and profits	25·62	26·82	(+)1·20
Other Non-Tax Revenue	52·36	54·48	(+)2·12
Total (2)	1,58·80	1,65·07	(+)6·27
Total Revenue receipts	3,25·80	3,68·86	(+)43·06

More information on the subject will be found in the Report of the Comptroller and Auditor General of India for the year 1977-78— Government of Orissa—Revenue Receipts.

1.4. Expenditure on Revenue account

The expenditure on revenue account in 1977-78 (Rs. 3,41·03 crores) increased by 11 per cent (Rs. 32·87 crores) as compared with that of 1976-77 (Rs. 3,08·16 crores).

The increase is analysed below:—

	Actual		Increase
	1976-77	1977-78	
(In crores of rupees)			
277—Education ..	65.09	71.86	6.77
Increase was mainly due to expansion of primary education under Tribal Areas Sub-Plan and increased assistance to non-Government secondary schools.			
305—Agriculture	10.85	16.46	5.61
Increase was mainly due to more expenditure under Drought Prone Area Programme, agricultural programme under Tribal Areas Sub-Plan and payment of pay, dearness allowance and travelling allowance at enhanced rates to Government employees.			
249—Interest payments	38.22	42.70	4.48
Increase was attributed mainly to payment of more interest on internal debt and loans and advances from the Central Government as well as on increased Provident Fund accumulation.			
306—Minor Irrigation	3.28	7.23	3.95
Increase was mainly due to payment of more subsidy to the Orissa Lift Irrigation Corporation for lift irrigation schemes and more expenditure on investigation and development of ground water resources.			
288—Social Security and Welfare	15.76	18.70	2.94
Increase was mainly due to increased expenditure on welfare of scheduled caste and scheduled tribe people and on rehabilitation of freed tribal bonded labour and implementation of Integrated Tribal Development Projects under Tribal Areas Sub-Plan.			
282—Public Health, Sanitation .. and Water Supply	8.48	10.91	2.43

Increase was mainly due to more expenditure under prevention and control of diseases, Rural Piped Water supply, other Rural Water Supply

schemes under Minimum Needs Programme and Tribal Areas Sub-Plan in order to provide protected drinking water to the people in drought affected areas and tribal areas.

	Actual		Increase
	1976-77	1977-78	
(In crores of rupees)			
314—Community Development	11.93	13.09	1.16

Increase was mainly due to more expenditure on construction of roads under Rural Works Programme.

280—Medical	13.64	14.66	1.02
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Increase was mainly due to more expenditure on medical relief and additional staff for upgraded dispensaries and hospitals.

1.5. Capital expenditure

1.5.1. The capital expenditure during the three years ending 1977-78 compared with the budget estimates and budget estimate *plus* supplementary provisions is given below:—

Year	Budget	Budget <i>plus</i> supplementary	Actuals	Variation between columns (4) and (3)	
				Amount	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
(In crores of rupees)					
1975-76	32.68	45.80	56.87	+11.07	24
1976-77	41.82	58.05	55.52	-2.53	4
1977-78	73.51	80.16	78.43	-1.73	2

1.5.2. An analysis of the capital expenditure during 1977-78 and the progressive total up to that year is given below:—

	Expenditure during 1977-78	Progressive total to end of 1977-78
(In crores of rupees)		
General Services	1.42	24.32
Social and Community Services ..	6.51	54.52
General Economic Services ..	4.84	30.28
Agriculture and Allied Services ..	7.53	70.35
Industry and Minerals ..	2.60	44.87
Water and Power Development ..	47.30	3,59.61
Transport and Communications ..	8.23	98.04
Total ..	78.43	6,81.99

1.5.3. The sources from which the capital expenditure (Rs. 78.43 crores) as above, the net outgo under "Loans and Advances" by the State Government (Rs. 20.02 crores) and the transfer to Contingency Fund (Rs. 4.00 crores) were met during 1977-78 are given below:—

	Amount
(In crores of rupees)	
Net addition to Public Debt ..	53.63 ✓
Contingency Fund (net) ..	0.17 ✓
Public Account (net) ..	34.17 ✓
Revenue surplus ..	27.83 ✓
Increase in cash balance ..	(-)13.35 ✓
Total ..	1,02.45

1.6. Debt position

1.6.1. *Public Debt*—The total outstanding Public Debt of the State Government at the end of 1977-78 was Rs. 7,93·11 crores. An analysis of the Public Debt compared with the corresponding figures at the end of the two preceding years is given below:—

	Public debt as on 31st March		
	1976	1977	1978
	(In crores of rupees)		
<i>Long term borrowings—</i>			
Loans and advances from the Government of India	5,59·90	5,94·12	6,42·05
Market loans	1,02·14	1,08·00	1,16·10
<i>Loans from autonomous bodies</i>	29·54	29·83	29·89
<i>Short term borrowings—</i>			
Ways and means advances	0·25	7·53	5·07
Total ..	6,91·83	7,39·48	7,93·11

1.6.2. The details of increase of Rs. 53·63 crores in the debt liability of the State Government during 1977-78 are given below:—

	Debt		Net Increase(+)/ Decrease(—)
	Raised	Discharged	

(In crores of rupees)

I—Internal debt of the State Government—

(1) Market Loans bearing interest	15·52	..	+15·52
(2) Market loans not bearing interest	..	7·42	—7·42

	Debt		Net Increase(+)/ Decrease(-)
	Raised	Discharged	
(In crores of rupees)			
(3) Loans from the Life Insurance Corporation of India	1.40	0.59	+0.81
(4) Loans from the National Agricultural Credit Fund of the Reserve Bank of India	1.18	0.39	+0.79
(5) Loans from the State Bank of India and other Banks	13.00	15.00	-2.00
(6) Ways and means advances from the Reserve Bank of India—			
(a) Ways and means advances	1,04.77	1,07.23	-2.46
(b) Overdrafts	90.85	90.85	..
(7) Loans from other institutions	0.95	0.49	+0.46
Total (I)	2,27.67	2,21.97	+5.70

II—*Loans and advances from the Central Government—*

(1) Non-Plan loans	12.55	5.33	+7.22
(2) Loans for State Plan Schemes	53.57	6.55	+47.02
(3) Loans for Central Plan Schemes	3.74	0.18	+3.56
(4) Loans for Centrally Sponsored Plan Schemes	1.93	0.12	+1.81
(5) Pre-1974 loans	..	11.68	-11.68
Total (II)	71.79	23.86	+47.93
Total Public Debt	2,99.46	2,45.83	53.63

1.6.3. *Market loans*—In August 1977, Government notified a fresh market loan for a total nominal subscription of approximately Rs. 13.75 crores bearing interest at 6 per cent per annum. The issue price of the loan was Rs. 99.50 for every Rs. 100 of the loan and was repayable at par in August 1987. The total nominal value of the loan raised against the notification was Rs. 15.14 crores, of which Rs. 10.77 crores were subscribed in cash, Rs. 4.29 crores by conversion of 5½ per cent Orissa Government Loan 1977 and the remaining amount of Rs. 0.08 crore represented ½ per cent discount credited to 'Market loan' by debit to "Interest payments". Out of the loan raised, Rs. 15.11 crores were transferred to "Internal Debt of the State Government" during the year and issue of scrips for the nominal value of Rs. 0.03 crore was pending with the Bank for want of details from subscribers. In addition, Rs. 0.41 crore raised during 1976-77 and lying under deposit account were adjusted against the "Internal debt of the State Government" on issue of scrips.

The total market loan outstanding for repayment at the end of 1977-78 was Rs. 1,16.10 crores (Loans bearing interest : Rs. 1,13.71 crores and expired loans not bearing interest Rs. 2.39 crores). Rupees 6.95 crores were paid on account of interest on the loans bearing interest during 1977-78. Besides, Rs. 0.02 crore were paid to the Reserve Bank of India for management of debt.

Rupees 7.42 crores were repaid towards expired open market loans during 1977-78.

1.6.4. *Ways and means advances and overdrafts from the Reserve Bank of India*—

(a) Under an agreement with the Reserve Bank of India, the State Government have to maintain with the Bank a minimum cash balance of Rs. 60 lakhs on all working days. If the balance falls below this agreed minimum on any day, the Bank allows ordinary and special ways and means advances up to the limits mutually agreed upon between the Bank and Government. The limits for 1977-78 were Rs. 6.00 crores for ordinary and Rs. 6.00 crores for special ways and means advances.

If, even after the maximum advances are given, the cash balance falls below the prescribed minimum, the deficiency is left uncovered; the deficiency to the extent of minimum balance is treated as shortfall and the *minus* balance is treated as overdraft. The advances carry interest at one *per cent* below the Bank rate for the first 90 days, one *per cent* above the Bank rate beyond 90 days and up to 180 days and two *per cent* above the Bank rate beyond 180 days. The Bank charges interest on the shortfalls in the minimum balance at one *per cent* below the Bank rate and on overdrafts at the Bank rate up to and including the seventh day and at three *per cent* above the Bank rate thereafter.

(b) The extent to which the State Government were able to maintain the minimum balance with the Bank during 1977-78 is given below:—

1. Number of days on which minimum balance was maintained—

(i) Without obtaining any advance	..	142
(ii) by taking ordinary and special ways and means advances		98

2. Number of days on which there was shortfall from minimum balance after taking advances

6

3. Number of days on which overdrafts were taken

.. 119

(c) *Ways and means advances*—At the end of the previous year i.e., 1976-77, Rs. 7.53 crores were outstanding as ways and means advances. During 1977-78, the State Government obtained Rs. 1,04.77 crores as ways and means advances from the Reserve Bank of India. Out of the total advances of Rs. 1,12.30 crores, advances to the extent of Rs. 1,07.23 crores were repaid during 1977-78 leaving a balance of Rs. 5.07 crores (this was repaid in April 1978). Interest of Rs. 57.23 lakhs (Rs. 4.70 lakhs for outstanding advances pertaining to 1976-77 and Rs. 52.53 lakhs for the advances availed of during 1977-78) was paid in 1977-78 on these advances.

(d) *Shortfalls and overdrafts*—Rupees 90.85 crores were obtained as overdrafts which were repaid to the Bank during the year. Interest paid to the Bank on the overdrafts and shortfalls during the year was Rs. 19.00 lakhs.

1.6.5. Loans from autonomous bodies

(a) *Loans from the State Bank of India*—Government were availing of cash advance from the State Bank of India for procurement of foodgrains in the State. The outstanding balance of cash credit accommodation of Rs. 4.00 crores from the State Bank of India availed of during 1976-77 by Government was repaid in April and August 1977. Fresh cash credit advances of Rs. 13.00 crores were obtained by Government during 1977-78 out of which Rs. 11.00 crores were repaid and the balance of Rs. 2.00 crores remained outstanding at the end of the year. Interest of Rs. 49.27 lakhs was paid during the year on these loans.

(b) *Loans from other autonomous bodies*—Government also received loans from autonomous bodies for specific purposes. An analysis of the balances of outstanding loans from these bodies at the beginning and at the end of the year 1977-78 together with the transactions and interest paid to these bodies during the year is given below:—

Name of the body	Purpose of loan	Opening balance as on 1st April 1977	Receipts	Payments	Closing balance as on 31st March 1978	Interest paid
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(In crores of rupees)						
1. Life Insurance Corporation of India	Social Housing Scheme	16.03	1.40	0.59	16.84	1.07
2. National Agricultural Credit Fund of the Reserve Bank of India	Assistance to the Co-operative sector for promotion of agriculture	4.77	1.18	0.39	5.56	0.20
3. National Co-operative Development Corporation	Co-operative storages and promotion of Co-operatives	4.91	0.95	0.49	5.37	0.36
4. Khadi and Village Industries Commission	Promotion of Khadi and Village industries	0.12	..	..	0.12	..
	Total	25.83	3.53	1.47	27.89	1.63

1.6.6. Loans and advances from the Central Government

The borrowing from Government of India as at the end of 1977-78 (Rs. 6,42.05 crores) constituted 81 *per cent* of the Public Debt of the State Government (Rs. 7,93.11 crores). Interest paid on these borrowings during 1977-78 was Rs. 28.09 crores. The table below shows the transactions during the year, balances at the beginning and at the end of the year and the interest paid in respect of the different categories of loans during the year.

Category of loan	Balance as on 1st April 1977	Additions during the year	Repayments during the year	Balance as on 31st March 1978	Interest paid during 1977-78
(1)	(2)	(3)	(4)	(5)	(6)
(In crores of rupees)					
I. Non-Plan Loans	24.94	12.55	5.33	32.15	1.65
II. Loans for State Plan Schemes	92.69	53.57	6.55	1,39.72	4.87
III. Loans for Central Plan Schemes	5.14	3.74	0.18	8.70	0.30
IV. Loans for Centrally sponsored Plan Schemes	2.05	1.93	0.12	3.87	0.10
V. Pre-1974 loans	4,69.30	..	11.68	4,57.61	21.17
Grand total	5,94.12	71.79	23.86	6,42.05	28.09

1.6.7. Other debt and obligations

In addition to the Public Debt, Small Savings, Provident Funds, etc. (comprising mainly balances in the provident fund accounts of Government servants) and accumulated balance at the credit of earmarked and other funds and deposits (to the extent these funds and deposits have not been invested but are merged with the general cash balance of the Government)

also constitute liability of Government. The details of such liabilities are given below:—

Nature of liability	Balance on 1st April 1977	Receipts during the year	Repay- ments during the year	Balance on 31st March 1978	Net increase (+)/ decrease (—)
(1)	(2)	(3)	(4)	(5)	(6)
(In crores of rupees)					
1. Small Savings, Provident Funds, etc.	59.56	22.21	10.14	71.63	+12.07
2. Interest bearing obligations such as depreciation reserve funds of Government Commercial Undertakings, etc.	5.92(a)	1.60	..	7.52	+1.60
3. Non-interest bearing obligations such as deposits of local funds, Civil deposits and other earmarked funds	52.35	94.20	85.26	61.29	+8.94
Total	..	<u>1,17.83</u>	<u>1,18.01</u>	<u>1,40.44</u>	<u>+22.61</u>

1.6.8. Overall debt position of Government

The debt of the State Government, comprising Public Debt, Small Savings, Provident Funds and other liabilities, increased by Rs. 76.24 crores from Rs. 8,57.31 crores on 1st April 1977 to Rs. 9,33.55 crores on 31st March 1978. The debt position of Government at the close of 1977-78 with comparative figures for the preceding two years is given below:—

	Total debt on 31st March		
	1976	1977	1978
(In crores of rupees)			
Public Debt	6,91.83	7,39.48	7,93.11
Small Savings, Provident Funds, etc.	49.88	59.56	71.63
Other obligations	63.88	(a)58.27	68.81
Total	..	<u>8,05.59</u>	<u>(a)8,57.31</u>
			<u>9,33.55</u>

(a) The difference of Rs. 0.01 crore is due to rounding.

1.6.9. Interest on Public Debt and other obligations

The table below shows the net burden on revenue, of interest charges on Public Debt and other obligations in 1977-78 as compared with that in the preceding year:—

	1976-77	1977-78
	(In crores of rupees)	
1. Outstanding Public Debt and other obligations	8,57.31(a)	9,33.55
2. Interest payments on Public Debt and other obligations—		
Internal debt	8.91	9.94
Small Savings, Provident Funds, etc.	3.38	4.62
Loans and advances from Central Government	25.92	28.09
Other obligations	0.01	0.05
	<hr/>	<hr/>
Total interest payments	38.22	42.70
	<hr/>	<hr/>
3. Deduct—		
Interest received on loans and advances given by the State Government and interest realised on investment of cash balances	4.94	1.96
4. Net burden of interest charges on revenue	33.28	40.74
5. Percentage of gross interest to total revenue receipts	12	12
6. Percentage of net interest to total revenue receipts	10	11

(a) The difference of Rs. 0.01 crore is due to rounding.

In addition, there were book adjustments of interest charges shown as interest receipts by charge to departmental commercial undertakings amounting to Rs. 21·99 crores and other interest receipts of Rs. 2·75 crores. Government also received during the year Rs. 0·13 crore as dividend on investments in commercial undertakings and Co-operative societies. If these are also taken into account, the net burden of interest during 1977-78 would be Rs. 15·87 crores (4 per cent of the revenue).

1.6.10. Arrangements for amortisation of debt

(a) The arrangements for amortisation of Public Debt during 1977-78 were as follows:—

(i) *Market loans*—Government dispensed with the practice of appropriating amounts from revenue to sinking fund for repayment of market loans from 1974-75. Appropriation from revenue for depreciation fund has also been discontinued in respect of market loans raised from 1971-72 onwards. Appropriation from revenue for depreciation fund, however, continues in respect of loans raised up to 1970-71 at the rate of $1\frac{1}{2}$ per cent of the total nominal value of the loans raised. Interest realised on investments made out of the balances in these funds is also credited to the funds.

(ii) *Loans from Life Insurance Corporation of India*—Lump sum contribution from revenue at the rate decided by Government is being made to the sinking fund for amortisation of loans received from the Life Insurance Corporation of India.

(iii) *Loans and advances from the Central Government and other Public Debt*—No arrangement has been made for amortisation of these loans. Repayments are made from the Public Debt account as and when these fall due.

(b) *Sinking funds*—During 1977-78, Rs. 0·52 crore were appropriated from revenue and credited to the sinking funds for amortisation of debt and Rs. 7·58 crores were paid from the sinking funds on account of the loans due for discharge during the year. The balance in these funds at the end of the year was Rs. 23·43 crores. An analysis of the transactions of

these funds together with the opening and the closing balances and gross debt outstanding are given below:—

(1)	Balance as on 1st April 1977	Additions during 1977-78			With- drawals	Closing balance as on 31st March 1978
		Contri- bution from revenue	Inte- rest from invest- ments, etc.	Gain on reali- sation of secu- rities		
	(2)	(3)	(4)	(5)	(6)	(7)
(In crores of rupees)						
1. Sinking fund for internal debt of the State Government—						
(a) Market loans—						
Amortisation	24.14	..	0.86	0.02	6.32	18.70
Depreciation	4.51	0.45	..	..	1.26	3.70
(b) Loans from the Life Insurance Corporation of India	0.77	0.07	..	..	..	0.84
2. Sinking fund for loans and advances from Government of India—						
Industrial Housing Scheme	0.19	..	(a)	..	..	0.19
Total	29.61	0.52	0.86	0.02	7.58	23.43

Against the total Public Debt of Rs. 793.11 crores outstanding as on 31st March 1978, the accumulations in the sinking funds amounted to Rs. 23.43 crores at the end of the year. Out of the total accumulation of Rs. 23.43 crores in the sinking funds, Rs. 13.46 crores were invested by Government in the securities of the Central and State Governments and in statutory and other bodies. The balance of Rs. 9.97 crores in the sinking funds stands merged with the general cash balance of the State.

(a) Amount Rs. 54,881 only.

1.7. Loans and advances

1.7.1. (a) The actuals of disbursement of loans and advances by the State Government during 1977-78 as compared with the budget estimates and the budget estimates *plus* supplementary provisions along with the corresponding figures for 1975-76 and 1976-77 are shown below:—

Year	Budget	Budget <i>plus</i> supplementary	Actuals	Variation between columns (4) and (3)	
				Amount	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
(In crores of rupees)					
1975-76	14.57	21.94	16.07	-5.87	27
1976-77	42.52	48.89	39.47	-9.42	19
1977-78	32.90	35.20	31.83	-3.37	10

Out of the loans advanced during the year (Rs. 31.83 crores), Rs. 25.40 crores were for Plan scheme. The bulk of the Plan loans was advanced to the Orissa State Electricity Board for expansion of Power Projects (Rs. 21.74 crores).

(b) The budget and actuals of recoveries of loans and advances for the three years ending 1977-78 are given below:—

Year	Budget	Actuals	Variation	
			Increase (+)/ Decrease (-)	Percentage
(1)	(2)	(3)	(4)	(5)
(In crores of rupees)				
1975-76	12.22	15.40	+3.18	26
1976-77	15.25	11.88	-3.37	22
1977-78	14.22	11.81	-2.41	17

(c) The outstanding balance of loans and advances by the State Government during 1977-78 increased by Rs. 20.02 crores from Rs. 1,61.10^(a) crores on 1st April 1977 to Rs. 1,81.12 crores on 31st March 1978. Loans to the Orissa State Electricity Board (Rs. 1,30.44 crores) constitute the largest single component (72 *per cent*) of the outstanding balances on 31st March 1978. An analysis of the balance at the end of 1977-78 compared with

(a) Due to correction of opening balance *proforma*.

that of the preceding year together with increase/decrease in the outstanding balances under broad categories is given below:—

	Outstanding on 31st March		Increase(+)/ Decrease(-)
	1977	1978	
	(In crores of rupees)		
(i) Loans for Social and Community Services	23.60	23.99	+0.39
(ii) Loans for Economic Services—			
(a) General Economic Services	7.96	10.52	+2.56
(b) Agriculture and Allied Services	-0.12(a)	-0.88(a)	-0.76
(c) Industry and Minerals	10.12	8.89	-1.23
(d) Water and Power Development	1,10.66	1,30.44	+19.78
(e) Transport and Communications	2.10	2.10	..
(iii) Loans to Government Servants	6.34(b)	5.02	-1.32
(iv) Loans for Miscellaneous purposes	0.44	1.04	+0.60
Total	1,61.10	1,81.12	+20.02

1.7.2. *Loans and advances the detailed accounts of which are maintained by the Accountant General*—The detailed accounts of loans and advances to Municipalities, Corporations, etc., Government servants for house building and purchase of motor conveyance, etc. and to loanees under “State Aid to Industries Act” are maintained by the Accountant General. The total balance of these loans outstanding on 31st March 1978 was Rs. 5.95 crores.

(i) *Recoveries in arrears*—At the end of March 1978, recovery of Rs. 135.47 lakhs (Principal : Rs. 71.72 lakhs and interest : Rs. 63.75 lakhs) was overdue. Of this, Rs. 126.16 lakhs (Principal : Rs. 67.26 lakhs and interest : Rs. 58.90 lakhs) were overdue for more than three years.

(a) Minus balance is under reconciliation.

(b) The difference of Rs. 0.18 crore is due to correction in opening balance carried out *proforma*.

(ii) *Acceptance of balances*—In order to ascertain whether the balances outstanding in the books of the Accountant General represent the position correctly, the balances are communicated at the end of each year to the appropriate authorities for verification and acceptance. Acceptance of such balances of loans as on 31st March 1978 was not received (January 1979) in 1,153 cases (total balance: Rs. 2.59 crores), year-wise analysis of which is given below:—

		Number of cases	Amount (In lakhs of rupees)
1974-75 and earlier years	..	1,136	2,43.07
1975-76	..	9	2.05
1976-77	..	4	5.12
1977-78	..	4	8.33
		1,153	2,58.57

Some of these outstanding acceptances date back to 1966-67.

1.7.3. *Loans and advances the detailed accounts of which are maintained by the departmental officers*—The detailed accounts of all classes of loans and advances except those mentioned in sub-paragraph 1.7.2. above are maintained by the various departments of the State Government. The total balances of these loans and advances outstanding at the end of March 1978 was Rs.1,75.17 crores.

(a) According to the financial rules of Government, the departmental officers are to intimate to Audit by 31st May each year the arrears as on 31st March in recovery of principal and interest of loans and advances, the detailed accounts of which are maintained by them. Such information for the period ending 31st March 1978 has been received (January 1979)

from 11 departments. According to the information received, recovery of Rs. 36.79 crores (principal: Rs. 6.71 crores and interest: Rs.30.08 crores) was overdue as on 31st March 1978. A brief analysis of the arrears is given below:—

	Amount overdue on 31st March 1978	
	Principal	Interest
	(In crores of rupees)	
1. Loans for Social Security and Welfare	0.68	0.35
2. Loans for Co-operation	0.28	0.28
3. Loans for Agriculture	0.19	..
4. Loans for Minor Irrigation	0.03	..
5. Loans for Community Development	0.51	0.34
6. Loans for Industrial Research and Development	3.50	3.39
7. Loans for Village and Small Industries	0.74	0.64
8. Loans for Machinery and Engineering Industries	0.16	0.05
9. Loans for Power Projects	..	25.01
10. Miscellaneous loans	0.62	0.02
Total	6.71	30.08

(b) The departmental officers are also required to reconcile the transactions recorded in their books with those appearing in the books of the Audit Office and to certify at the end of each year that the balances shown as recoverable in their records agree with those shown outstanding in the books of the Audit Office. Acceptances of balances have not been received in 76 cases for Rs.61.18 crores (January 1979); some of these relate to 1966-67.

1.8. Investments

(a) During 1977-78, Government invested Rs. 12,77.91 lakhs in the share capital of statutory corporations (Rs. 3,88.02 lakhs), Government companies (Rs. 3,23.89 lakhs) and Co-operative Institutions (Rs. 4,76.38 lakhs) and in the debentures of the Orissa State Co-operative Land Development Bank (Rs. 89.62 lakhs).

(b) The total investments of Government from the Consolidated Fund as well as from the earmarked funds in the share capital and debentures of statutory corporations/boards, Government companies, joint stock companies and co-operative institutions at the end of 1975-76, 1976-77 and 1977-78 were Rs. 67.60 crores, Rs. 75.19 crores and Rs. 86.73 crores respectively. Dividend and interest received therefrom during 1975-76, 1976-77 and 1977-78 were Rs. 0.47 crore, Rs. 0.50 crore and Rs. 0.85 crore respectively; these formed 0.70 per cent, 0.66 per cent and 0.98 per cent of the total investments of Government at the end of each of these years. Further details are given in statement No.14 of the Finance Accounts 1977-78.

(c) According to the information so far furnished by Government (January 1979), thirteen Companies in which Government had invested Rs. 14.84 lakhs have been liquidated to end of March 1978 and nineteen other companies in which Government had invested Rs. 41.87 lakhs were under liquidation. Information regarding co-operative institutions liquidated or which are under liquidation and about realisation or write off of Government investments in those companies and co-operative societies has not been received from Government (January 1979).

1.9. Guarantees

1.9.1. Government have given guarantees for repayment of loans, etc., raised by statutory Corporations, Joint Stock Companies and Co-operative institutions, etc.

The guarantees are in the nature of contingent liabilities on the State revenues. Brief particulars of the sums guaranteed by Government are given below:—

Body on whose behalf guarantee was given	Maximum amount guaranteed	Sums guaranteed outstanding on 31st March 1978
(In crores of rupees)		
One statutory corporation and two statutory boards	1,11.42	1,03.56
Fourteen Government Companies	29.80	16.72
Six joint stock companies	0.75	0.75
One hundred and thirteen Co-operative banks and institutions	70.41	61.25
Two improvement trusts, fourteen municipalities and four notified area councils	4.81	4.81
Total	2,17.19	1,87.09

No law under Article 293 of the Constitution has been passed by the State Legislature laying down the limits within which Government may give guarantees on the security of the Consolidated Fund of the State.

1.9.2. The amount guaranteed by Government on behalf of the statutory corporation and boards includes guarantees given under the provisions of various statutes as mentioned below:

(a) Under Section 6 of the State Financial Corporations Act, 1951, the shares of the State Financial Corporation are to be guaranteed by the State Government as to the repayment of principal and payment

of annual dividend. Similarly, under Section 7 of the Act, the bonds and debentures of State Financial Corporation are to be guaranteed by the Government as to the repayment of principal and payment of interest. The sums guaranteed on behalf of the Orissa State Financial Corporation by the State Government and outstanding as at the end of March 1978 were as under:—

	Sums guaranteed	Guarantee outstanding on 31st March 1978
	(In crores of rupees)	
Share capital and dividend	1.00	1.00
Bonds, debentures and <i>ad hoc</i> loan	7.75	7.75
Total	8.75	8.75

In order to fulfil the guarantee under Section 6 of the Act, Government paid Rs. 14.87 lakhs as subventions to end of 1977-78. The subventions paid are to be repaid by the corporation from out of its future profits; no amount has been repaid by the corporation so far (January 1979).

(b) Under Section 66 of the Electricity Supply Act, 1948, the State Government may guarantee in such manner as it thinks fit, the repayment of principal and/or payment of interest of any loan raised by the State Electricity Board. The amount covered by the guarantees given by the State Government on behalf of the Orissa State Electricity Board to end of March 1978 was Rs. 1,01.07 crores; the Board availed of Rs. 93.98 crores out of the guaranteed amount as at the end of the year.

(c) Under Section 54(5) of the Orissa Housing Board Act, 1968, the State Government may guarantee the repayment of the principal and payment of interest at such rate as may be fixed by it. Government guaranteed a loan of Rs. 1,59.90 (crores) ^{lakhs} to the Housing and Urban Development Corporation on behalf of the Board of which the Board availed of Rs. 82.48 (crores) ^{lakhs} at the end of the year.

1.9.3. Government charge from the parties guarantee commission at rates ranging from 0.01 per cent to 1 per cent of the guarantee. On certain guarantees no fee is charged. The outstanding guarantee commission due on 31st March 1978 was Rs. 56.54 lakhs. Further details of the guarantees are given in Statement No. 6 of the Finance Accounts 1977-78.

✓ 1.9.4. Government constituted a Guarantee Reserve Fund in 1969-70 to meet the liability arising out of the guarantees being invoked. Contributions to the Fund are made from revenue by annual assignments from the Consolidated Fund. Recoveries made from the parties and interest realised on investments made out of the balances in the Fund are to be credited to the Fund. Rupees 10.03 lakhs were credited to the Fund from revenue during 1977-78 and Rs. 0.52 lakh were paid from the Fund on account of invocation of guarantee in favour of five industrial Co-operatives.

The balance at the credit of the Fund on 31st March 1978 was Rs. 37.67 lakhs; no part of the Fund was invested during the year.

Rupees 91.32 lakhs have been paid from 1968-69 to 1977-78 on behalf of the principal debtors on account of invocation of guarantees. No amount has been recovered so far (January 1979).

1.10. Financial results of Multipurpose River, Irrigation and Power Projects

(a) *Multipurpose River Projects* —The total capital outlay on Multipurpose Projects in the State as on 31st March 1978 was Rs. 1,91.18 crores. This constituted 28 per cent of the capital investment of Government. Of these, Hirakud Dam Project with a Capital Outlay of Rs. 69.68 crores (exclusive of Rs. 26.74 crores representing value of assets transferred to the Orissa State Electricity Board and treated as loan) and Balimela (Joint) Project with a capital investment of Rs. 42.08 crores on the Dam Project (exclusive of Rs. 1.00 crore transferred to Government of Andhra Pradesh as its share of expenditure) and Rs. 37.25 crores on the Power Project were commissioned in 1960-61 and 1973-74 respectively. Government incurred a deficit of Rs. 3.51

crores on the Hirakud Dam Project during 1977-78, after providing interest charges (Rs. 3.68 crores) on the capital and earned a net revenue of Rs. 5.88 crores from the Balimela Power Project during 1977-78 after providing interest charges (Rs. 2.52 crores) on the capital. More details are given in Statement No. 3 of the Finance Accounts 1977-78.

The following table gives the working results of the Hirakud Dam and Balimela Power Projects for 1977-78 and the preceding two years:—

	1975-76	1976-77	1977-78
	(In crores of rupees)		
Total capital expenditure on these projects	1,04.84	1,05.96	1,06.93
Net revenue without taking interest charges into account	7.11	7.75	8.57
Interest on capital	3.67	6.76	6.20
Net revenue (+)/deficit (—) after meeting interest charges	(+)3.44	(+)0.99	(+)2.37

(b) *Irrigation Projects* —The progressive capital outlay on the sixteen irrigation projects (for which capital and revenue accounts are kept) on 31st March 1978 was Rs. 1,04.98 crores. Government sustained a deficit of Rs. 6.57 crores during the year 1977-78 after providing interest charges (Rs. 7.02 crores) on the capital.

The following table gives the working results for 1977-78 and the preceding two years:—

	1975-76	1976-77	1977-78
	(In crores of rupees)		
Total capital expenditure on Irrigation Projects	89.55	94.88	1,04.98
Net revenue without taking into account interest charges	(—)0.82	(—)1.16	(+)0.45
Interest on Capital ..	5.80	6.45	7.02
Net revenue (+) /deficit (—) after meeting interest charges	(—)6.62	(—)7.61	(—)6.57

The project-wise details are given in Statement No. 3 (i) of the Finance Accounts, 1977-78.

(c) *Power Projects* —With the formation of the Orissa State Electricity Board in March 1961, Government have been transferring all transmission, distribution and generating assets to the Board as and when these are completed. To the end of 1977-78, assets provisionally valued at Rs. 65.50 crores have been transferred to the Board and the amount has been treated as loan to the Board in Government accounts; the value of the assets transferred to the Board has not been finally settled so far (February 1979). In addition, Government have given Rs. 64.94 crores up to 1977-78 as cash loan to the Board for financing power schemes; the cash loan includes Rs. 21.74 crores advanced during 1977-78 for expansion of Talcher Thermal Project (Rs. 20.74 crores) and Rural Electrification Schemes (Rs. 1.00 crore).

CHAPTER II

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

2.1. Summary

(a) The following table compares the total expenditure during the year with the totals of grants and charged appropriations:—

(1)	Grants/charged appropriations	Expenditure	Savings(—)/ Excess(+)		
			Amount	Percentage	
(2)	(3)	(4)	(5)		
(In crores of rupees)					
Voted—					
Original ..	5,17.10	5,46.25	5,18.03	—28.22	5
Supplementary ..	29.15				
Amount transferred to the Contingency Fund under the Orissa Contingency Fund (Amendment) Act, 1977	4.00	4.00	4.00
Charged—					
Original ..	1,56.99	2,81.75	2,93.38	+11.63	4
Supplementary ..	1,24.76				
Total	8,32.00	8,15.41	—16.59	2	

The overall saving of Rs. 16.59 crores was the net result of saving of Rs. 36.21 crores in 26 grants/19 charged appropriations (revenue : Rs. 26.21 crores and capital : Rs. 10.00 crores) and excess of Rs. 19.62 crores in 6 grants/3 charged appropriations (revenue : Rs. 2.66 crores and capital : Rs. 16.96 crores).

(b) Further details are given below:—

(1)	Revenue (2)	Capital (3)	Loans and Advances (4)	Trans fer to the Contingency Fund (5)	Public Debt (6)	Total (7)
(In crores of rupees)						
Authorised to be spent (grants and charged appropriations)—						
Original ..	3,78.16	1,53.62	33.37	4.00	1,08.94	6,78.09
Supplementary (February 1978)	19.49	7.61	2.30	..	1,24.51	1,53.91
Total ..	3,97.65	1,61.23	35.67	4.00	2,33.45	8,32.00
Actual expenditure (Grants and charged appropriations)	3,74.10	1,59.46	32.03	4.00	2,45.82	8,15.41
Shortfall (—)/	—23.55	—1.77	—3.64	..	+12.37	—16.59
Excess (+)						

2.2. Excess over grants/charged appropriations requiring regularisation

(a) *Excess over grants*—There were excesses of Rs. 2.64 crores in 3 grants in the revenue section and Rs. 4.55 crores in 3 grants in the capital section; these excesses, details of which are given below, require regularisation under Article 205 of the Constitution:—

Revenue Section

Sl. No.	Number and name of grant	Total grant Rs.	Actual expenditure Rs.	Excess Rs.
(1)	(2)	(3)	(4)	(5)
(1) 13—	Expenditure relating to the Urban Development Department—			
	Original	9,69,28,000	14,87,78,764	2,22,34,764
	Supplementary	2,96,16,000		
		12,65,44,000		

Reasons for the excess have not been intimated (January 1979)

Excess also occurred under this grant during 1976-77 (Rs. 2,06.29 lakhs), 1975-76 (Rs. 2,34.14 lakhs) and 1974-75 (Rs. 1,41.28 lakhs).

Sl. No.	Number and name of grant	Total grant		Actual expenditure		Excess	
		Rs.		Rs.		Rs.	
(1)	(2)	(3)		(4)		(5)	
(2)	18—Expenditure relating to the Community Development and Social Welfare Department—						
	Original .. 11,66,54,000	15,64,28,000	}	16,05,42,667	}	41,14,667	
	Supplementary 3,97,74,000						

The excess was under "Cost of free gift of wheat under grain for Works Programme" and was attributed to allocation of more wheat towards the close of the year.

(3)	18-A—Expenditure relating to the Community Development and Social Welfare (Grama Panchayat) Department—						
	Original .. 1,49,85,000	1,49,86,000	}	1,50,62,563	}	76,563	
	Supplementary .. 1,000						

Reasons for the excess have not been intimated so far (January 1979).

Capital Section

(1)	11—Expenditure relating to the Tribal and Rural Welfare Department—						
	Original .. 62,87,000	62,88,000	}	98,78,827	}	35,90,827	
	Supplementary .. 1,000						

The excess was under "Investment in share Capital". Reasons for the excess have not been intimated (January 1979).

(2)	14—Expenditure relating to the Labour, Employment and Housing Department	64,85,000		65,27,320		42,320	
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Reasons for the excess have not been intimated (January 1979).

(3)	22—Expenditure relating to the Forest, Fisheries and Animal Husbandry Department—						
	Original .. 12,19,75,000	12,21,25,000	}	16,39,44,940	}	4,18,19,940	
	Supplementary .. 1,50,000						

The excess mainly occurred under "Government Trading in *Kendu* leaves" (Rs. 4,33.75 lakhs) and "Exploitation and Marketing of fish" (Rs. 4.01 lakhs). Reasons for the excess have not been intimated (January 1979). The excess was partly set off by savings under other heads.

Excess also occurred under this grant in 1976-77 (Rs. 4,15.44 lakhs) and in 1975-76 (Rs. 3,73.52 lakhs).

(b) *Excess over charged appropriations*—There were excesses of Rs. 0.01 crore in 2 charged appropriations in the revenue section and of Rs. 12.41 crores in one charged appropriation in the capital section; these also require regularisation under Article 205 of the Constitution.

Revenue Section

Sl. No.	Number and name of appropriation	Total appropriation Rs.	Actual expenditure Rs.	Excess Rs.
(1)	(2)	(3)	(4)	(5)
(1)	5—Expenditure relating to the Finance Department	65,000	1,18,722	53,722

Reasons for the excess have not been intimated (January 1979).

(2)	13—Expenditure relating to the Urban Development Department—			
	Original ..	1,000	90,145	89,145
	Supplementary 1,000			

The excess was under “AA—Other Rural Water Supply Schemes”. Reasons for the excess have not been intimated (January 1979).

Capital Section

(3)	Internal Debt of the State Government—			
	Original 87,35,01,000	2,09,55,33,000	2,21,96,42,910	12,41,09,910
	Supplementary 1,22,20,32,000			

The excess was due to repayment of more overdrafts obtained from the Reserve Bank of India during March 1978 (Rs. 40,37.61 lakhs) than anticipated. The excess was partly offset by savings under other heads. Excess also occurred under this appropriation during 1976-77 (Rs. 22,25.95 lakhs) and 1975-76 (Rs. 21,06.66 lakhs).

2.3. Supplementary grants/charged appropriations

(a) During the year, supplementary provision of Rs.1,53.91 crores was obtained (February 1978) under 26 grants (Rs. 29.15 crores) and 15 appropriations (Rs.1,24.76 crores). Of the total supplementary grants,

Rs. 19.37 crores were obtained in 26 cases in the revenue section and Rs. 9.78 crores in 9 cases in capital section. In the charged appropriations, supplementary provision of Rs. 0.11 crore was obtained in 13 cases in the revenue section and Rs. 1,24.65 crores in 6 cases in the capital section.

(b) The details of significant cases of unnecessary, excessive and inadequate supplementary grants/charged appropriations are given below:—

(i) **Unnecessary supplementary grants**

In the following cases the supplementary grants (exceeding Rs. 5 lakhs in each case) of Rs. 9,09.74 lakhs under 6 grants in the revenue section and Rs. 2,20.41 lakhs under one grant in the capital section were unnecessary as the expenditure did not come up even to the original provision:—

Sl. No.	Number and name of grant	Original grant	Supplementary	Expenditure	Saving
				(In lakhs of rupees)	
(1)	(2)	(3)	(4)	(5)	(6)
<i>Revenue Section</i>					
(1)	2—Expenditure relating to the Political and Services Department	1,55.32	10.61	1,52.33	13.60
Saving was mainly due to non-filling of certain posts (Rs. 9.32 lakhs) and re-assessment of requirements (Rs. 2.18 lakhs).					
(2)	3—Expenditure relating to the Revenue Department	20,40.15	1,29.13	19,27.35	2,41.93
Saving was stated to be mainly due to late absorption of work-charged staff in regular establishment (Rs. 58.01 lakhs), re-assessment of requirements (Rs. 5.48 lakhs), not undertaking settlement operations (Rs. 3.32 lakhs), late/non-appointment of staff (Rs. 3.04 lakhs) and non-receipt of approval of Government of India for the scheme of collection of agricultural statistics (Rs. 2.12 lakhs). Reasons for the remaining saving have not been intimated (January 1979).					
(3)	10—Expenditure relating to the Education Department	71,69.48	90.14	70,96.94	1,62.68

Saving was mainly due to non-fixation of pay of College teachers in the University Grants Commission's scales of pay (Rs.25.80 lakhs), late appointment of certain categories of staff (Rs.14.96 lakhs), non-sanction of purchase of truck and machinery (Rs.3.23 lakhs) and reassessment of requirement (Rs.2.43 lakhs). Reasons for the remaining saving have not been intimated (January 1979).

Sl. No.	Number and name of grant	Original grant	Supplementary	Expenditure	Saving
(In lakhs of rupees)					
(4)	12—Expenditure relating to the Health and Family Welfare Department	25,75.53	3,73.06	25,37.13	4,11.46

Saving of Rs. 2,36.90 lakhs was reported to be mainly due to less number of compensation cases under the family welfare programme than anticipated. Substantial saving also occurred under the 'National Malaria Eradication Programme' and the 'National Filaria Control Programme', reasons for which have not been intimated (January 1979).

(5)	20—Expenditure relating to the Irrigation and Power Department	43,16.82	1,57.68	42,31.97	2,42.53
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The shortfall was mainly due to non-receipt of debit expected from Government of Andhra Pradesh towards operation and maintenance charges of Machkund Hydro-Electric Project (Rs.53.10 lakhs), non-sanction of scheme on fishing harbour and landing facilities (Rs.50.46 lakhs), less receipt of grants from Government of India (Rs. 6.34 lakhs) and re-assessment of requirement (Rs. 3.73 lakhs). Reasons for the remaining saving have not been intimated (January 1979).

(6)	23—Expenditure relating to the Agriculture and Co-operation Department	27,61.08	1,49.12	23,49.95	5,60.25
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Saving was mainly due to less sanction of funds by Government of India for development of land belonging to new assignees of surplus land (Rs.1,13.93 lakhs), non-sanction of schemes by Government (Rs. 84.26 lakhs), non-

sanction of subsidy to co-operative institutions and farms (Rs. 72.23 lakhs), less demand/procurement of seed (Rs.35.73 lakhs), non-receipt of sanction/allocation from Government of India (Rs.34.09 lakhs), less requirement due to reduced sanction (Rs.22.32 lakhs), late/non-sanction of staff (Rs.20.39 lakhs), non-sanction of travelling expenses and purchase of vehicle (Rs.11.62 lakhs) and re-assessment of requirements (Rs. 8.13 lakhs).

Sl. No.	Number and name of grant	Original grant	Supplementary	Expenditure	Saving
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(In lakhs of rupees)

Capital Section

(7)	23—Expenditure relating to the Agriculture and Co-operation Department	10,32.19	2,20.41	9,09.92	3,42.68
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Saving was mainly due to non-sanction/less sanction of funds by the Reserve Bank of India for share contribution in Co-operative Institutions (Rs. 1,40.90 lakhs), for loans to Orissa State Co-operative Land Development Bank (Rs. 74.00 lakhs) and for cold storage plants (Rs. 3.30 lakhs) non-receipt of funds from the National Co-operative Development Corporation for loans to Co-operative Institutions (Rs. 54.50 lakhs), less sanction of funds by Government of India for loans to new assignees of surplus land (Rs. 39.14 lakhs), changed policy of Government of India for investment in debentures (Rs. 10.00 lakhs) and re-assessment of requirement (Rs.1.75 lakhs).

(ii) Supplementary grants which proved excessive

In the following cases, the supplementary grants (exceeding Rs. 5 lakhs each) proved excessive. Against the supplementary provision of Rs. 1,44.47 lakhs in the revenue section and Rs. 7,45.07 lakhs in the capital section, Rs. 89.05 lakhs and Rs. 4,93.27 lakhs respectively were actually utilised resulting in savings of Rs. 55.42 lakhs in the revenue section and Rs. 2,51.80 lakhs in the capital section. The details are given below:—

Revenue Section

(1)	17—Expenditure relating to the Rural Development Department	9,11.80	1,44.47	10,00.85	55.42
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Saving was mainly due to late receipt of work-wise allotment from Government (Rs.34.00 lakhs) and less requirements for payment of leave salary and allowances on encashment of leave by Government servants (Rs.6.48 lakhs).

Sl. No.	Number and name of grant	Original grant	Supplementary	Expenditure	Saving
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(In lakhs of rupees)

Capital Section

(2)	7—Expenditure relating to the Works Department	8,80.11	3,56.85	12,06.89	30.07
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Saving was mainly due to post-budget decision of Government not to invest in the share capital of Orissa Construction Corporation.

(3)	13—Expenditure relating to the Urban Development Department	2,27.42	12.69	2.31.88	8.23
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Saving occurred under "Sewerage Scheme", reasons for which have not been intimated (January 1979).

(4)	19—Expenditure relating to the Industries Department	2,91.68	66.34	3,47.00	11.02
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Saving was mainly due to less investment in share capital of the Industrial Development Corporation (Rs. 5 lakhs). Reasons for the remaining saving have not been intimated (January 1979).

(5)	20—Expenditure relating to the Irrigation and Power Department	81,96.85	3,09.19	83,03.56	2,02.48
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Saving was mainly due to re-assessment of requirements with reference to progress of construction (Rs. 1,91.47 lakhs), less receipt of grant from Government of India and non-sanction of staff for Potteru Irrigation Project (Rs. 1,40.07 lakhs), less transactions under "Suspense" (Rs. 40.17 lakhs) and non-purchase of machinery and equipment (Rs. 6 lakhs) and was partly set off by excess under other heads.

(iii) Inadequate supplementary grants/charged appropriations

In the following cases, the supplementary grants /charged appropriations (exceeding Rs. 5 lakhs in each case) of Rs. 1,29.14 crores proved inadequate; the final uncovered excess in these cases was Rs. 15.05 crores. Reasons for the excess to the extent received are given in paragraph 2.2.

Sl. No.	Number and name of grant/appropriation	Original grant/appropriation	Supplementary grant/appropriation	Expenditure	Excess
(In lakhs of rupees)					
(1)	(2)	(3)	(4)	(5)	(6)
<i>Revenue Section</i>					
(1)	13—Expenditure relating to the Urban Development Department	9,69.28	2,96.16	14,87.79	2,22.35
(2)	18—Expenditure relating to the Community Development and Social Welfare Department	11,66.54	3,97.74	16,05.43	41.15
<i>Capital Section</i>					
(3)	<i>Internal Debt of the State Government</i>	87,35.01	1,22,20.32	2,21,96.43	12,41.10

2.4. Unutilised provision

(a) Rupees 36.21 crores remained unutilised in 26 grants (revenue : Rs. 25.50 crores and capital : Rs. 9.91 crores) and 19 charged appropriations (revenue: Rs. 0.71 crore and capital : Rs. 0.09 crore). In 10 grants, the savings (more than Rs. 2 lakhs in each case) were more than 10 per cent of the total provision. The details are given in Appendix I.

(b) Some of the major schemes where provision remained substantially/wholly unutilised, other than those mentioned in paragraph 2.3. are shown below:—

Sl No.	Number and name of grant/charged appropriation and head/scheme	Provision	Saving	
			Amount	Percentage
(In lakhs of rupees)				
(1)	(2)	(3)	(4)	(5)
<i>Revenue section</i>				
(1)	6—Expenditure relating to the Commerce Department—			
	338—Road and Water Transport Services —			
	P—Other Expenditure —			
	P—1—Survey and Investigation of Chilika lake, Hirakud reservoir and estuaries of tidal rivers in the State	11·00	11·00	100

Saving was due to non-receipt of approval from Government of India for the scheme of survey and investigation of Chilika lake, Hirakud reservoir and estuaries in tidal rivers.

Saving of Rs. 14·58 lakhs, Rs. 13·50 lakhs and Rs. 5 lakhs also occurred under this head during 1974-75, 1975-76 and 1976-77 respectively.

(2) 13—Expenditure relating to the Urban Development Department—

277—Education—M—Tribal Areas Sub-Plan	6·27	6·27	100
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Reasons for non-utilisation of the provision have not been intimated (January 1979).

Sl. No.	Number and name of grant/charged appropriation and head/scheme	Provision	Saving	
			Amount	Percentage
(In lakhs of rupees)				
(1)	(2)	(3)	(4)	(5)
(3)	20—Expenditure relating to the Irrigation and power Department—			
	333—Irrigation, Navigation, Drainage and Flood Control projects—Flood Control and Anti-sea Erosion projects			
	XXX—Direction and Administration	44.73	25.44	57

Reasons for the saving have not been intimated (January 1979).

(4)	21—Expenditure relating to the Transport Department—			
	265—Other Administrative Services			
	J—Other Expenditure	60.00	44.26	74

Saving was mainly due to re-assessment of actual requirement in connection with payment of compensation for acquisition of land for Jakhapura Banspani Railway Line.

(5)	22—Expenditure relating to the Forest, Fisheries and Animal Husbandry Department—			
	311—Dairy Development—			
	(a) NN—Other Expenditure	30.24	30.24	100

Reasons for saving have not been intimated (January 1979).

	313—Forest—			
	(b) WWW—Forest conservation and development	37.05	37.05	100

Saving was stated to be mainly due to non-sanction of funds by

Government of India for development of National parks, sanctuaries etc. (Rs. 31.15 lakhs); reasons for the remaining saving of Rs. 5.90 lakhs have not been intimated (January 1979).

Sl. No.	Number and name of grant/charged appropriation and head/scheme	Provision	Saving	
			Amount	Percentage
(In lakhs of rupees)				
(1)	(2)	(3)	(4)	(5)
(6)	23—Expenditure relating to the Agriculture and Co-operation Department—			
	298—Co-operation—			
	(a) Z—Credit Co-operatives (Centrally sponsored)	45.00	41.25	92

Saving was due to non-release of funds for contribution to Agricultural credit stabilisation Fund of Apex Co-operative Banks.

305—Agriculture—

(b) ZZ—Drought Prone Area Programme	68.59	68.59	100
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Reasons for the saving have not been intimated (January 1979).

(c) HHH—Tribal Areas Sub-Plan	1,52.93	1,12.76	74
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Saving of Rs. 14.04 lakhs was mainly due to non-sanction/non-appointment of additional staff, re-assessment of requirement and less requirement of seeds by cultivators. Reasons for the remaining saving have not been intimated (January 1979).

(d) MMM—Other Expenditure (Central Plan)	1,50.00	1,50.00	100
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Saving (Rs. 1,13.93 lakhs) was mainly due to non-sanction of grant by Government of India for development of land belonging to new assignees of surplus land.

Sl. No.	Number and name of grant/charged appropriation and head/scheme	Provision	Saving	
			Amount	Percentage

(In lakhs of rupees)

(1)	(2)	(3)	(4)	(5)
(e)	308—Area Development— QQQQ—Ayacut Development (State Plan)	58.29	43.70	75

Saving (Rs. 26.61 lakhs) was mainly due to reduced sanction for central sector schemes, curtailment of expenditure due to post-budget decision, non-sanction of scheme for medium irrigation project and late appointment of staff. Reasons for the remaining saving have not been intimated (January 1979).

Capital section

(7) 6—Expenditure relating to the
Commerce Department—

533—Capital outlay on Irrigation,
Navigation, Drainage
and Flood Control projects—

P—Navigation in Mahanadi 36.00 36.00 100

Saving was stated to be due to non-finalisation of tender papers. Saving under this head also occurred in 1974-75 (Rs. 18 lakhs), in 1975-76 and 1976-77 (Rs. 20 lakhs each).

(8) 9—Expenditure relating to the
Food and Civil Supplies Department—

509—Capital Outlay on Food—
J—Procurement and
Supply—J-1—Grain
Purchase Scheme—

J.1 (1)—Suspense (Personal 52,78.28 13,34.83 25

Deposits) Debit

Saving was due to less procurement of foodgrains.

Sl. No.	Number and name of grant/charged appropriation and head/scheme	Provision	Saving	
			Amount	Percentage

(In lakhs of rupees)

(1)	(2)	(3)	(4)	(5)
(9)	14—Expenditure relating to the Labour, Employment and Housing Department—683—Loans for Housing—			
	(i) JJ—Tribal Areas Sub-plan—			
	JJ.1—Village Housing Scheme	8.88	8.88	100
	(ii) JJ.2—Low Income Group Housing Scheme	4.07	4.07	100
	(iii) JJ.3—Middle Income Group Housing Scheme	2.96	2.96	100

Reasons for saving in these cases have not been intimated (January 1979).

(10)	19—Expenditure relating to the Industries Department—			
	498—Capital outlay on Co-operation—TTT—Co-operative spinning Mills—TTT.1—Investment in shares of Kalinga Weavers Co-operative Spinning Mills Limited	25.00	19.00	76

Reasons for the saving have not been intimated (January 1979).

2.5. Advances from the Orissa Contingency Fund

A Contingency Fund of Rs. 2 crores was placed at the disposal of the Governor of Orissa at the beginning of the year to enable advances to be made from it for meeting unforeseen expenditure pending authorisation of such expenditure by the State Legislature.

In August 1977, the corpus of the Fund was raised from Rs. 2 crores to Rs. 6 crores by an Act of the Legislature to meet the situation arising out of drought and flood in addition to other unforeseen and emergent expenditure.

The advances from the Fund can be made only to meet unforeseen expenditure not provided for in the budget, which is of such an emergent character that postponement of it, till the vote of the Legislature is taken, would be undesirable.

An analysis of the sanctions for advances and expenditure thereagainst is given below:—

(i) In four cases, sanction orders issued were not operated and were cancelled subsequently, in three cases before the close of the year and in one case in May 1978.

Sl. No.	Date of sanction order	Amount sanctioned	Date of cancellation
(1)	(2)	(3)	(4)
(In lakhs of rupees)			
(1)	29th October 1977	0.31	6th February 1978
(2)	6th February 1978	0.02	23rd March 1978
(3)	16th February 1978	1.22	9th March 1978
(4)	18th March 1978	0.32	12th May 1978

(ii) Out of 71 sanctions operated upon, the actual expenditure against two of the sanctions (Rs. 27.50 lakhs) was considerably less as indicated below:—

Sl. No.	Date of sanction	Amount		Percentage of non-utilisation
		Sanctioned	Drawn	
(1)	(2)	(3)	(4)	(5)
(In lakhs of rupees)				
(1)	26th December 1977	2.50	0.04	98
(2)	17th January 1978	25.00	6.26	75

(iii) Out of Rs. 5.91 crores drawn during the year, Rs. 3,98.12 lakhs were not recouped to the Fund till the close of the year; according to the rules, supplementary grants for recoupment of the advances are to be obtained by the Administrative Departments immediately after the advance is sanctioned but in no case later than the close of the year.

At the commencement of the year, Rs. 9.69 lakhs and Rs. 15.19 lakhs drawn during the years 1975-76 and 1976-77 respectively were due for recoupment to the Fund; but recoupment of only Rs. 15.19 lakhs relating to the year 1976-77 was made during the year. The sum of Rs. 9.69 lakhs drawn from the Fund in 1975-76 continued to be outstanding at the close of the year and was recouped in November 1978.

2.6. Shortfall/excess in recoveries

Under the system of gross budgeting followed by Government, the demands for grants presented to the Legislature are for gross expenditure and exclude all credits and recoveries which are adjusted in the accounts in reduction of expenditure; the anticipated recoveries and credits are shown separately in the budget estimates. During 1977-78, such recoveries were anticipated at Rs. 1,07.64 crores (Revenue: Rs. 27.05 crores; Capital: Rs. 80.59 crores). Actual recoveries during the year,

however, were Rs. 1,14.30 crores (Revenue: Rs. 33.07 crores; Capital: Rs. 81.23 crores). Some of the important cases of shortfalls/excesses in recoveries are detailed below:—

Number and name of grant	Budget estimates		Actuals		Amount of shortfall/ excess of recoveries over estimates	
	Revenue	Capital	Revenue	Capital	Revenue More (+)/ Less(-)	Capital More (+)/ Less(-)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(In crores of rupees)						
3—Expenditure relating to the Revenue Depart- ment	3.58	..	1.88	..	(-)1.70	..

Shortfall in recovery was due to less transfer of the expenditure, met initially from the grant, to "Reserve Fund-Orissa Famine Relief Fund".

7—Expenditure relating to the Works Depart- ment	13.04	0.34	15.21	0.55	(+)2.17	(+)0.21
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More recoveries in the revenue section were mainly under "Public Works -Suspense-Gross Credit"; reasons have not been intimated (January 1979).

9—Expenditure relating to the Food and Civil Supplies Depart- ment	..	57.81	..	53.54	..	(-)4.27
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Recoveries were less under "Capital outlay on Food-Procurement and Supply—Grain Purchase Scheme" than anticipated; reasons for the shortfall have not been intimated (January 1979).

Number and name of grant	Budget estimates		Actuals		Amount of shortfall/ excess of recoveries over estimates	
	Revenue Capital		Revenue Capital		Revenue More (+)/ Less(-)	Capital More (+)/ Less(-)
	(2)	(3)	(4)	(5)	(6)	(7)

13.—Expenditure relating to the Urban Development Department

1.90 .. 5.94 .. (+)4.04 ..

More recoveries were mainly under "Public Health, Sanitation and Water Supply - Suspense-Gross Credit"; reasons have not been intimated (January 1979).

17.—Expenditure relating to the Rural Development Department

3.29 .. 4.48 .. (+)1.55 ..

More recoveries were under "Community Development-Suspense-Gross credit"; reasons for the excess have not been intimated (January 1979).

20.—Expenditure relating to the Irrigation and Power Department

2.65 10.18 3.75 12.17 (+)1.10 (+)1.99

More recovery in the revenue section was mainly under "Irrigation, Navigation, Drainage and Flood Control Projects-Suspense-Gross Credit". Reasons therefor have not been intimated (January 1979).

2.7. Non-receipt of explanations for savings/excesses

After the close of the accounts of each financial year, the detailed Appropriation Accounts showing the final grants/appropriations, the actual expenditure and the resultant variations are sent to the controlling officers requiring them to explain the variations in general and those in important heads in particular.

During 1977-78, explanations for variations were called for from the controlling officers in respect of 2,580 heads (savings: Rs. 35.69 crores; excess: Rs. 42.13 crores). Explanations for variations were received in 318 cases and are awaited (February 1979) in the remaining 2,262 cases (savings: Rs. 34.39 crores; excess: Rs. 40.71 crores) which formed 87 *per cent* of the number of heads for which variations were required to be explained.

Departments which have not furnished (February 1979) the explanations for variations in a large number of cases are Irrigation and Power (540 heads), Agriculture and Co-operation (466 heads), Works (307 heads), Forest, Fisheries and Animal Husbandry (211 heads), Urban Development (153 heads) and Industries (140 heads).

CHAPTER III
CIVIL DEPARTMENTS

REVENUE AND EXCISE DEPARTMENT

3.1. Village Reconstruction Programme

3.1.1. *Introduction*

3.1.1.1. With a view to provide relief to families whose houses were washed away/severely damaged by floods in August 1975 in seven districts of the State, Government sponsored in September 1975 proposals for reconstruction of about 100 new villages at elevated sites, with community services like drinking water wells, tanks, village roads, school houses and community halls, as a permanent measure against recurring flood damages. After visit by a Central Team, Government of India allocated (December 1975) one crore of rupees for the purpose as advance Plan assistance subject to clearance of the scheme by the Planning Commission. The formal scheme was submitted by the State Government to the Planning Commission in January 1976 and pending their clearance, the State Government, in consideration of the urgency of the matter, directed in January 1976 the District Collectors of seven districts to go ahead with its implementation and also sanctioned an advance of Rs. 20 lakhs for the purpose from the Orissa Contingency Fund in February 1976. Central assistance of Rs. 70 lakhs in the form of grants and of Rs. 30 lakhs in the form of loans was received in February 1976; the scheme was cleared by the Planning Commission in March 1976.

3.1.1.2. The scheme envisaged the following:—

- (i) The cost of the houses was to be kept low, limited to Rs. 2,200 each including labour component of Rs. 400 to be contributed by the beneficiaries.
- (ii) The houses were to be built in clusters of 20 to 25 in higher elevation not likely to be inundated by floods in future.
- (iii) The cost of community services for each cluster of houses was fixed at Rs. 0.15 lakh.

3.1.1.3. The Block Development Officers were to execute the scheme with the existing staff under direct supervision of the concerned

Sub-divisional Officers and overall supervision of the Collectors of the districts. No special staff was to be provided for execution of the scheme.

3.1.1.4. A review of the implementation of the scheme was conducted in audit in three districts *viz.* Balasore, Mayurbhanj and Cuttack—both at district headquarters and at selected Blocks (28)—and in the Board of Revenue during February—May 1978. Some of the important points noticed during the review are mentioned below.

3.1.2. Targets and achievements

3.1.2.1. The scheme was to be operated on a crash basis for completion of 4,553 houses by March 1976 and the District Collectors were authorised as a special case to draw the moneys on abstract contingent bills and to submit the detailed bills to the Accountant General by the end of April 1976. However, only Rs. 20 lakhs were placed at the disposal of Collectors in February 1976 and the remaining Rs. 80 lakhs in March 1976. The progress made on construction of houses in the districts from time to time reported by the Collectors to the Board of Revenue was as follows:—

District	Target		Progress made up to					
	Number of houses	Funds allotted	June 1976		March 1977		April 1978	
			Number of houses	Expenditure	Number of houses	Expenditure	Number of houses	Expenditure
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
(Amounts in lakhs of rupees)								
Balasore ..	1,595	33.03	430	6.18	1,521	26.42	1,595	31.95
Keonjhar ..	390	8.57	121	2.82	291	6.33	389	8.08
Dhenkanal ..	400	8.10	50	1.09	394	7.48	400	8.05
Cuttack ..	700	17.60	..	2.72	688	15.40	700	17.43
Puri ..	518	10.50	88	3.56	494	9.36	514	10.44
Mayurbhanj ..	650	14.30	146	4.07	650	11.53	650	13.78
Sambalpur ..	300	7.90	255	3.39	300	7.59	300	7.90
Total ..	4,553	1,00.00	1,090	23.83	4,338	84.11	4,548	97.63

The crash programme scheduled to be completed before March 1976 was completed in April 1978. The slow progress was attributed (February 1978) by the Board of Revenue to factors such as non-availability of building materials, want of engineering personnel, desertion by beneficiaries due to non-availability of cultivable lands in the vicinity and damage to some of the houses completed due to rains and cyclonic wind.

3.1.2.2. A test check of the records (February to May 1978) in some of the blocks disclosed that the progress reports submitted by the Block Development Officers did not reflect the correct state of progress, a few instances of which are given below:—

(i) In the Basudevpur Block (Balasore District), the progress report (March 1977) showed that all the 200 houses allotted to it were completed by March 1977. According to the information collected by Audit from the Block Development Officer in April 1978, 6 of the houses had not yet been taken up by April 1978, while 21 others were in different stages of construction.

What is the problem now

(ii) In the Badasahi Block (Mayurbhanj District), 50 houses were reported as completed in all respects by December 1976 although all these were in different stages of execution even by February 1978.

(iii) In Tihidi Block (Balasore District), all the 75 houses allotted to it were shown as completed by May 1977 while 16 houses were lying incomplete even by April 1978 as stated (April 1978) by the Block Development Officer.

The houses which were incomplete due to lack of voluntary labour are mentioned in paragraph 3.1.3.6.

3.1.3. Execution of the scheme

3.1.3.1. In accordance with the instructions issued by Government in March 1976 the amounts drawn by the Collectors were to be

disbursed as grants to Panchayat Samitis through the Block Development Officers who were required to implement the scheme. The Collectors were required to issue specific directions and guidelines to the Block Development Officers in regard to execution of the scheme.

3.1.3.2. No detailed guidelines were issued by any of the Collectors. Consequently, the Block Development Officers did not have clear directives regarding (a) authority competent to select the beneficiaries and the sites for construction of houses as well as the guidelines to be adopted for the purpose, (b) mode of valuation and accounting of voluntary contribution of the beneficiaries, (c) procedure for allotment and transfer of rights of houses and lands to the beneficiaries together with agreements, if any, to be executed by them and (d) records to be maintained for the purpose. The selection of sites and the beneficiaries (in the villages approved by the Collector) was in actual practice made at the level of Tehsildars/Block Development Officers of the area.

3.1.3.3. The benefit of the scheme was to be confined to people whose houses were prone to floods every year and located in low lying areas and had either collapsed or were severely damaged during the floods of August 1975 but the following deviations in actual implementation were noticed in test check.

- (i) A sum of Rs. 2.74 lakhs was paid by the Collector, Puri to 3 Panchayat Samitis (Khandapara, Bhapur and Gania) for construction of 152 houses although, according to the Sub-divisional Officer concerned of the area, no block of that sub-division had been affected by floods during 1975-76 nor was the block prone to floods.
- (ii) In Balasore District, 40 houses were constructed at a cost of Rs. 0.79 lakh in 3 blocks (Bhadrak, Soro and Tihidi) which were not prone to floods and were utilised for rehabilitation of Adibasis of other districts (30 houses) and housing a Kanyashram (5 houses) and an Anath Ashram (5 houses).

(iii) Under the scheme, houses were to be constructed in villages in the blocks affected by floods of August 1975 and approved by the Collector. In Balasore and Mayurbhanj Districts, 70 houses had been constructed in the jurisdiction of Notified Area Councils (Bhadrak, Basudevpur, Soro and Joshipur that is outside the villages/blocks approved by the Collector) at a cost of Rs. 1.47 lakhs inclusive of Rs. 0.21 lakh spent on community services.

3.1.3.4. Of the 3,459 houses reported (January to May 1977) as complete in the four districts of Balasore, Cuttack, Puri and Mayurbhanj, 148 houses had collapsed, 440 were lying unoccupied due to partial damages and 422 others were lying vacant (in 3 of the districts) for other reasons as detailed below:—

District	Number of houses			Lying vacant due to		
	Reported as completed	Collapsed	Partially damaged	Non-occupation by any beneficiary	Desertion by beneficiaries	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Balasore ..	1,595	26	148	(a)	(a)	130(a)
Cuttack ..	700	59	185	96	79	175
Puri ..	514	28	22	26	91	117
Mayurbhanj ..	650	35	85	(b)	(b)	(b)
	3,459	148	440	..	..	422

(a) Break-up not available. (b) Not available.

In the course of a meeting held at Government level in January 1978 to review the performance of Plan schemes on housing, the Secretary to Government observed that according to reports, houses constructed had collapsed and desertions occurred due to wrong selection of sites without the consent of beneficiaries. During the course of test check in audit (March 1978) it was noticed that in the Rajnagar Block (Cuttack District), where 33 houses were completed by May 1976 at a cost of Rs. 0.41 lakh, no beneficiaries occupied the houses and 26 houses collapsed subsequently. In his report to the Sub-divisional Officer, Kendrapara, the Block Development Officer attributed (August 1977) this to apathy of beneficiaries due to formidable distance of the location from their lands. The amount spent on community services for these 33 houses was Rs. 0.27 lakh. The injudicious location of the houses in the Block, thus, resulted in infructuous expenditure of Rs. 0.68 lakh.

The expenditure incurred on construction of the 588 houses which later collapsed or were partially damaged was Rs. 11.63 lakhs. The houses were generally reported as damaged on account of heavy rains, storms, cyclones, etc.

3.1.3.5. To end of April 1978, detailed bills for Rs. 26.14 lakhs only had been submitted to Audit and the detailed contingent bills for the remaining amount (Rs. 73.86 lakhs) were reported to be in different stages of preparation and check.

3.1.3.6. The scheme contemplated construction of houses with voluntary labour valuing Rs. 400 to be contributed by each beneficiary. Participation of the beneficiary was, thus, an essential pre-requisite for undertaking the construction. There was no voluntary contribution by the beneficiary in implementing the scheme except in Mayurbhanj District where a sum of Rs. 0.06 lakh was realised towards voluntary contribution.

A test check of the records of 7 blocks in Balasore District showed that beneficiaries were not selected before commencement of construction.

2200
 (-) 400
 1800

In the absence of the required contribution from beneficiaries, the Collector, Balasore District ordered (April 1976) that houses were to be constructed at an estimated cost of Rs. 1,800 each subject to the condition that the beneficiaries might give their labour contribution of Rs. 400 each subsequently to complete the left over work. Test check (May 1978) of the plans and estimates of houses in the district disclosed that essential items like mud walling and doors and windows were excluded from construction, for completion by the beneficiaries subsequently; completion of these items subsequently was not watched. In the districts of Balasore and Cuttack, 153 houses in 4 blocks on which Rs. 2.75 lakhs had been spent were lying incomplete and vacant (April 1978) pending construction of walls, windows, etc.

3.1.3.7. Instead of obtaining voluntary participation of the beneficiaries for departmental execution, the work was got executed by contractors who were allowed their margin of profits. In 20 blocks (in the districts of Mayurbhanj, Cuttack and Balasore) construction of 2,300 houses for value aggregating Rs. 40.55 lakhs was entrusted to contractors on P. W. D. schedule of rates (1975) without invitation of tenders for expeditious execution; of these, 60 houses targeted for construction by November 1976 remained incomplete up to April 1978. The element of contractor's profit at $12\frac{1}{2}$ per cent on the labour component provided in the schedule of rates amounted to Rs. 3.04 lakhs.

3.1.3.8. The scheme envisaged construction of houses in higher elevations as a precaution against inundations by floods in future. Out of 1,595 houses constructed in the Balasore District, only 11 houses were located at new sites. According to the instructions (September 1975) of the Collector, Balasore, houses were to be constructed after raising plinth by construction of mounds. The recorded entries in the measurement books in respect of work done did not, however, indicate construction of mounds for the purpose. According to a report of the Block Development Officer, Dhamnagar Block (April 1978) to the Collector, 28 houses constructed in 1976 at a cost of Rs. 0.50 lakh were badly damaged during the subsequent floods in 1977.

In the Binjharpur Block (Cuttack District), construction of 30 houses was shown as completed by March 1977 but damaged (26 completely and 4 partly) during April-May 1978 reportedly due to cyclonic wind. The cost of reconstruction of these houses was Rs. 0.61 lakh. According to report of the Block Development officer to the Sub-divisional Officer in April 1977 on the damages, "the site where the houses were constructed was a cyclone endemic area and situated in open patta" without "natural obstruction to the wind" and hence further repairs were not desirable. The houses remain unrepaired (August 1978).

3.1.3.9. The scheme envisaged tile roofing for the houses. However, based on the recommendation of the Additional Chief Secretary in a meeting held in December 1975 to formulate the outline of the scheme, the Collector, Puri issued instructions to all Block Development Officers in his district in May 1976 to use the asphaltic sheets manufactured by a Joint Sector Project in Andhra Pradesh. Asphaltic sheets were purchased from the Joint Sector Project (cost : Rs. 1.20 lakhs) in 12 blocks of the district for 518 houses to be constructed under the scheme without obtaining any technical advice about their suitability or even competitive quotations from different firms. According to the report of the Executive Engineer, Rural Engineering Organisation, Puri to the Collector in August 1977, the asphaltic sheets used were useless both in utility and durability and started leaking without being able to withstand the rain even for a fortnight causing thereby damage to the mudwalls. The district authorities assessed (November 1977) the requirements for repairs of houses in 9 of the blocks at Rs.1.00 lakh; a sum of Rs.0.40 lakh only was provided out of the Chief Minister's Relief Fund for the purpose as no more funds for repair were available. Repairs had not been completed up to the date of audit (April 1978). In the meantime, 28 houses collapsed and 139 others were lying vacant.

3.1.4. Other points of interest

3.1.4.1. The scheme envisaged construction of houses departmentally without employment of any additional staff. Test check of records in the districts of Mayurbhanj and Balasore (May 1978) disclosed that in 11 Blocks,

amounts aggregating Rs.1.15 lakhs had been appropriated by the Panchayat Samitis to their own funds towards contingencies at 5 per cent of grants placed at their disposal although this was not provided in the sanction given by the Government.

3.1.4.2. According to instructions circulated by the Collectors in March 1976, the requirement of tiles for houses under the programme could be obtained from the Industrial Development Corporation, a State Government undertaking, at Rs.361 for each house. Test check of the records (May 1978) in the districts of Balasore and Mayurbhanj disclosed that the expenditure incurred on purchase of tiles in 10 blocks (6 blocks in Balasore District and 4 blocks in Mayurbhanj District) for construction of 775 houses was in excess of the specified requirements to the extent of Rs.0.96 lakh as detailed below:—

District/Block	Number of houses	Actual expenditure on tiles	Amount required at rates of the I. D. C.	Excess
(1)	(2)	(3)	(4)	(5)
(In lakhs of rupees)				
<i>Balasore—</i>				
Basudevpur ..	200	1.07	0.72	0.35
Remuna ..	150	0.11(a)	0.04(a)	0.07(a)
Balasore Sadar ..	100	0.60	0.36	0.24
Soro ..	50	0.21	0.18	0.03
Baliapal ..	50	0.25	0.18	0.07
Basta ..	75	0.35	0.27	0.08
<i>Mayurbhanj—</i>				
Raruan ..	50	0.22	0.18	0.04
Khunta ..	25	0.15	0.09	0.06
Rairangpur ..	25	0.10	0.09	0.01
Morada ..	50	0.04(a)	0.03(a)	0.01(a)
	775	3.10	2.14	0.96

(a) Cost of tiles for ridges only.

House 7

The excess expenditure was reported to be due to purchases made at higher rates from private suppliers and to purchases in excess of the prescribed quantities for replacing broken tiles. No reasons were on record for not purchasing the tiles from the Government undertaking as prescribed.

3.1.4.3. According to the instructions issued by the Collector, Balasore in March 1976, colliery quality of timber was to be obtained from the Orissa Forest Corporation on payment of royalty at the prevailing schedule of rates. A test check of 27 cases of purchases made in the Basudevpur block disclosed that purchase of a different quality of timber was made for construction of 200 houses involving an extra expenditure of Rs.0.48 lakh. On enquiry in audit, the Block Development Officer stated (April 1978) that timber of quality other than the approved one was used "for the sake of convenience".

3.1.4.4. In the Pattamundai Block (Cuttack District), the rate for transportation of building materials from Cuttack to village Satkadia was fixed with a contractor on negotiation, at Rs. 600 per trip of lorry to carry the following materials required for each house:—

Salballa	..	11 Nos.
Bamboo	..	501 Nos.
Chan	..	4,000 bundles

Payment to the contractor for 63 trips at Rs.600 per trip towards materials transported for 63 houses in village Satkadia was accordingly made to the contractor. Scrutiny of the measurement books of the houses constructed, however, disclosed that the material used in each house was only to the extent of 130 bamboos and 2,000 bundles of Chan. This reduced requirement could have been carried in half the number of trips and an expenditure of Rs.0.19 lakh on transport charges avoided.

3.1.4.5. Two school buildings were constructed one each at Balikuda and Pattamundai (Cuttack District) at a cost of Rs.0.23 lakh as part of the

community facility. The buildings were stated (March 1978) to be under construction as a community centre pending sanction to opening of schools. At Bouda, only 5 members of one family were residing in 5 houses (out of 30 houses constructed) and at Pattamundai all the 63 houses constructed under the scheme had been deserted by the beneficiaries.

3.1.4.6. In Dhamnagar Block (Balasore District), Rs.0.38 lakh allotted for construction of houses under this scheme were diverted by the Block Development Officer, without the permission of Government, in December 1976 (Rs.0.10 lakh) and December 1977 (Rs.0.28 lakh) for disbursement of salaries of teachers and stipends to scholars.

3.1.5. *Summing up*

The following were the main points noticed in test check in audit:—

- (i) The scheme to provide relief to families whose houses were damaged by floods in August 1975 was launched in January 1976 for completion by March 1976. Upto June 1976, 1,090 houses were constructed and the scheme was completed in April 1978. To end of April 1978, detailed bills for Rs. 26.14 lakhs had been submitted to Audit and detailed bills for the remaining amount of Rs. 73.86 lakhs were reported to be in different stages of preparation.
- (ii) Two hundred and sixty two houses (cost: Rs. 5 lakhs) were put up in areas not affected by the floods.
- (iii) No detailed guidelines were issued to the Block Development Officers for implementation. The selection of sites and the beneficiaries (in the villages approved by the collectors) was made at the level of Tehsildars/Block Development Officers.
- (iv) Out of 3,459 houses reported (January to May 1977) complete in Balasore, Cuttack, Puri and Mayurbhanj districts, 588 houses (cost: Rs. 11.63 lakhs) had collapsed or were lying unoccupied due to partial damages and 422 were lying vacant. The houses were reported to be damaged on account of heavy rains,

storms, etc. While reviewing the performance in January 1978 Government noted that desertions occurred due to wrong allocation of sites without the consent of beneficiaries.

(v) The scheme envisaged contribution by each beneficiary of labour valuing Rs. 400 (within the total cost Rs. 2,200 per house). There was no voluntary contribution. Test check showed that in 19 blocks in Balasore district beneficiaries were not selected before commencement of construction. In the districts of Balasore and Cuttack 153 houses in 4 blocks on which Rs. 2.75 lakhs had been spent by the department were lying incomplete and valued at Rs. 1.44 lakhs (April 1978) pending completion of items like mudwalls, windbreaks etc. by the beneficiaries.

(vi) In 20 blocks in the districts of Mayurbhanj, Cuttack and Balasore construction of 2,300 houses (value: Rs. 40.55 lakhs) was entrusted to contractors on the basis of schedule of rates instead of direct mental execution with voluntary labour from the beneficiaries. The element of contractor's profit at 12½ per cent (as provided in the schedule of rates) on the labour component worked out to Rs. 3.04 lakhs and was not envisaged in the scheme.

(vii) Two cases of extra expenditure (Rs. 1.44 lakhs) in purchasing tiles and timber were noticed.

The points mentioned above were reported to Government in January 1978 ; their reply is awaited (March 1979).

INDUSTRIES DEPARTMENT

3.2. Outright grant/subsidy scheme for industrial units

3.2.1. Introduction

With a view to promote the growth of industries in selected backward districts in the States, Government of India introduced in August 1972 a scheme for payment of subsidies for setting up new industrial units and

for substantial expansion of existing units in the selected areas. A new unit was one in which 'effective steps' were taken for its establishment before 1st October 1970. Existing units were eligible for subsidy under the scheme if their fixed capital investment was increased by more than 25 per cent (revised to 10 per cent from January 1977). New units were eligible for further subsidy for subsequent increase in fixed capital investment to the above extent. The subsidy admissible to each eligible unit was at the rate of 10 per cent (raised to 15 per cent from March 1973) of the total fixed capital investment (land, buildings and plant and machinery) in the case of new units and of the additional fixed capital investment in case of existing units and was subject to a maximum of Rs. 5 lakhs (raised to Rs. 15 lakhs from March 1973). Selection of the units for the purpose was to be made by a State Level Committee headed by the Secretary of the Industries Department.

The scheme originally envisaged disbursement of the subsidy to the unit after its going into production. From March 1973 this was relaxed permitting disbursements of a part of the admissible amount in advance (50 per cent up to December 1976 and 85 per cent from January 1977) in suitable cases ; the remaining amount was payable only after the unit went into production. In case of units set up with assistance of financial institutions, the subsidy was payable through the financing institution for release in instalments along with release of the loan.

The scheme provided for reimbursement by Government of India of subsidies paid to eligible units, claims for which were to be made on annual disbursements.

The scheme initially operated in two districts viz., Kalahandi and Mayurbhanj and was subsequently (September 1972) extended to four more districts viz., Dhenkanal, Keonjhar, Bolangir and Koraput to provide subsidies to

* The term 'effective steps' means one or more of the following steps:—

- (i) that 60 per cent or more of the capital issued for the industrial unit has been paid up ;
- (ii) that a substantial part of the factory building has been constructed ;
- (iii) that a firm order has been placed for a substantial part of the plant and machinery required for the industrial units.

units where effective steps were taken on or after 26th August 1971. Disbursement of subsidy was entrusted to the Orissa State Financial Corporation (O. S. F. C.), a State Government undertaking.

A test check of the implementation of the scheme was conducted in June—August 1978 and some of the points noticed are mentioned below:—

3.2.2. Financial Outlay

The disbursements of subsidy *vis-a-vis* sanctions accorded by the State Level Committee up to March 1978 were as follows:—

Year	Sanctioned by State Level Committee		Disbursements O. S. F. C. to units	
	Number of units	Amount	Amount	Number of units
(1)	(2)	(3)	(4)	(5)
			(In lakhs of rupees)	
1972-73 ..	15	4.23	3.48	
1973-74 ..	61	7.13	0.24	
1974-75 ..	43	9.31	6.57	
1975-76 ..	87	12.69	9.06	
1976-77 ..	75	33.93	9.37	
1977-78 ..	40	35.68	9.30	
	321	1,02.97	38.02	21

Against the disbursements amounting to Rs. 38.02 lakhs, Rs. 33.28 lakhs were reimbursed by Government of India up to March 1978.

3.2.3. Inadmissible subsidies/Irregular sanctions

3.2.3.1. Subsidies aggregating Rs. 0.40 lakh were paid (March 1974 to September 1975) to 10 units (5 in Koraput District, 2 each in Dhenkanal and Keonjhar Districts and 1 in Bolangir District) although the 'effective steps' had been taken by the units prior to 26th August 1971. The claim for reimbursement was rejected by Government of India in May 1977 on grounds of ineligibility of the units. The Director of Industries attributed (August 1978) this wrong payment to confusion in the initial stages regarding 'effective steps' prescribed for the purpose and stated that the matter for recovery was under examination.

3.2.3.2. Subsidy of Rs. 0.14 lakh was sanctioned by the State Level Committee in February 1975 to a doctor in Bolangir District to establish an X-Ray unit although this was not an industrial unit. The claim for reimbursement of the subsidy (disbursed in September 1975) was rejected by Government of India in January 1977.

3.2.3.3. Units which had taken effective steps on or after 26th August 1971 in Bolangir District were eligible to be covered under the scheme. A subsidy was sanctioned to one unit in September 1975 although the State Level Committee had placed on record that it was established in 1964 and had taken 'effective steps' for expansion in January 1971 i.e., 6 months before the date of the crucial date; the sanction was accorded on the ground that there was no objection in respect of the expansion made in January 1971 commenced in March 1972. The subsidy of Rs. 0.17 lakh was disbursed to the unit in July 1976. On Audit pointing out the ineligibility of the unit for the subsidy, the Director of Industries stated (July 1978) that the case required further examination; further developments are awaited (September 1978).

3.2.3.4. Subsidies aggregating Rs. 1.54 lakhs were sanctioned (between October 1974 and February 1975) to 24 units in the districts of Keonjhar (6), Dhenkanal (6), Kalahandi (4), Koraput (2), Mayurbhanj (1) and Bolangir (1) and also disbursed to them (between October 1974 and March 1975). The connected records did not contain any information about the units in which 'effective steps' were taken in these cases to ascertain their eligibility with reference to the crucial date prescribed under the scheme.

3.2.4. *Absence of follow up action*

3.2.4.1. According to the provisions in the scheme and terms of agreements executed by the assisted units, the subsidies were refundable interest at 12.50 *per cent* per annum in cases where the units went on production within a period of five years. The scheme further envisaged submission by the units of annual progress reports for the first five years and maintenance of a register by the Director of Industries acting as the member Secretary of the State Level Committee to watch their receipt. The prescribed register was not maintained either by the Directorate of Industries or by the O. S. F. C. to watch receipt of the progress reports. Records made available to Audit showed that annual progress reports in respect of a few units were compiled and submitted by the Directorate to the Government only once in October 1976 with the remark that those for other units were under collection. In response to enquiries in audit, the Director of Industries stated (June 1978) that progress reports in respect of the units and for subsequent periods were under collection for compilation of consolidated progress reports.

A scrutiny of the incomplete report compiled by the department in October 1976 disclosed that 7 units in Kalahandi District for which subsidy aggregating Rs. 1.18 lakhs had been paid (between January 1973 and February 1975) had closed down before expiry of the period of 5 years. Action to determine the interest due in these cases in terms of the scheme and to obtain refund of the subsidies together with interest had not been taken so far (August 1978).

3.2.4.2. In terms of relaxation granted in March 1973 allowing release of part of the subsidy admissible in advance of commencement of production by the units, Rs. 26.71 lakhs were sanctioned up to March 1978 for release in the case of 58 units in different districts. No time limit was, however, stipulated for commencement of production in any of these cases. Of the Rs. 16.92 lakhs sanctioned for 19 units remained undisbursed up to the date of audit (July 1978). Of the 39 cases to which subsidy of Rs. 9.79 lakhs was paid, 13 units had been holding advance subsidies aggregating Rs.

for periods ranging from 3 months to over 3 years as detailed below had not so far (July 1978) claimed the balance subsidy payable on commencement of production.

Periods for which advance subsidies were held	Number of units	Amount (Rupees in lakhs)
Over 3 years	1	0.17
Between 2 to 3 years	1	0.23
Between 1 to 2 years	8	0.82
Between 3 to 12 months	3	0.10
	13	1.32

On enquiry in audit, the Director of Industries stated (July 1978) that on some reason or the other the units did not approach for the balance subsidy and that the matter would be enquired into. Government stated (September 1978) that steps were being taken to conduct reviews for cancellation of subsidy sanctioned earlier where the units failed to go into produc-

3.24.3. The scheme required submission of certificates of utilisation of subsidies by the State Government to Government of India within a period of one year from the date of receipt of last instalment of subsidy by the unit. No such certificates have so far (August 1978) been submitted to Government of India. While placing funds at the disposal of the O. S. C., the State Government imposed a condition requiring it to obtain utilisation certificates from the concerned units for amounts disbursed and submit them to the Accountant General. Such utilisation certificates had not been furnished to audit in any case so far (September 1978).

3.25. To sum up,

- (a) Rupees 38.02 lakhs were disbursed as subsidy to 217 units up to March 1978. Out of this,
- (a) Rs. 0.71 lakh paid to 12 units were not admissible in terms of the conditions prescribed in the scheme.

- (b) Rs. 1.54 lakhs were paid to 24 units in respect of which records did not contain information of the date on which "effective steps" were taken to ascertain their eligibility for subsidy with reference to the crucial date prescribed in the scheme.
- (c) Rs. 1.32 lakhs were paid as advance subsidy to 13 units which did not claim the balance subsidy on commencement of production though the advance subsidy had been disbursed to 10 of these units more than a year ago.
- (ii) The register prescribed for watching the annual progress reports (for the first five years) from the assisted units was not maintained. No utilisation certificate was submitted to Audit and Government of India for any of the years. According to information available with the department (October 1975) 7 units for which subsidies aggregating Rs. 1.18 lakhs had been paid between January 1973 and February 1975 closed down by expiry of five years. Action was not taken to obtain principal and interest in these cases in accordance with the agreement.

3.3. Entertainment of officers on management of closed industrial units

Mention was made in paragraph 7.9 (c) of the Report of the Comptroller and Auditor General of India—Civil—for the year 1974-75 regarding resignation by Government of management of the Panchayat Samiti Industries in December 1969. Consequent on the resumption, the department has been appointing Panchayat Industries Officers, paid directly from Government funds, to act as Managing Directors of the units. According to provisions in the Bye-law prescribed for the Panchayat Industry Units, the Managing Director of the unit is required to look to the day to day general administration including production and sale.

On a scrutiny of the records in two District Industries Offices and the Directorate of Industries conducted by Audit (January to June 1975) it was noticed that Panchayat Industries Officers appointed as Managing Directors continued to be entertained for periods ranging from 20 to 36 months in 19 cases even after the units ceased to function; twelve were in charge of units which had ceased functioning more than 5 years.

The amount spent from July 1969 up to June 1978 on pay @ of the Managing Directors employed during periods for which the units were not functioning worked out to about Rs. 4.75 lakhs ; this included Rs. 1.85 lakhs in respect of seven units after these were liquidated.

On enquiry regarding justification for continued employment of Managing Directors in these units, the Director of Industries stated (July 1978) that their services were essentially required for "creating ground for revival" of the units. In September 1978, the Director of Industries further stated that in the absence of any other arrangements for safe custody of the properties of the concerned units, the Managing Directors were continued to look after them pending decision on whether they could be revived or were to be liquidated and that, while in two cases the officers had since been withdrawn, there were possibilities of revival in 3 other cases. On being brought to their notice, Government endorsed (October 1978) the reply of the Director and stated that they had no further comments to offer.

It may be mentioned that the case for retaining Managing Directors for watch and ward purposes indefinitely with hopes for revival of units does not seem to be convincing. Of the 19 units, only 5 units were revived between December 1977 and March 1978 and that too after they remained moribund for periods ranging from 18 to 102 months.

3.4. Suspected misappropriation of fees in Higher Secondary School of Science and Technology

The rules of Government provide that all moneys received by an officer on behalf of Government should be paid in full into the treasury without delay. In the course of audit of records in the Government Higher Secondary School of Science and Technology, Aska (Ganjam District) conducted in July 1978, it was noticed that the fees collected from students were not being remitted into the treasury immediately after collection. Test check in audit further disclosed that a sum of Rs. 5,531 was shown in the cash book

@ (On the basis of average cost of the post in the absence of details with the department of actual pay and allowances paid).

as remitted into treasury on 4th March 1978 towards fees collected from March 1976 onwards, but the entry was supported only by a certified copy of the treasury challan and not by the original challan. Verification by Audit with the treasury records disclosed that the amount in question was not actually credited to the Government account; the Treasury Officer, Ganjam also confirmed this in September 1978.

After transfer of the full-time Head Master of the School in July 1976, the Principal, Berhampur Engineering School, who was stationed 50 kilometres away, was appointed by Government to function as Head of Office for the School at Aska till a full-time Head Master joined in the School. The cash book was not maintained by him; the individual entries in the cash book were attested by a teacher of the school without any specific delegation of authority in this regard and the closing entries were not attested by any one. When the matter was pointed out during audit, the Director of Technical Education and Training directed (August 1978) the Principal to check the records with the treasury and report the matter to the Police authorities. Further developments are awaited (March 1979).

The misappropriation in this case was facilitated by non-observance of the prescribed provisions regarding maintenance of the cash book.

The matter was reported to Government in August 1978; their reply is awaited (March 1979).

3.5. Laboratory equipment lying idle since acquisition

In May 1965, seven electric furnaces were purchased by the Principal, State Technological Institute, Rourkela (now renamed as Utkalmani Gopabandhu Institute of Engineering) at a cost of Rs. 0.40 lakh for use of students in the laboratory of the Institute. None of these was put to use for the next four years pending construction of the metallurgical laboratory building and the furnaces were kept in the Industrial Training Institute for one year and thereafter in the State Technological Institute building. The laboratory building was completed in 1968 and the laboratory itself was set up in 1969.

On installation in the laboratory in 1969, five of the furnances (cost : Rs. 0.33 lakh) did not function satisfactorily; according to the Principal (September 1978), it was due to minor damages caused during transportation from the Industrial Training Institute to the State Technological Institute building in 1966 and from the Institute building to the laboratory building in 1969. Quotations for repairing the furnances were called for in 1973 and the lowest rate quoted was within Rs. 600 each. The repairs were not, however, undertaken.

Quotations were invited afresh in 1976, when the lowest rate was quoted at Rs. 3,400 for each furnace. Although the lowest quotation was accepted, repair was not undertaken even in 1976. The damaged furnances, which could have been repaired at Rs. 0.03 lakh in 1973 but needed about Rs. 0.17 lakh in 1976 for the repairs, continue to remain unrepaired and unused (October 1978). The Principal of the Institute stated (September 1978) that the furnances could not be repaired due to non-provision of funds and that the work in the laboratory was being "managed somehow but not to the desired satisfaction".

The Director of Technical Education and Training stated (November 1978) that the delay in installation was beyond the control of the department since construction work was entrusted to the Public Works Department and emphasis was not given to repair the furnances for want of funds.

The matter was reported to Government in September 1978; their reply is awaited (March 1979).

HEALTH AND FAMILY WELFARE DEPARTMENT

3.6. Irregular purchase of equipment for post partum work

Medical instruments and equipment valued Rs. 0.92 lakh were obtained in the Post Partum Programme branch of the Sri Ram Chandra Bhanja (S. C. B.) Medical College, Cuttack in March 1975 against orders placed on a local firm by a Junior Medical Officer acting on behalf of the Project Officer in-charge of the Post Partum Programme (during the short period of absence on leave of the Project Officer). On the basis of stock entry certificates recorded by Junior Medical Officers in the Organisa-

tion, payments to the extent of Rs. 0.82 lakh were released by the Drawing and Disbursing Officer (Accounts Officer of the Medical College) to the firm in 5 instalments between March and June 1975.

On 19th August 1975, the Project Officer intimated the firm that the instruments supplied by it were defective and required it to replace them as per specifications although no detailed specifications had been indicated in the purchase order. The entire stock of supplies (value : Rs. 0.92 lakh) was made over to the firm on the 20th August 1975 for replacement. The balance amount of Rs. 0.10 lakh was, however, released by the Drawing and Disbursing Officer in November 1975, due to lack of co-ordination between the Officer in-charge of the Programme and the Drawing and Disbursing Officer. Replacements of the materials have not been made by the firm so far (October 1978).

During the course of investigation of the transaction by the departmental authorities, the Project Officer reported (October 1976) to Government that most of the articles for which orders were placed and cost of which was also paid to the firm, were of no use for the Post Partum work. Government ordered (September 1977) that the firm should be called upon to refund the payment immediately instead of making replacements in kind. On enquiry in audit, the Director of Health Services stated in September 1978 that the firm which was served with a notice to refund the amount indicated that it was prepared to replace the articles but not to refund any amount and that Government orders as to whether replacements can be obtained from the firm were awaited.

The matter was reported to Government in June 1978; their reply is awaited (March 1979).

3.7. Unused medical equipment

On the basis of proposals made by the Principal, S. C. B. Medical College, Cuttack, Government sanctioned in March 1977 Rs. 0.20 lakh for purchase of equipment to be utilised on reconstructive plastic surgery of leprosy patients. The Superintendent of the

Medical College Hospital informed the Director of Health Services on 28th March 1977 that the Principal proposed to divert the amount sanctioned to his establishment and that he was taking steps for procuring instruments and equipments in anticipation of approval. The Director approved the proposal on 30th March 1977. On the basis of a requisition placed by the Professor of Skin and Venereal Diseases, quotations were obtained locally and supply order for equipments and instruments valued Rs. 0.20 lakh was placed on a local dealer, by the Superintendent of the Medical College Hospital on 28th March 1977. The supplies were received in the Central Store of the Medical College Hospital on 29th March 1977. The sanctioned amount of Rs. 0.20 lakh was drawn on 31st March 1977 and the firm was paid in May 1977 against its bill of 29th March 1977.

The Superintendent requested the Professor of Plastic Surgery in June 1977 to take over the equipment from the Store as he understood from the Professor of Skin and Venereal Diseases Department that the equipment was purchased for the Plastic Surgery department. The Professor of Plastic Surgery intimated that his Department was not aware of the purchase and that they would have suggested procurement of other items of equipment more useful for leprosy surgery had they been consulted earlier; as they had some equipment for leprosy surgery, there was no point in duplicating it. The Superintendent thereupon asked the Professor of Skin and Venereal Diseases, on whose requisition the purchase had been made, to take the equipment purchased (Rs. 0.20 lakh) in March 1977 for the Plastic Surgery department without consulting it and with reference to a requisition placed by another department, has not been taken delivery of by any department and remains unused in the stores (October 1978).

The matter was reported to Government in September 1978; their reply is awaited (March 1979).

3.8. Procurement of defective microscopes

To meet the immediate requirements of students, orders were placed (March 1972) in three batches on Firm 'I' by the Principal of the Vir Surendra Sai Medical College, Burla (Sambalpur District) for supply within 30 days

of 55 vision inclined monocular and 6 vision research binocular microscopes for Rs. 0.91 lakh. The supplies were received in three consignments between May and June 1972 and full payments were made to the firm as detailed below:—

Particulars of supplies	Month in which received	Value paid Rs. in lakhs	Month in which paid
40 monocular microscopes	May 1972 and June 1972	0.53	August 1972
6 binocular microscopes	May 1972	0.18	October 1972
15 monocular microscopes	May 1972	0.20	December 1972
		<u>0.91</u>	

In June 1972, the Principal informed the firm that the microscopes did not bear the name of manufacturers and serial numbers, that some parts were broken and that slides did not come into focus. The number of microscopes in which the defects were noticed was not mentioned at that stage but in December 1972 the firm was informed that defects in focusing were noticed in 15 monocular and 2 binocular microscopes due to fault in the length of the body of the microscopes. The Professor and Head of the Pathology Department reported to the Principal in August 1973 that all 30 monocular microscopes made over to the department from out of the supplies received were defective and could not be issued for use of students.

According to the terms of the supply order, payments were to be withheld for defective supplies. Despite the defects noticed in the supplies received, the bill for Rs. 0.53 lakh towards full cost of 40 monocular microscopes was paid to the firm in August 1972 on stock entry certificates recorded by the Bursar of the College, a non-technical official. Bill for Rs. 0.18 lakh towards full cost of 6 binocular microscopes was also paid to the firm in October 1972 on its request in September 1972 to release the amount by withholding payment of its third bill for Rs. 0.20 lakh being the cost of remaining 15 monocular microscopes, as security pending replacement of the defective microscopes. However, the third bill was also paid by the

ing and Disbursing Officer of the College to the firm in December without insisting on replacement of defective material. On enquiry audit as to how the payment was released despite specific orders to withhold the Principal stated (August 1978) that no documentary evidence was available "to know the actual fact".

As stated by the Principal (July 1978), none of the 30 monocular and binocular microscopes (value paid : Rs. 0.45 lakh) was rectified by firm the matter continued to be under correspondence with it. The defective microscopes received more than 6 years back and for which full payment had been released to the firm without withholding amounts for defective instruments supplied were stated (August 1978) by the Principal of the Medical College to be under regular use "with certain limitations to be rectified by the

The matter was reported to Government in June 1978; their reply is dated (March 1979).

Establishment of regional workshop

In December 1972, Government of India approved the establishment of regional workshop in Orissa with Central assistance of Rs. 10 lakhs at building : Rs.2 lakhs, equipment : Rs.7.50 lakhs and air-conditioning : Rs. 0.30 lakh) for undertaking repair of sophisticated electromedical instruments in the Eastern region on a no profit no loss basis. The State Government was required to take urgent steps for setting up the workshop so as to develop it fully by March 1974.

According to the approved plan, the regional workshop building was to have a minimum plinth area of 0.18 lakh square feet with a plinth area of 0.20 lakh square feet for future expansion and land for the workshop was to be provided by the State Government. Central assistance of Rs. 6 lakhs was received up to March 1978 (Rs. 2 lakhs each in November 1975, March 1977 and March 1978).

Test check by Audit conducted in March 1978 showed that an expenditure of Rs. 5.53 lakhs was incurred up to March 1978 on purchase of equipment. The selection of site for the location of workshop has not been finalised so far (November 1978). According to the Superintendent of the S. C. B. Medical College Hospital (December 1977),

the workshop was started under the charge of the Casualty M Officer acting as its special officer (instead of under a Chief Tec Officer as contemplated in the scheme) in March 1976 in a and dilapidated building with an area of 500 square feet and in the absence of adequate space, the equipment purchased has been installed fully and properly and the machine, welding, plumbing and painting sections had not started functioning. Items of equipment valued Rs. 4.23 lakhs purchased between April 1975 and July have remained idle. These included equipments of the total value Rs. 2.02 lakhs procured urgently in June - August 1976 on the basis of quotations obtained from local firms at Cuttack with a short lead time of 4 days only and not by invitation of tenders as required under the rules of Government.

The establishment expenditure on maintenance of the workshop from March 1976 to March 1978 amounted to Rs. 1.03 lakhs which was spent on repair work done during the period on behalf of hospitals in the State was valued at Rs. 0.45 lakh approximately; the Superintendent of the Hospital stated (November 1978) that pending finalisation of the project the exact value of the repairs could not be determined and steps have been taken to recover the charges worked out on the basis of cost of labour employed. No repair had been undertaken in the regional workshop on behalf of any other State in the region.

Thus, for the workshop which was to have been developed from March 1974, even the selection of site for location has not been finalised and the major portion of the equipment purchased (Rs. 4.23 lakhs) has remained idle.

The matter was reported to Government in August 1978; their response is awaited (March 1979).

3.10. Entertainment of cooks in primary health centres without arrangements for supply of diet

Mention was made in paragraph 41 of the Report of the Comptroller and Auditor General of India for the year 1969-70 regarding entertainment of cooks in primary health centres where no diet was supplied to inpatients.

On a test check of the records in seven districts conducted during 1977-78, it was noticed that out of 158 primary health centres in the districts, 78 centres did not have arrangements for supply of diet and the expenditure incurred on entertainment of cooks in such cases during the periods covered under audit was Rs. 3.91 lakhs as detailed below:—

District	Total number of centres	Number of centres without diet arrangements	Period		Expenditure incurred (Rupees in lakhs)
			From	To	
(1)	(2)	(3)	(4)	(5)	(6)
(1) Keonjhar	13	4	April 1976	October 1977	0.15
(2) Ganjam	29	20	April 1975	March 1976	} 0.60
		14	April 1976	March 1977	
(3) Mayurbhanj	26	12	April 1976	March 1977	0.37
(4) Sundargarh	17	6	April 1976	November 1977	0.17
(5) Phulbani	15	1	April 1976	March 1977	} 0.16
		4	April 1977	March 1978	
(6) Puri	29	14	April 1976	June 1977	0.56
(7) Sambalpur	29	24	April 1974	March 1978	1.90
					3.91

The Director of Health Services stated (July 1978) that the services of the cooks were utilised on miscellaneous jobs including carrying water, providing menial assistance to patients, watch and ward of property in the centres. It may, however, be mentioned that the centres had full complement of other attendant staff at the scale prescribed for all primary health centres and there seemed to be no need for cooks to do the miscellaneous jobs.

The matter was reported to Government in May 1978; their reply is awaited (March 1979).

3.11. Execution of schemes of Tribal Development Agencies by Soil Conservation Department

3.11.1. Two Tribal Development Agencies were set up (March 1972) by Government of India at Parlakhemundi and Gunupur in Orissa. Soil Conservation Department of State Government is entrusted with execution of schemes like land reclamation, coffee plantation and water harvesting structures for the Agencies. The funds required for implementation of the schemes are placed at the disposal of the departmental officers of the Agencies.

Important points noticed during scrutiny of records of the Assistant Soil Conservation Officers, Berhampur, Parlakhemundi, Gunupur and Rayagada (between December 1977 and March 1978) in relation to execution of schemes of the two Tribal Development Agencies during the period 1972-73 to 1976-77 are mentioned below:—

3.11.2. Land reclamation at Rautapur

In January 1973, the Tribal Development Agency, Parlakhemundi paid Rs.0.59 lakh to the Assistant Soil Conservation Officer, Berhampur for reclamation of 118.60 acres of land at Rautapur for eventual distribution to landless tribals at 2 acres per family. The Assistant Soil Conservation Officer reclaimed 112.10 acres by February 1974 at a cost of Rs.0.73 lakh, the excess expenditure of Rs.0.14 lakh being met out of the funds of the Agency placed at the disposal of the Officer for other land reclamation projects.

According to a report of the Assistant Soil Conservation Officer, Parlakhemundi to the Soil Conservation Officer, Berhampur in November 1977, 5.15 lakhs pineapple plants were planted by the department with the specific approval of the agency) on 32.36 acres during the period 1973-74 to 1976-77 and of these, only 0.45 lakh plants survived. The high rate of mortality (91.4 per cent) was attributed by the Assistant Soil Conservation Officer, Parlakhemundi to non-availability of irrigation facilities and hazards caused by the wild animals, drought, waterlogging etc. An expenditure of Rs. 2.31 lakhs was incurred by the department on pineapple plantation; the receipts from sale proceeds aggregated Rs.0.04 lakh only.

3.11.3. Coffee plantation

With the object of distributing coffee plantation to the tribals in the Parlakhemundi area at one acre per family, the Tribal Development Agency, Parlakhemundi paid Rs.0.85 lakh to the Assistant Soil Conservation Officers, Parlakhemundi (between January and December 1973) for coffee plantation in 90 acres (Rs. 9.50 per acre). The scheme was technically sanctioned by the Assistant Soil Conservation Officer, Phulbani in November 1973. The amount allocated for plantation of 90 acres was spent by him for plantation of 40 acres only. According to a report of the Assistant Soil Conservation Officer, Parlakhemundi to the Joint Director Soil Conservation in November 1975, the plantation was completed in 10 acres only. The failure of the plantation in the remaining 30 acres was attributed by the Assistant Soil Conservation Officer, Parlakhemundi to adverse climatic conditions like frost in winter and heat in summer and want of funds. According to a report of the Agency Assistant Soil Conservation Officer, Parlakhemundi (September 1978), the distribution even of the 10 acres of surviving plantation to the tribals was yet to be made by the Soil Conservation Department.

3.11.4. Water harvesting structure in the Parlakhemundi area

Between September 1973 and January 1974, the Assistant Soil Conservation Officer, Berhampur received Rs.0.96 lakh from the Tribal Development Agency Parlakhemundi for construction of three water-harvesting structures intended to provide irrigation for 300 acres of newly reclaimed land.

The Assistant Soil Conservation Officer diverted Rs.0.84 lakh from the amount of Rs.0.96 lakh given for this purpose for expenditure on other projects and, after incurring expenditure of Rs.0.12 lakh available with him for completion of the three projects, stopped further work in May 1974 for want of funds. The work continued to remain incomplete (September 1978). The partially executed structures have not served any purpose so far (October 1978).

3.11.5. Execution of Coffee plantation scheme in Gunupur area

Between July 1972 and March 1977, the Tribal Development Agency, Gunupur deposited Rs.4.70 lakhs with the Soil Conservation Officer, Koraput

for execution of coffee plantation scheme in 200 acres of land (for distribution to tribal families) which was considered to be labour intensive and capable of generating employment for 100 tribal families for a period of 40 years. The scheme was undertaken by the Agency on the basis of the technical feasibility report and estimate prepared by the Soil Conservation Department in 1972. Plantation was commenced by the Soil Conservation Officer during 1972-73 on an area of 162 acres. Up to March 1974, an expenditure of Rs.1.51 lakhs was incurred on the scheme (Rs.0.43 lakh on jungle clearance and Rs.1.08 lakhs on shade plantation and nursery). Plantation over the entire area failed reportedly due to lack of adequate shade. According to the Joint Director, Agriculture (Administration) who visited the area in September 1977, the expenditure of Rs.1.51 lakhs incurred by the Soil Conservation Organisation during the years 1972-73 and 1973-74 was a waste as the Soil Conservation Officials had executed the work without proper planning, particularly without adequate shade protection.

Replantation of coffee in the area was conducted in 1974-75 and the total expenditure incurred on the operation up to January 1978 was Rs.4.27 lakhs. The plantation was expected to come up to 'fruiting stage' by April 1978 but no action to lease out the area to tribal families has been initiated and no crop has been harvested so far (October 1978).

3.11.6. *Execution of water-harvesting structures in the Gunupur area*

The Tribal Development Agency, Gunupur released Rs.0.80 lakh in November 1973 in favour of the Soil Conservation Officer, Koraput on the basis of estimates technically sanctioned by the Soil Conservation Department for construction of two water harvesting structures, one each at Nuagaon and Gunakhal, with the object of providing irrigation facilities to a total area of 160 acres. After incurring expenditure of Rs.0.69 lakh on the two structures, both the structures were abandoned in 1974 on the ground that in one case the land being at higher level could not be irrigated and in other case no water could be stored due to defect in the reservoir bed. The entire investment of Rs.0.69 lakh thus proved infructuous. The reasons for incomplete preliminary investigation before execution have not been investigated by the department.

Thus, the sums aggregating Rs.8.04 lakhs placed (July 1972 to March 1977) by the Tribal Development Agencies at the disposal of the officers of the Soil Conservation Department have not served the intended purpose of providing lands and coffee plantation and irrigation facilities to the tribals.

The matter was reported to Government in October 1978; their reply is awaited (March 1979).

3.12. Loss on disposal of sisal fibre

Tenders supported by earnest money of Rs.2,000 were invited in June 1974 for disposal of 1,080 quintals of sisal fibre lying with the Soil Conservation Directorate. Of the seven offers received in July 1974 in response thereto, the highest offer was Rs.850 per quintal from firm 'A', which had deposited earnest money of Rs.1,000 only and the next highest offer was for Rs.705 per quintal from firm 'I'.

The Tender Committee in the Directorate of Soil Conservation recommended (August 1974) acceptance of the highest offer of firm 'A' subject to its depositing full earnest money (as against Rs.1,000 furnished earlier) within 15 days and failing that acceptance of the next highest offer of firm 'I'. On being called upon to deposit the balance earnest money of Rs.1,000, firm 'A' intimated (September 1974) that its dues amounting to Rs.28,000 were already lying with the department against an earlier contract and requested for settlement thereof for finalisation of the tenders for 1974-75. The firm withdrew its offer in October 1974 on the ground that the department had not taken action nor had communicated acceptance of its offer. Reasons for failure to act on the request of the firm 'A' were not available on record.

In December 1974, the Joint Director, Soil Conservation called upon firm 'I' to indicate if it was willing to purchase the fibre at Rs.850 per quintal quoted by the highest tenderer. The firm reiterated (December 1974) that it was prepared to abide by its own offer of Rs.705 per quintal. No action was, however, taken on this communication despite the recommendation of the Tender Committee in August 1974 to consider the case of 'I' in case 'A' failed to turn up. According to Government (August 1978), the Joint Director, in his anxiety to sell the stock at the highest rate, contacted other parties for the purpose which, however, did not materialise.

In January 1975, an outside Party 'P' (which did not tender in July 1974) offered to purchase the sisal fibre at Rs.851 per quintal but did not deposit any earnest money. The Joint Director reported (March 1975) the position to Government for orders regarding disposal, also stating that the fibres were deteriorating day by day. Government issued orders in April 1975 to sell the stocks to 'P' at Rs.851 per quintal. When the acceptance of his offer was communicated, 'P' intimated (May 1975) that the prices had fallen and hence he would be prepared to pay only Rs. 750 per quintal. On a further report by the Joint Director, Soil Conservation in June 1975, Government considered converting the fibre into rope for disposal at a later date but ultimately came to the conclusion in July 1975 that the conversion of the fibre stored in different places in the State into rope was not feasible. Government decided to dispose of the fibre along with the stocks of the year 1975-76. Accordingly, tenders were invited afresh in August 1975. The highest offer of Rs.756 per quintal received from firm 'S' in August 1975 could not, however, be availed of due to non-finalisation of consideration by the Tender Committee within the validity period specified by the firm i.e., 15 days from the date of opening the tenders; the delay in convening the Tender Committee was stated (August 1978) by Government to be due to absence of the Joint Director at the headquarters. In December 1975, Government approved the sale in favour of the second highest tenderer firm 'I' at its rate of Rs.315 per quintal.

With reference to the higher rates offered earlier by the same firm 'I' in July 1974 but not availed of, the loss on disposal of 1,080 quintals of sisal fibre more than a year later in December 1975 at Rs.315 per quintal amounted to Rs.4.21 lakhs.

Government stated (August 1978) that there was no good market in the country for consumption of sisal and that the tenderers created difficulties in lifting stocks in spite of best efforts made by the department to dispose of the stock. This does not explain why the department failed to accept the offer of firm 'I' made in July 1974 to purchase the entire quantity of sisal seeds available for 1974-75, despite recommendation of the Tender Committee to do so in case party 'A' did not turn up to deposit the full earnest money. Implementation of the recommendation of the Tender Committee would have avoided the loss of Rs.4.21 lakhs.

EDUCATION AND YOUTH SERVICES DEPARTMENT

3.13. Shortages of Government cash

Test check of the cash book of the District Inspector of Schools, Bhadrak (Balasore District) for the period from September 1975 to March 1978, conducted by Audit in April-May 1978 disclosed shortages of Government money to the extent of Rs. 0.11 lakh on four different dates (Rs. 200 on 18th March 1976 and Rs. 49 on 21st April 1976; Rs. 0.10 lakh on 10th June 1976 and Rs. 264 on 30th March 1977).

The first two shortages were caused by incorrect totalling of the day's transactions, and the latter two shortages were on account of incorrect payment entries in the cash book, which were at variance with the amounts shown in the relevant supporting vouchers. According to the certificate of physical verification of cash balances recorded by the District Inspector of Schools the actual cash balance in hand corresponded to the incorrect book balances; there was thus a shortage of Rs. 0.11 lakh with reference to the correct book balance. The shortages arose and remained undetected due to non-observance of the provisions in rules which require the head of the office to verify the totalling of the cash book or having this done by some responsible sub-ordinate officer other than the writer of the cash book and also due to attestation by him of payment entries therein without referring to the supporting vouchers.

The matter was reported to the Director of Public Instruction as well as Government in July 1978 suggesting a detailed check of the records and conducting an enquiry into the possible misappropriation of the cash. The Director of Public Instruction stated (August 1978) that arrangements were being made for a detailed check. Government stated (September 1978) that departmental auditors were put on the job in August 1978 with instructions to check the accounts for April 1972 to March 1978 and that their report was awaited.

3.14. Double drawal of money from the treasury

According to the procedure prescribed by Government, payment of salaries to teachers in primary schools run by Panchayat Samitis is made

from the lump grants released by Government in favour of the Samiti concerned. The grants are drawn by the respective Block Development Officers on bills countersigned by the District Inspector of Schools against detailed sanctions accorded by the Director of Public Instructions; the amounts so drawn are credited to the Samiti funds pending disbursements to teachers.

The Additional Director of Public Instructions (Schools) issued orders in October 1977 sanctioning Rs. 15.16 lakhs as grant in respect of schools under 42 Panchayat Samitis. In November 1977, a further grant of Rs. 84.06 lakhs was sanctioned in respect of schools under 314 Panchayat Samitis which included the sum of Rs. 15.16 lakhs already sanctioned in the earlier order of October 1977. The error was detected in December 1977 by the sanctioning authority, who modified the second sanction of November 1977 to read as having been accorded for Rs. 68.90 lakhs (reduced by Rs. 15.16 lakhs).

Although the modified sanction order of December 1977 was communicated to all the concerned treasuries, District Inspectors of Schools and Block Development Officers, it was noticed in Audit (June / August 1978) that four Block Development Officers (of Nandahandi, Kosagumuda, Kalimela and Raigarh Panchayat Samitis) in Koraput District withdrew Rs. 0.92 lakh for a second time from the treasury in February / March 1978 on the authority of the sanction accorded in November 1977 (without reference to the modified sanction of December 1977); the bills for the second draws were also countersigned by the District Inspectors of Schools and admitted by the treasuries concerned.

The excess draws were reported to Government in June/August 1978 after which two of the Block Development Officers (Nandahandi and Raigarh) refunded Rs. 0.21 lakh (December 1978). While accepting the factual position, Government stated (December 1978) that the other Block Development Officers had been instructed to refund the overdrawals; there was, however, no indication of action taken to fix responsibility for the lapses resulting in the overdrawals. Refund of the remaining sum of Rs. 0.71 lakh is still awaited (March 1979).

3.15. Misappropriation of cash

The rules of Government provide that no money shall be drawn from the treasury unless it is required for immediate disbursement and that all monies received by a Government servant shall be paid into the treasury or the Bank without delay. The accumulation of large balances with departmental officers is, thus, not permissible under the rules which do not provide for holding any amounts in shape of bank drafts, deposit-at-call receipts, etc.

Test check of the accounts records of the District Inspector of Schools, Berhampur conducted by Audit in January 1978 disclosed that, contrary to the prescribed rules, heavy cash balances (ranging up to Rs. 3.62 lakhs) were held by the Head of the Office. Part of the balances (ranging up to Rs. 3.17 lakhs) was held as deposit-at-call with the local branch of the State Bank of India but was not shown as cash balance. The test check further disclosed that two deposit-at-call receipts for Rs. 0.14 lakh obtained from the bank in September 1972 (Rs. 0.10 lakh) and March 1973 (Rs. 4,362.94) by exhibition as final payments from the cash in hand had been encashed on 23rd October 1975 but the cash received on encashment was not taken into the cash book. On further pursuance in audit, the District Inspector of Schools stated (August 1978) that it was a case of misappropriation of the amount of Rs. 0.14 lakh.

The following points were also noticed during the test check:—

(i) The closing balance on 4th August 1978 showed advances (paid for disbursement of scholarships to students) outstanding with subordinates as Rs. 11,063.25. Of these, acknowledgements of the recipients were wanting for advances aggregating Rs. 5,610.85.

(ii) Supporting vouchers were wanting in respect of adjustments of advances with subordinates amounting to Rs. 30,368.80, carried out in the cash book between February 1976 and March 1977.

The District Inspector of Schools confirmed the facts stated above but did not indicate action taken to set matters right.

On being brought to their notice Government stated (September 1978) that the concerned head clerk was placed under suspension and the District Inspector of Schools had been directed to report the matter to the police and also to initiate certificate case for pre-attachment of the properties of the head clerk. They also stated that further action as deemed necessary would be taken after detailed check by the departmental auditors which was in progress. The case was reported to the police in October 1978 by the District Inspector of Schools, Berhampur. Further developments are awaited (December 1978).

3.16. National Loan Scholarships

3.16.1. Mention was made in paragraph 31 of the Report of the Comptroller and Auditor General of India-Civil-for the year 1972-73 regarding non-maintenance of detailed accounts of loans paid to students under the National Loan Scholarship Scheme sponsored by Government of India and introduced in the State in the year 1963-64. Further assistance was given to the extent of Rs. 65.40 lakhs during the period from 1973-74 to 1976-77 *vide* details given below:—

Year		Number of scholars	Loans disbursed (Rupees in lakhs)
1973-74	..	2,051	10.46
1974-75	..	2,360	14.63
1975-76	..	3,901	16.83
1976-77	..	3,018	23.48
			65.40

3.16.2. It was noticed during audit (September 1977) in the Directorate of Public Instructions that the loan accounts of individual beneficiaries were not maintained to watch repayment in the prescribed manner and charge

interest at 6 per cent in case of defaulters. No procedure has been evolved to enforce recovery of the outstanding amount from those who defaulted repayment, as arrear land revenue. At the time of audit, the loan ledgers were under preparation and were subsequently reported to have been prepared up to 1974-75.

3.16.3. In September 1977, Government forwarded the reply of the Director of Public Instruction to Audit stating that the existing staff was inadequate to cope with the work load involved and that it was not possible to take up demands for interest and file certificate cases against defaulters but that the loanees had been warned that certificate cases might be started against them in case of non-payment.

To an enquiry in audit, the Deputy Director of Public Instruction (Scholarships) stated in September 1978 that, as at the end of March 1978, Rs. 73.74 lakhs were to have been repaid by 3,133 persons and of the amount due for recovery, only Rs. 6.76 lakhs were repaid towards principal besides interest of Rs. 0.06 lakh. Certificate cases had not been filed in any case to effect recovery.

The matter was reported to Government in September 1978, and Government stated (February 1979) that steps were being taken to avoid the irregularities in future.

TRIBAL AND RURAL WELFARE DEPARTMENT

3.17. Diversion of assistance for tribal development and construction of hostel building without ascertaining the need

On the basis of a proposal initiated by the department, the work "construction of a post-Matric *adibasi* girls' hostel (to accommodate 40 girls) at Gunupur" (Koraput district) estimated to cost Rs. 0.80 lakh was administratively approved by Government in March 1976 for execution against the special Central assistance provided under the Integrated Tribal Development Project, Rayagada although Gunupur was situated outside the project area; the Project Report prepared by Government in November 1976 and approved by the Sanctioning Committee of Government of India in January 1977 did not provide for this work under the Project. Approval of the Sanctioning Committee was not also taken for the diversion.

Funds amounting to Rs. 0.93 lakh were provided in July 1976 from out of the special Central assistance and the Rural Engineering Division, Rayagada commenced the work in September 1976. In the Course of execution, the estimate for the work was revised on account of higher tendered rates and requirements for sanitary and electrical installations (not provided for in the original estimates) and revised administrative approval for Rs. 1.56 lakhs was accorded by Government in March 1977. The building was completed in July 1977 and the expenditure incurred thereon up to December 1977 amounted to Rs. 1.42 lakhs.

After completion of the building, the District Welfare Officer, Rayagada brought to the notice of Government in December 1977 that there were no College-going *adibasi* girls at Gunupur and proposed to Government conversion of the building into a genear boys' hostel. The building is lying vacant (August 1978) since completion in July 1977.

Thus, an expenditure of Rs. 1.42 lakhs incurred on construction of a hostel building for *adibasi* girls without ascertaining the need therefor has remained unproductive.

When the matter was reported (June 1978) to them by Audit, Government, while acknowledging that Gunupur was situated outside the Integrated Tribal Development Project area, stated (November 1978) that the Project funds were utilised for a girls' hostel at Gunupur in the Tribal Development Agency area. In regard, however, to the non-availability of students to avail of the hostel facility, Government stated that the Collector had been called upon to explain as to why the position was not reported earlier and that the report was awaited.

3.18. Construction of Kanyashram building at an unsuitable location

The Project Report of Integrated Tribal Development in Rayagada Sub-division (Koraput District) prepared by Government in November 1976 and approved by the Sanctioning Committee of Government of India in January 1977 provided for construction of two sevashrams, one at Kasipur and the other at Kolanara at a cost of Rs. 4.71 lakhs each from out of special Central assistance provided for the project. The project funds were, however, used for construction of a Kanyashram building at Dongasil in Kasipur Block, in lieu of a sevashram at Kashipur; approval of the Sanctioning Committee was not obtained for the deviation.

The construction of the Kanyashram building at Dongasil at an estimated cost of Rs. 2.41 lakhs was administratively approved by the State Government in March 1976. Land measuring 7.69 acres was obtained as gift from a private party in March 1976 and the formal selection of the site was made in May 1976 by a Committee constituted for the purpose under the chairmanship of the Sub-divisional Officer, Rayagada; the selection was also approved by the Collector in August 1976. In July 1976, the estimate for the work was revised to Rs. 3.42 lakhs taking into account the inaccessibility of the area. Revised administrative approval for the work at Rs. 3.42 lakhs was also accorded by Government in August 1976.

The work was commenced by the Rural Engineering Division, Rayagada, in November 1976 and, after its completion in August 1977, the building was made over to the Assistant District Welfare Officer in December 1977. The expenditure incurred on the work up to December 1977 was Rs. 3.47 lakhs.

After completion of the building, the Sub-divisional Officer, Rayagada reported to the Collector, Koraput in December 1977 that the decision to locate the Kanyashram at Dongasil appeared to be a mistake as the area was inaccessible and there were doubts about availability of a sufficient number of students for the Kanyashram. The Collector in turn reported to Government in January 1978 about the unsuitability of the location of the Kanyashram and suggested utilisation of the building as a residential Sevashram. It may be mentioned that the proceedings of the site selection committee mentioned earlier did not contain any observations that the site was not easily approachable. As seen from the departmental records, the Deputy Director, Tribal and Rural Welfare had observed in May 1977 that there were already seven Kanyashrams in the district functioning without full sanctioned strength and there was no need for an additional Kanyashram at Dongasil.

The building constructed at a cost of Rs. 3.63 lakhs for use as Kanyashram at Dongasil (against special Central assistance intended for a Sevashram at Kashipur) is lying vacant (December 1978) since December 1977.

On a report made (June 1978) to them by Audit, Government indicated (December 1978) that final decision on use of the building was still to be taken by them. Further developments are awaited (March 1979).

3.19. Pre-matric scholarships to scheduled castes and scheduled tribes students

Mention was made in paragraph 3.10 of the Report of the Comptroller and Auditor General of India—Civil—for the year 1976-77 of irregular payments of scholarships to scheduled castes and scheduled tribes students in Balasore District. Irregularities noticed during the test check in audit of accounts relating to the period from 1974-75 to 1977-78 in five other districts (Cuttack, Puri, Mayurbhanj, Sundargarh and Keonjhar) in the State, are mentioned below:—

(a) In the Khurda Sub-division (Puri District), pre-matric scholarships amounting to Rs. 0.19 lakh were sanctioned by the Sub-divisional Officer and paid (during the years 1974-75 to 1977-78) to students studying in unrecognised institutions although the scholarships were admissible to students studying in recognised institutions only.

(b) In the Champua Sub-division (Keonjhar District) and Bhubaneswar Sub-division (Puri District), pre-matric scholarships amounting to Rs. 2.37 lakhs were paid (during 1974-75 to 1977-78) to students residing in unrecognised hostels at rates ranging from Rs. 300 to 380 per annum although these rates were admissible to students residing in recognised hostels only. With reference to the rates ranging from Rs. 50 to Rs. 70 at which the scholarships were admissible in cases of students other than those residing in recognised hostels, the excess payments in these cases amounted to Rs. 1.94 lakhs as detailed below:—

Subdivision	Amount paid	Amount admissible	Excess paid
(In lakhs of rupees)			
Champua ..	1.97	0.36	1.61
Bhubaneswar ..	0.40	0.07	0.33
	2.37	0.43	1.94

In the Baripada Sub-division, scholarships amounting to Rs. 0.42 lakh were paid to girl students at the higher rates as hostellers even though they resided in unrecognised hostels. The excess payment in such cases amounted to Rs. 0.32 lakh.

(d) The rules required that the sanctioning authorities were to mention in the sanctions to scholarships, reference to the orders granting recognition to the concerned institutions. This ensured that scholarships were given only to students studying in recognised institutions. In the following three sub-divisions of Mayurbhanj District, the Sub-divisional Officers sanctioned scholarships amounting to Rs. 11.73 lakhs without recording the orders of recognition.

Subdivision		Amount (Rupees in lakhs)
Baripada	..	5.61
Panchpir	..	3.82
Kaptipada	..	2.30
	..	<hr/> 11.73 <hr/>

On being pointed out in audit, the Sub-divisional Officer, Baripada merely noted the requirements for future guidance.

(e) Under the rules, the scholarships drawn on the basis of sanctions were being made over to the Block Development Officers/Field Officers of the department for disbursement to the students and acquittance rolls in support of disbursements were required to be submitted by the disbursing Officer to the drawing officer within a maximum period of one month from the date of payment to the disbursing officer. Contrary to these provisions, acquittance rolls in support of Rs. 7.83 lakhs made over to disbursing officers in 12 Sub-divisions during 1974-75 to 1976-77 were still

to be received by the Sub-divisional Officers concerned by the time of audit (August 1977—June 1978), as detailed below:—

District		Number of sub-divisions	Amount (Rupees in lakhs)
Cuttack	..	3	1.60
Mayurbhanj	..	4	4.46
Puri	..	2	0.18
Sundargarh	..	2	1.53
Keonjhar	..	1	0.06
	..	<u>12</u>	<u>7.83</u>

Year-wise break-up is also given below:—

Year		Amount (Rupees in lakhs)
1974-75	..	0.46
1975-76	..	1.08
1976-77	..	6.29
		<u>7.83</u>

The Sub-divisional Officers had not taken effective steps to ensure that (a) the scholarships were disbursed to the students in time and (b) the acquittance rolls were received and kept on record and refunds obtained where the amounts were undisbursed.

On the above points being brought to their notice by Audit, Government stated (January 1979) that the concerned Sub-divisional Officer who sanctioned the scholarships had been called upon to explain the circumstances for disbursement of scholarships to students in unrecognised institutions. They also stated that there were delays in receipt of acquittance rolls as well as in disbursement of scholarships mainly due to inadequate number of block level welfare extension officers.

FOREST, FISHERIES AND ANIMAL HUSBANDRY DEPARTMENT

3.20. Intensive Cattle Development Programme

3.20.1. To meet the increasing demand of milk and milk products as also to upgrade the breed of cattle in the State, Government approved an integrated scheme of Intensive Cattle Development in July 1965, on the lines of model scheme framed by Government of India. The scheme covered (i) controlled breeding by establishment of semen collection centres, (ii) castration of scrub bulls, (iii) veterinary aid, (iv) feed and fodder development (v) subsidisation and construction of silos for storage of green fodder, (vi) supply of improved milch cows and buffaloes and (vii) organisation of milk producers and cattle breeders into co-operatives. The first project under the scheme was implemented at Cuttack in September 1965, mention of which was made in paragraph 33 of the Report of the Comptroller and Auditor General of India for the year 1970-71. Subsequently, three other medium sized projects, with 50 thousand breedable cows in each area, were also started at Berhampur (in February 1972), Sambalpur (in January 1973) and at Jeypore (in January 1975). No firm targets were, however, fixed in respect of the different activities of the projects nor was any time schedule fixed for completion of the projects.

3.20.2. The expenditure incurred on the different projects up to end of 1977-78 was Rs. 2,49.70 lakhs. The department could not indicate activity-wise break-up of this expenditure. Points noticed on a review of the performance of the different projects conducted by Audit in January to March 1978 are mentioned below.

3.20.3. *Breeding programme*—(a) The model scheme envisaged artificial insemination coverage upto 20 per cent in the first year and 40 per cent in the subsequent years, of the total breedable cow population existing in the areas concerned. The actual coverage in the projects was as follows:—

Name of Project	Percentage of coverage during		
	1st year	2nd year	3rd and subsequent years
Cuttack ..	10	26	19 to 22
Berhampur ..	3	7	13 to 19
Sambalpur ..	0.20	7	11 to 14

(The project at Jeypore commenced in January 1975 had not started any work on the different activities upto March 1978 excepting on fodder development).

The shortfall in coverage in the 3 projects was generally attributed by the departmental officers (during the course of audit) to non-removal of the existing scrub bulls in the area, want of infra-structure facilities before undertaking the projects and lack of interest of the local people in availing the facility of artificial insemination for their cows. The low performance was not due to want of semen. Particulars of arrangement for publicity and details of steps taken to overcome the other hurdles were not on record.

(b) The semen extracted from exotic / upgraded stock of bulls maintained in the area is diluted in the collection centres and distributed to artificial insemination centres. While

no targets were fixed for collection and distribution, the actual performance for the three year period ending 1977-78 (up to December 1977) was as follows:—

Name of project year	Collection- quantity after dilu- tion	Distribu- tion-supplied to centres	Used in centres on artificial insemina- tion	Percentage of wastage	
(1)	(2)	(3)	(4)	(5)	
(In lakh millilitres)					
<i>Cuttack—</i>					
1975-76	..	1.36	1.02	0.28	80
1976-77	..	0.93	0.93	0.37	60
1977-78	..	1.42	1.42	0.32	78
<i>Berhampur—</i>					
1975-76	..	0.30	0.30	0.07	77
1976-77	..	0.61	0.61	0.11	82
1977-78	..	0.53	0.53	0.08	86
(Up to December 1977)					
<i>Sambalpur—</i>					
1975-76	..	0.18	0.18	0.02	89
1976-77	..	0.50	0.50	0.06	89
1977-78	..	0.45	0.45	0.05	88
(Up to December 1977)					

The high percentage of wastage was attributed by the departmental officers to deterioration of semen on account of inadequate storage facilities and want of ice in the artificial insemination centres. The total expenditure incurred on running the collection centres up to December 1977 amounted to Rs. 9.79 lakhs (Cuttack: Rs. 7.03 lakhs; Berhampur: Rs. 1.64 lakhs ; Sambalpur: Rs. 1.12 lakhs).

3.20.4. *Collection of milk*—The model scheme envisaged increase in milk production in the project area by at least 30 per cent over a period of 5 years. The projects did not maintain statistical data in regard to production of milk in the area from time to time.

3.20.5. *Organisation of milkproducers and cattle breeders into co-operatives*—While the department contemplated setting up of 200 co-operative societies in the Cuttack area, only 18 societies were organised (between November 1965 and July 1969). Of these, only 14 were functioning (January 1978); one did not commence functioning and 3 more became defunct after organisation. In Berhampur area, the collection and marketing function initially handled by the department was handed over to a co-operative organisation in December 1977. No society was organised in the Sambalpur area.

3.20.6. Evaluation of the performance of the projects has not been done in any case so far despite suggestions by the Planning Commission in December 1972. The department was, thus, not in a position to assess the extent of fulfilment of the objective in setting up the project.

The points mentioned above were reported to Government in July 1978; their reply is awaited (March 1979).

3.21. Choudwar saw mill complex

A saw mill complex was originally set up by the department at Choudwar in 1963-64 at a cost of Rs. 9.19 lakhs and was made over to the Orissa Forest Corporation (a Government Company) in November 1965 on rental basis. In December 1973, Government ordered the

re-transfer of the saw mill complex to the department and the Chief Conservator of Forests directed (February 1974) the Forest Utilisation Officer to take it over from the Corporation for departmental operation.

In the course of test check of records of the Forest Utilisation Officer conducted by Audit in February 1978, it was noticed that the Company had not paid any rental charges to Government for the period from November 1965 to February 1974 (when it was taken back by the department) nor was the rent payable determined under orders of Government. The books of the Corporation, however, showed the rental charge at Rs. 0.93 lakh per annum, on the basis of which the amount overdue for payment to Government worked out to Rs. 7.75 lakhs. Recovery of the amount is still awaited (October 1978).

After taking over the saw mill complex in February 1974, the Forest Utilisation Officer reported to the Conservator of Forests in April 1974 that none of its units was in working order, machines were dismantled and parts thereof were lying in haphazard manner and some parts were missing and stolen. The cost of repairs and replacements for recommissioning the saw mill was estimated (December 1975) at Rs. 3.04 lakhs. The repairs have not, however, been taken up so far (October 1978) and the saw mill complex continues to be idle.

The expenditure incurred on the staff directly engaged on the complex including watch and ward for the idle period (from February 1974), amounted to Rs. 1.49 lakhs up to June 1978. According to the Forest Utilisation Officer (August 1978) the saw mill complex required heavy expenditure on repairs and was lying idle for want of funds.

On the matter being reported to them in July 1978, Government stated (March 1979) that the transfer from the Corporation to the department was made in February 1974 due to labour trouble and consequent lock out and that a decision has since been taken to hand over the complex again to the Orissa Forest Corporation, the terms and conditions for which were under finalisation.

COMMUNITY DEVELOPMENT AND SOCIAL WELFARE DEPARTMENT

3.22. Utilisation of assistance provided for restoration/reconstruction of flood affected rural roads

3.22.1. Following floods in Orissa during July—September 1977, Government of India allocated advance plan assistance of one crore of rupees in December 1977 for restoration and reconstruction of roads damaged during the floods. The allocation was valid for expenditure incurred up to March 1978 only and the works financed from the assistance required the approval of Government of India/Planning Commission. Of this, Rs. 40 lakhs were earmarked (December 1977) by the Planning and Co-ordination Department in favour of the Community Development and Social Welfare Department for expenditure on rural link roads exclusively in the flood affected districts. To ensure fulfilment of the conditions prescribed by Government of India, the Planning and Co-ordination Department required the administrative department to commence the works immediately and report the physical progress of works every month and also to submit the list of roads financed from the assistance so as to obtain the approval of Government of India.

3.22.2. Basing on reports of District Collectors called for by Government in September 1977, which indicated the estimated requirement in respect of damaged rural roads at Rs. 1,18.64 lakhs, the Community Development and Social Welfare Department allocated (January 1978) the assistance of Rs. 40 lakhs among the 10 flood affected districts proportionately at one third of the estimated requirements. While the Central assistance earmarked by the Planning and Co-ordination department for the rural roads was limited to Rs. 40 lakhs, the administrative Department released 1950 tonnes of wheat (value: Rs. 24.38 lakhs^(a)) provided as gift by the Ministry of Agriculture under the scheme "Grains for Works Programme" as an augmentation of expenditure on these restoration and reconstruction works of Government. The

(a) The value of wheat released/and utilised on the restoration/reconstruction of the rural roads was shown in the accounts as expenditure of Government under the Grains for Works Programme.

table below gives the district-wise requirements as estimated by the Collectors and allotment of the assistance and release of gift wheat to the 10 districts:—

District	Number of blocks	Requirement estimated by District Collectors	Allotment of cash assistance	Gift wheat released (Tonnes)
(1)	(2)	(3)	(4)	(5)
(In lakhs of rupees)				
Balasore ..	5	13.03	4.45	190
Bolangir ..	6	4.50	1.50	160
Cuttack ..	38	32.69	11.20	250
Ganjam ..	15	22.89	7.65	200
Kalahandi ..	13	7.73	2.75	200
Koraput ..	11	6.63	1.85	300
Mayurbhanj ..	7	8.43	2.85	150
Phulbani ..	3	11.06	3.75	100
Puri ..	28	8.16	2.75	200
Sundargarh ..	9	3.52	1.25	200
	135	1,18.64	40.00	1,950

3.22.3. The administrative department authorised the District Collectors in December 1977/January 1978 to place the amounts at the disposal of Panchayat Samitis subject to the condition that the funds were to be utilised before 31st March 1978 and utilisation certificates furnished to Government by 30th June 1978. The orders did not indicate

the amount to be paid to the different Panchayat Samitis as grant and the Collectors were authorised to make the payments on the basis of their assessment. In January 1978, the department further clarified to the Collectors that the works might not be confined to the approved Panchayat Samiti and Gram Panchayat roads and that the Block Development Officers could take up such of the roads which they considered to be in need of restoration.

3.22.4. In view of the urgency of the situation, an advance of Rs. 10 lakhs was taken from the Contingency Fund in January 1978. The District Collectors withdrew the amounts from the treasuries mainly in February-March 1978. The Collector, Cuttack, withdrew the entire sum of Rs. 11.20 lakhs meant for the district on 31st March 1978 and placed the funds at the disposal of the Panchayat Samitis.

3.22.5. Utilisation certificates which were to have been received by Government in June 1978 had not been submitted by any of the Panchayat Samitis (October 1978). Progress reports prescribed for submission to Government every month were not forthcoming from all the districts regularly. According to Government (November 1978), the latest reports received from the districts up to October 1978 disclosed the following particulars of utilisation of the assistance made available:—

District	Assistance in cash (Rupees in lakhs)	Gift wheat released (Tonnes)	Expenditure		Balance amount with Panchayat Samitis (Rs. in lakhs)
			(Cash Rs. in lakhs)	Gift wheat (tonnes)	
(1)	(2)	(3)	(4)	(5)	(6)
Bolangir ..	1.50	160	1.47	349a	0.03
Ganjam ..	7.65	200	7.62	1,430a	0.03
Koraput ..	1.85	300	1.84	300	0.01
Balasore ..	4.45	190	3.82	143	0.63

(a) Wheat made available for other works was also diverted by the Block Development Officer for utilisation on these works.

District	Assistance in cash (Rupees in lakhs)	Gift wheat released Tonnes	Expenditure		Balance amount with Panchayat Samitis (Rs. in lakhs)
			Cash (Rupees in lakhs)	Gift wheat (tonnes)	
(1)	(2)	(3)	(4)	(5)	(6)
Mayurbhanj ..	2.85	150	2.79	55*	0.06
Kalahandi ..	2.75	200	2.75	Not reported	..
Sundargarh ..	1.25	200	1.04	Ditto	0.21
Cuttack ..	11.20	250	9.87	Ditto	1.33
Puri ..	2.75	200	2.75	Ditto	..
Phulbani ..	3.75	100	2.74	Ditto	1.01
	<u>40.00</u>	<u>1,950</u>	<u>36.69</u>	<u>..</u>	<u>3.31*</u>

There were no instructions at any level regarding refund of the amounts remaining unspent with the Panchayat Samitis as at the end of March 1978 and the unspent balances continued to be held by them.

3.22.6. Test check of records in two of the districts of Cuttack and Puri disclosed the following:—

(a) Of the sum of Rs. 11.20 lakhs drawn by the Collector, Cuttack, amounts aggregating Rs. 1.75 lakhs were paid (March 1978) to 9 Panchayat Samitis which were not included in the original report on flood affected areas submitted by him to Government in December 1977. The Collector had reported to the Board of Revenue in December 1977 that three of these Samitis (Barang, Kendrapara and Jagatsingpur) had not been affected by floods.

*According to reply received from Government (February 1979), the amount unutilised was Rs. 3.27 lakhs.

Similarly, in Puri District, sums aggregating Rs. 0.79 lakh were paid to 8 Panchayat Samitis wherein, according to report of the District Collector sent to Government in October 1977, no damages had occurred during the floods.

Government stated (November 1978) that the Collectors had been called upon to clarify the position and that their reports were awaited.

(b) While the amounts made available by Government were in proportion of one-third of the reported requirements, the District Collector, Cuttack paid sums to samitis even in excess of the estimated requirements in the following cases:—

District	Estimated requirement	Amount paid by the district Collector
Panchayat Samiti		
	(In lakhs of rupees)	
<i>Cuttack—</i>		
Raghunathpur ..	0.02	0.30
Kujanga ..	0.21	0.35
Garadapur ..	0.30	0.40

The payments to samitis not originally included in the list of affected areas and in excess of the estimated requirements in the above cases were made by reductions in respect of the other flood affected areas. Government stated (November 1978) that the Collector, Cuttack was being asked to furnish a report on the matter.

(c) The requirement of the Tirtol Panchayat Samiti was not included in the list originally furnished by the Collector, Cuttack in December 1977 on the basis of which Rs. 11.20 lakhs were allotted to the district. The Block Development Officer informed the Collector in January 1978 that 12 roads were damaged by floods and required Rs. 0.24 lakh for repair. The Collector, Cuttack, in turn, paid Rs. 0.35 lakh to the samiti out of amounts drawn on 31st March 1978. The samiti did not undertake repairs to any of these 11 roads but undertook construction of 44 culverts on other roads and showed to have spent thereon Rs. 0.05 lakh up to September 1978.

(d) The Block Development Officer, Tangi-Choudwar Panchayat Samiti reported to the Collector, Cuttack in September 1977 that 11 roads required repairs but did not indicate the amount required. Although these roads had been left out for the purpose of assessing total requirements of the district, the Collector released Rs. 0.20 lakh to the samiti. The samiti undertook repairs of only 3 of these 11 roads and work on 17 other roads. The amount spent by the samiti up to September 1978 on the 20 works was reported to be Rs. 0.18 lakh. Of this, the expenditure on the 3 roads damaged by the floods was Rs. 1,727 only.

3.22.7. To sum up, the restoration / reconstruction of the rural roads damaged during floods in 1977 which was programmed for completion by Panchayat Samitis in March 1978 remained incomplete at the end of October 1978 despite supplementation of the grant-in-aid of Rs. 40 lakhs by wheat valued Rs. 24.38 lakhs from out of the Grains for Works Programme. According to Government (February 1979), Rs. 36.73 lakhs were spent up to end of October 1978 and Rs. 3.27 lakhs were lying unutilised with the samitis. Certificates of utilisation prescribed by Government for submission by June 1978, have not been received in any case for the amounts stated to have been spent (March 1979).

MINING AND GEOLOGY DEPARTMENT

3.23. Non-installation of weigh-bridges

The Koira Mining Circle had only one weigh-bridge under operation and the remaining three outlets of mineral traffic were without any weigh-bridge. The Director of Mines purchased one 30 tonne weigh-bridge in June 1974 for installation at the check gate at Jamdihi and another 25 tonne weigh-bridge in March 1975 for installation at the check gate at Rengalbera in the Koira circle at a total cost of Rs. 1.56 lakhs to facilitate assessment of royalty and cess on precise weighing of minerals transported from the area. Neither of the weigh-bridges purchased has been commissioned so far (August 1978) at the check gates as the platform and scale room for the purpose are not yet ready.

The site for the installation of the weigh-bridge at the check gate at Jamdihi was selected in June 1974 and action for installation was initiated by the Senior Mining Officer, Rourkela in December 1974 by calling for plans and estimates for the purpose from the Public Works Department. The work of execution of platform and scale room was entrusted to a contractor in August 1976 for completion by December 1976. According to the Executive Engineer, Sundargarh Division (August 1978) the work was left incomplete by the contractor (date not available) and the work of the balance portion of platform was resumed departmentally in January 1978 and the work on the scale room was put to retender in August 1978 after installation of the weigh-bridge on the platform by the supplier concerned.

As for the check gate at Rengalbera, the site for location of the weigh-bridge and scale room was selected in March 1974. But, the requisition for alienation of the land was placed by the Senior Mining Officer, Sundargarh with the Revenue authorities only in October 1975. Work on the construction of platform and scale room has not, however, been started so far (August 1978). According to the Director of Mines (July 1978), the site selected earlier without associating the Executive Engineer, was not suitable for execution of the work and action was being taken to locate an alternative site.

Due to lack of co-ordinated action to provide platform and scale room, the two weighbridges purchased in June 1974/March 1975 at a cost of Rs. 1.56 lakhs remained uncommissioned (August 1978).

On enquiry in audit, the Mining Officer, Koira stated (August 1978) that the volume of mineral transported from the mining area passing through check gates, at Jamdihi and Rangalbera, where the weighbridges are awaiting installation, continued to be assessed on theoretical basis.

The matter was reported to Government in May 1978; their reply is awaited (March 1979).

3.24. Misappropriation in Ranpur Sub-treasury

According to the procedure prescribed by Government, moneys deposited by the retail dealers towards cost of controlled commodities *viz.*, wheat, sugar and rice to be lifted from the Government stocks are received in advance at the treasury and the original chalan is made over to the retailer for production before the departmental officer competent to issue orders for release of the commodities. The treasury is simultaneously required to send the triplicate copy of the chalan direct to the departmental officer who, on production of the original chalan by the retailer, is to verify it with the triplicate copy and satisfy himself about payment of the money into the treasury before release of the supply; for this purpose, the departmental officer is also required to get the treasury pass book up-dated by the Treasury Officer and check the entries therein monthly once with the chalans on the basis of which stocks were released.

In the course of audit (June 1978) of accounts records in the Ranpur Sub-treasury (Puri District), a test check with reference to chalans acted upon by the Block Development Officer, Ranpur for releasing stocks in favour of retailers in the area disclosed that Rs. 0.47 lakh covered by 37 chalans relating to the period from May 1976 to February 1977 had not been credited to Government account by the Sub-treasury. The Director of Treasuries, to whom the matter was reported by Audit in June 1978, acknowledged in his report (August 1978) to Government after verification that these were cases of defalcation amounting to Rs. 0.47 lakh, caused by forgery of documents in the Sub-treasury. On being reported by Audit, Government stated (December 1978) that instructions had been issued to the Director of Treasuries to start departmental proceedings and, if necessary, civil suits for recovery of the amounts.

GENERAL

3.25. Idle establishment

Test check conducted in audit disclosed that in the following field offices drivers were borne on the establishment but their services could not

be utilised for want of vehicles and the expenditure on the idle establishment was of the order of Rs. 0.53 lakh:

Name of office	Particulars	Expenditure on idle establishment (Rs. in lakhs)	Remarks
(1) Deputy Director, Poultry Breeding and Research Farm, Angul (Animal Husbandry Department)	One driver was borne on the establishment although the office had no vehicle in use since one truck with it was taken off the road from November 1969	0.29	Expenditure was for the period between December 1969 and May 1978. The Deputy Director stated (April 1978) that there was no response from the Directorate to utilise services of the driver elsewhere.
(2) Inspector of Schools, Cuttack-III circle, Cuttack (Education Department)	There was no vehicle in the office since January 1976 after the old one (more than ten years old) was taken off the road. One driver continued to be entertained	0.11	Expenditure was for the period between February 1976 and October 1978. The Inspector of Schools stated (September 1978) that the vehicle was under repair.
(3) District Malaria Officer National Malaria Eradication Programme, Bolangir (Health Department)	The office was having 3 vehicles of which one was taken off the road since June 1975 due to want of work and high consumption of petrol but four drivers were entertained	0.13	Expenditure was for the period between June 1975 and June 1978. The District Malaria Officer stated (July 1978) that appointment of drivers was regulated by the Special Officer (Malaria) and the matter would be referred to him.

The above cases were reported to Government in July/October 1978. The Education and Youth Services Department stated (December 1978) that the vehicle with the Inspector of Schools, Cuttack-III Circle had since been put to use after repairs in October 1978. Replies of the other departments are awaited (March 1979).

3.26. Delay in issue of posting orders

The rules of Government provide for grant of joining time to a Government servant to join a new post. This is reckoned with reference to the distance covered and conveyance taken to perform the journey.

Test check in Audit disclosed that during 1976-77 and 1977-78, joining time was allowed in 17 cases in excess of the normal limits and ranging up to 106 days, on grounds that although the officers concerned had reported for duty, they were unable to take over charge of the post due to time taken in finalisation of postings by the departmental authorities. The joining time pay allowed in these cases for periods in excess of the normal joining time aggregated Rs. 0.26 lakh as detailed below:—

Sl. No.	Department	Number of cases in excess of the normal joining time			Total	Amount of pay and allowances drawn in excess of normal joining time (In rupees)
		Beyond 30 days	Beyond 60 days	Beyond 90 days		
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1.	Education and Youth Services	6	6	..	12	17,009
2.	Political and Services	1	..	1	2	6,024
3.	Health and Family Welfare	1	..	..	1	503
4.	Community Development and Social Welfare	1	..	..	1	773
5.	Works	..	1	..	1	1,530
		9	7	1	17	25,839

The unproductive expenditure incurred due to administrative delays on the part of the departments was reported to Government in October 1978. The departments generally attributed the extension of joining time to unavoidable circumstances.

3.27. Misappropriations, losses, etc.

Cases of misappropriations, losses, etc. of Government money reported to Audit up to the end of March 1978 and on which final action was pending at the end of September 1978 were as follows:—

	Number	Amount (In lakhs of rupees)
Cases outstanding at the end of September 1977	1,175	1,42.66
Cases reported during April 1977 to March 1978	129	34.66
Cases disposed of till September 1978	260*	13.18
Cases outstanding at the end of September 1978	1,044	1,64.15

Department-wise analysis of outstanding cases are given in Appendix II. The periods for which these are pending finalisation are given below:—

	Number of cases	Amount (In lakhs of rupees)
(i) Over five years (1948-49 to 1972-73)	500	67.16
(ii) Between three years and five years (1973-74 to 1974-75)	157	19.26
(iii) Up to three years (1975-76 to 1977-78)	387	77.73
	1,044	1,64.15

* Includes 176 cases (Rs. 10.10 lakhs) where departmental proceedings were finalised but recoveries ordered were in progress.

The reasons for which the cases were outstanding were:—

	Number	Amount (In lakhs of rupees)
(i) Awaiting departmental and criminal investigation	320	56.93
(ii) Departmental action started but not finalised	494	58.12
(iii) Criminal proceedings finalised but execution/certificate cases for recovery of the amount are pending	55	7.97
(iv) Awaiting orders for recovery or write off	83	20.51
(v) Pending in courts of law ..	92	20.62
Total ..	<u>1,044</u>	<u>1,64.15</u>

CHAPTER IV

WORKS EXPENDITURE

PLANNING AND CO-ORDINATION DEPARTMENT

4.1. Rural Water Supply Scheme (Drinking Water)

4.1.1. Introduction

The programmes for rural drinking water supply implemented in the State from time to time up to the Fourth Five Year Plan period and the types of water supply works set up under each such programme *vis-a-vis* the respective targets were as follows:

Programme	Period of implementation	Types of water supply works	Target	Achievement	Expenditure (Rupees in lakhs)
(1)	(2)	(3)	(4)	(5)	(6)
(i) National Water Supply and Sanitation Programme (with 50 per cent Central assistance)	(a) 1954-55 to 1961-62	Wells	4,635	4,310	1,19.82
		Tubewells	1,326	1,254	
	(b) 1962-63 to 1973-74	Piped water supply schemes	100	69 completed; 31 spilled over to Fifth Five Year Plan period out of which 30 were completed up to 1977-78	2,32.99
(ii) Local Development Works Programme—					
(a) Centrally sponsored scheme with cent per cent assistance	1963-64 to 1966-67	(Master Plan for Third Five Year Plan provided for 43,000 wells)	..	14,403	2,44.26
(b) Centrally aided scheme with 50 per cent Central assistance	1967-68 to 1968-69				
(c) Fully financed by the State Government	1969-70 to 1973-74				

Programme	Period of implementation	Types of water supply works	Target	Achievement	Expenditure (Rupees in lakhs)
(1)	(2)	(3)	(4)	(5)	(6)
(iii) Special employment programme (with cent per cent Central assistance)	1972-73 and 1973-74	Wells	950	950	20.00
(iv) Accelerated water supply scheme (with cent per cent Central assistance)	1972-73 and 1973-74	Piped water supply schemes	7	All 7 schemes spilled over to Fifth Plan 1,425	1,78.18
		Tube wells	1,425		

Besides these programmes, grants available under Community Development Programme, Tribal Development Programmes, cyclone and drought relief measures were also utilised for providing wells in rural areas.

According to the Planning Commission (Draft Fifth Plan), the programmes executed till then did not have perceptible impact on providing minimum level of water for consumption specially to the areas and sections of the community suffering from chronic scarcity or having unsafe source of water. A National Programme of Minimum Needs was introduced from the commencement of the Fifth Five Year Plan (1974-75 to 1978-79) to provide safe source of drinking water to the following types of problem villages in the first instance:

- (a) where assured source of drinking water was not available within a reasonable distance (say 1.6 Km.);
- (b) where sources of water supply were endemic to water borne diseases;
- (c) where water suffered from excess of salinity, iron or fluoride.

A test check was conducted by Audit in February—July 1978 of the implementation of the different programmes with specific reference to piped water supply schemes and schemes under the Accelerated Water Supply Scheme and the Minimum Needs Programme (M. N. P.).

4.1.2. Organisation

Proposals for piped water supply schemes were initiated by Gram Panchayats/Notified Area Councils and the schemes were executed by the Public Health Engineering Organisation under the administrative control of the Urban Development Department after selection of places in consultation with the Director of Health Services from health point of view. Tube wells were also executed by the Public Health Engineering Organisation.

The surface^(a)/sanitary^(b) wells were executed by Panchayat Samitis under the administrative control of the Community Development and Social Welfare Department. The specification and designs for sanitary wells were given by the Chief Engineer, Public Health.

4.1.3. Piped water supply schemes

A—Rural piped water supply

4.1.3.1. The rural piped water supply scheme was implemented from 1962-63 and continued till the end of 1973-74 and was confined to villages with population ranging between 2,000 (later raised to 3,500 in September 1969) and 10,000. In all, 106 schemes were sanctioned; six schemes (estimated cost: Rs. 6.48 lakhs) were not taken up and 100 schemes were taken up in rural and semi-urban areas up to the end of 1973-74. In July 1974, Government decided not to undertake new works for piped water supply in villages in view of high cost and maintenance problems.

4.1.3.2. Up to July 1973, the local body concerned had to bear 50 per cent of the cost of the project excluding cost of pumps and pipes, towards people's contribution, subject to a maximum of Rs.5 per capita on the population to be served thereby, the remaining cost to be borne by Government as grants-in-aid. Where a local body was unable to provide its own share of contribution fully, loan repayable in two equal annual instalments commencing from the first anniversary date of completion of the scheme with interest, as may be determined from time to time, was granted by Government. From August 1973, the entire cost of the scheme was borne by Government subject to the land required for the scheme being provided by the local body free of cost.

(a) Ordinary open well.

(b) Well with top cover and a hand pump.

4.1.3.3. Completion of schemes within a period not exceeding two years ordinarily and not exceeding five years in exceptional cases was provided in the manual of the Public Health Engineering Department. The programme drawn up by the Chief Engineer, Public Health in September 1963 envisaged completion of schemes within a period of 3 years. Information collected from the Public Health divisions disclosed that out of 100 schemes undertaken, 52 were completed within the targeted period of 3 years; 20 were completed within 3 to 5 years; 15 were completed within 5 to 10 years and in 12 cases it took more than 10 years; one scheme (at Padampur) commenced in 1964 continued to be in progress (September 1978). The delay in execution was generally attributed by the divisions (February—July 1978) to (a) change of water source, (b) delay in finalisation of design, (c) difficulties in procurement of required materials and (d) non-availability of funds.

Two special investigation divisions were created in 1962 in the Public Health Engineering Organisation for conducting detailed investigation of villages. According to the Executive Engineer, Public Health Investigation Division, Bhubaneswar (June 1978), detailed survey and planning was done in 48 cases only. The source of supply was altered during the course of execution in 16 cases between ground water (tubewell) and surface water (river, *nullah* and tank). In 4 other cases, the source of supply was found on execution to be inadequate for supply and had to be augmented subsequently.

Test check in audit of execution/operation of 9 piped water supply schemes in different divisions disclosed that alternative sources of water had to be tapped as the original source proved to be inadequate. This not only delayed the completion of the schemes but also resulted in infructuous expenditure (Rs. 2.48 lakhs) on abandoned works and maintenance of schemes when there was no water supply. The details are given in Appendix III.

4.1.3.4. The district-wise details of number of schemes (100) executed, their estimates (original : Rs.1,68.46 lakhs); revised : Rs.2,93.81 lakhs), loans granted therefor (Rs. 7.65 lakhs) to the local bodies, the amounts deposited

by the local bodies (Rs. 2,29.34 lakhs) with the Public Health Divisions for execution, the grant under Minimum Needs Programme (Rs. 43.84 lakhs) and the expenditure incurred (Rs.2,76.83 lakhs) to end of 1977-78, etc. are given in Appendix IV.

As would be seen therefrom, the revised estimates (Rs. 2,93.81 lakhs) exceeded the original estimates (Rs. 1,68.46 lakhs) by Rs. 1,25.35 lakhs i. e. by about 74 per cent. Further revision of estimates is necessary in respect of 24 schemes (Rs. 94.11 lakhs), as the expenditure has exceeded the estimates (Rs. 63.67 lakhs) by over 47 per cent. According to the Public Health Divisions, the increase in expenditure over estimates was generally due to (a) change of source of water, (b) change of design, (c) inclusion of new provisions and (d) rise in cost of materials and labour.

An analysis in audit of particulars relating to 29 schemes (completed) costing Rs.3 lakhs and above, where the revised estimates (Rs.1,70.46 lakhs) involved an increase of Rs.96.06 lakhs over the original estimates (Rs.74.40 lakhs), showed the following results:

	(Rupees in lakhs)
(a) Increase due to change of design (19 schemes)	27.75
(b) Increase due to new provisions (21 schemes)	46.91
(c) Increase due to rise in cost of materials and labour mainly due to prolonged execution of works (20 schemes)	18.30
(d) Increase due to miscellaneous reasons (18 schemes)	3.10
	96.06

B—Accelerated Water Supply Scheme

4.1.3.5. The accelerated water supply scheme, introduced in August 1972, was to be implemented in compact areas to meet the drinking water needs within a period of 2 years (1972-73 and 1973-74), through supply

either by pipe lines or tubewells to the following categories of villages as a first priority:

- (i) Scarcity villages not having assured source of drinking water within a reasonable distance.
- (ii) Difficult and problem villages which need protection and treatment of water against water-borne diseases.
- (iii) Villages having inadequate arrangement of drinking water supply for weaker sections of the society.

The programme approved by Government of India in August 1972 included execution of 7 piped water supply schemes at an estimated cost of Rs.34.73 lakhs. None of the schemes was completed by the scheduled target date i.e. by the end of 1973-74. The estimates were revised to Rs. 46.51 lakhs by the Chief Engineer during the period April 1974—March 1976 (yet to be approved by Government) and, after providing an additional sum of Rs.11.78 lakhs from out of funds for the Minimum Needs Programme introduced in the Fifth Five Year Plan, 4 schemes completed in 1975-76, 2 in 1976-77 and 1 in 1977-78 (February 1978). According to the Chief Engineer, Public Health (February 1978), the delay was due to non-availability of additional funds based on revised estimates. It was noticed during test check in audit that in 4 cases, (Salebhatta, Champua, Kantamal and Kandal-cum-Balam) the delay was due to the time taken in finalisation of designs and estimates (12 to 36 months) while in another case (Kantamal) it was due to delay in deciding tenders (22 months).

The upward revision of the estimates from Rs. 34.73 lakhs to Rs. 46.51 lakhs had been attributed (March 1974) by the Chief Engineer, Public Health to increase in cost of materials and labour. It was noticed in audit that the actual expenditure of Rs. 41.11 lakhs to the end of 1977-78 included Rs. 5.69 lakhs in 3 cases on materials not required for the

works as detailed below:

Name of work	Particulars of materials	Value (Rupees in lakhs)	Remarks
(i) Water supply to village Kantamal (P h u l b a n i District)	10,433 metres cast iron pipes	4.50	Procured in 1972-73 but were not used on the work consequent to a decision in 1974-75 to put up the distribution system with P. V. C. pipes. Mater i a l s v a l u i n g Rs.1.44 lakhs were used on other works. No credit has so far been afforded to the accounts of the work.
(ii) Water supply to village Salebhatta (B o l a n g i r District)	60 numbers hand pumps and cylinders	0.27	Purchased in June 1976. These were not required for piped water supply scheme and were used for sinking of tube wells under the Minimum Needs Programme.
(iii) Water supply to village Tukula (K a l a h a n d i District)	Surplus materials borne on the accounts of the work	0.92	The accounts of the work are yet to receive credit for the value thereof.

5.69

C—Maintenance of piped watersupply schemes

4.1.3.6. Government ordered in 1961 that these schemes were to be handed over to the local bodies after completion for further maintenance by them. The basic object of the arrangement as well as in obtaining a part of the cost of execution of the scheme by way of people's contribution was to ensure participation of local bodies in execution and up-keep. The local bodies were unable to take over the schemes either due to lack of manpower or paucity of funds. In 1967, Government revised their earlier orders and decided that all completed schemes were to be maintained by the Chief Engineer, Public Health except in cases where a local body specifically wanted to take over the maintenance. The cost of departmental maintenance was to be borne by the local body concerned to the extent of 50 per cent for the first 3 years subject to a maximum of Re.1 *per capita*, 75 per cent for the next 2 years subject to a maximum of Rs.1.50 *per capita* and full cost thereafter. The maintenance cost up to 1965-66 was borne in full by Government. Only 2 schemes in the villages of Bagadia (Dhenkanal District) and Gohanga (Ganjam District) were taken over by the Gram Panchayats concerned for maintenance. The expenditure on maintenance of the remaining 98 schemes under the Rural Piped Water Supply Scheme was incurred by the department and amounted to Rs.1,23.87 lakhs during the period 1966-67 to 1977-78. The recovery assessed from Gram Panchayats for the period was Rs.1,01.28 lakhs. The amount realised to end of March 1978 was Rs.5.92 lakhs only and the balance amount of Rs.95.36 lakhs was outstanding recovery (March 1978). The year-wise break-up of the amount outstanding recovery was not ascertainable from the records in the division. The Public Health Department had reported to Government in December 1975 that huge amounts were outstanding due to non-payment by local bodies on grounds of high cost of maintenance and irregular/inadequate supply of water and suggested waiver of recovery of the charges up to 1974-75. Decision of Government is awaited (March 1979).

Undertakings of the local bodies concerned to bear maintenance charges were not obtained in respect of the 7 schemes executed under the Accelerated Water Supply Schemes. The expenditure on maintenance in these cases

to end of 1977-78 amounted to Rs. 2.39 lakhs. Except for Rs 0.04 lakh relating to 1977-78 realised in one of these cases (Tukula village), no recovery has been effected towards maintenance of these schemes.

Of the 2 schemes taken over by the Gram Panchayats, the water supply in the village of Bagadia was discontinued a few days after the scheme (cost: Rs.1.48 lakhs) was taken over by the Gram Panchayat in November 1965, for want of funds to run it. Water supply in the village is still to be resumed. In February 1977, the Chief Engineer proposed to Government taking back the scheme from the Gram Panchayat for resumption of water supply. Decision of Government is still awaited (March 1979).

4.1.3.7. Due to non-payment of share of maintenance charges by the local bodies, water supply was suspended in 9 cases from September 1969. In view, however, of the water supply facility being stopped although heavy investments were made on the schemes, the supply was resumed from 1st June 1973. In respect of these cases, the water supply was stopped for about 4 years. The maintenance expenditure on these 9 schemes incurred during the period of suspension of water supply amounted to Rs.2.80 lakhs.

4.1.3.8. The failure to achieve participation of the local bodies in maintaining the schemes was largely due to non-levy of water tax by the local bodies concerned on the people provided with piped water supply in spite of enabling statutory provisions to levy the tax. A proposal initiated by the Urban Development Department in November 1971 to make it compulsory for the Gram Panchayats to levy water tax is still under consideration of Government (March 1979).

4.1.3.9. Although the rural piped water supply schemes were designed to provide protected drinking water of 8 to 10 gallons *per capita* per day (15 to 20 gallons for semi-urban areas) spread over 8 hours daily, a scrutiny of the records in the Public Health divisions disclosed that the supply was deficient in quality/quantity in 15 schemes. Detailed particulars are given in Appendix V.

4.1.4. Tube Wells

4.1.4.1. The data on investment made on tube wells installed in the State up to the Fourth Plan (1969-70) are not available with

Government; while framing the Annual Plan for 1973-74, it was observed by Government that "the tube wells were sunk by different organisations and Departments in the past and as there was hardly any chance for proper co-ordination, it was not possible to indicate specifically under which plan, what amount had been spent and with what achievements".

The programme approved in August 1972 was for execution of 2,922 tube wells under the Accelerated Water Supply scheme at an estimated cost of Rs. 1,86.10 lakhs during the years 1972-73 and 1973-74. Following a reduction in the Central grants for the scheme, the target was revised in July 1973 to execute 1,425 tube wells during the period at an estimated cost of Rs. 1,06 lakhs. The expenditure actually incurred on execution of these 1,425 tube wells was Rs. 1,22.15* lakhs. Although all the 1,425 tube wells programmed to be undertaken were reported to have been completed by end of 1973-74 under the scheme, the number of tube wells installed in the districts varied widely from the approved targets and no tube well was installed under the scheme in Phulbani District having a large tribal population, where 48 tube wells were programmed to be installed; instances of large variations in some of the districts are given below:

District	Tube wells programmed for execution	Tube wells installed (numbers)	Variation More (+) Less (-)	Percentage of variation
(1)	(2)	(3)	(4)	(5)
Dhenkanal ..	31	72	+41	132
Keonjhar ..	40	80	+40	100
Koraput ..	114	44	-70	61
Mayurbhanj ..	76	48	-28	37
Puri ..	250	311	+61	25

* The expenditure on tube wells shown in the books did not include adjustments towards the depreciated value of rigs employed (which had not been determined) and value of unutilised materials held in the site accounts of works; these adjustments were not carried out even after closure of the scheme in 1973-74.

The Chief Engineer, Public Health explained (December 1974) the variations as due to limited number of departmental rigs leading to concentration in areas where private agencies having requisite machinery could be mobilised. It may be mentioned that no priority was fixed for backward areas as such in actual installation of tubewells.

4.1.4.2. The Fifth Five Year Plan provision made by Government under Minimum Needs Programme for sinking of fresh tube wells was Rs. 3,44.38 lakhs. The year-wise targets and achievements together with expenditure incurred thereon during the period 1974-75 to 1977-78 are given below:

Year	Number of tube wells targeted	Estimated cost (Rupees in lakhs)	Number of tube wells installed	Expenditure (Rupees in lakhs)
(1)	(2)	(3)	(4)	(5)
1974-75 ..	802	78.98	577	79.94
1975-76 ..	578	54.95	710	67.79
1976-77 ..	680	64.16	706	64.16
1977-78 ..	1,565	1,49.85	1,302	1,48.51
	<u>3,625</u>	<u>347.94</u>	<u>3,295</u>	<u>3,60.40</u>

4.1.4.3. The Accelerated Water Supply scheme was revived in 1977-78. The expenditure incurred during 1977-78 compared to the Central assistance and budget provision was as under:—

Particulars	Central assistance provided	Provision in State Budget	Actual expenditure
	(Rupees in lakhs)		
(a) Water supply works (Tube wells)	1,80.00	1,80.00	1,81.14
(b) Setting up of an investigation unit	2.00	1.54	1.30
(c) Setting up of a monitoring cell	0.80	0.55	0.25
	<u>1,82.80</u>	<u>1,82.09</u>	<u>1,82.69</u>

The number of tube wells set up during 1977-78 was 1,541 against the target of 1,841 though the actual expenditure exceeded the provision. The excess expenditure was mainly due to stocking of materials in excess of actual requirements for the period, the value of such material in three of the divisions (Berhampur, Bhanjanagar and Dhenkanal) being Rs. 13.61 lakhs. The shortfall in the number of tube wells completed was attributed by the divisions to shortage of rigs to cope up with tube wells programmed for execution during the period under different schemes.

4.1.4.4. Maintenance and repair of tube wells is the responsibility of the Public Health Engineering Divisions of the State Government. In June 1977, the Chief Engineer, Public Health proposed to Government introduction of a three tier system of maintenance—very minor repairs to be attended to by a volunteer at the village level, minor repairs by a fitter mistry entertained at Block level and major repairs by a mobile mechanical unit maintained at district level. Decision is awaited (March 1979).

According to a directory prepared by the Chief Engineer, Public Health in February 1974, there were 10,909 tube wells, of which 3,635 were defunct; the records did not indicate whether alternative source of water was provided in the villages where the tube wells were defunct. Restoration of the defunct tube wells (3,635) to working order was estimated by the Chief Engineer, Public Health in November 1976 to cost Rs. 2,15.60 lakhs; this has not been undertaken so far pending decision of the Government on the proposals for repair made by the Chief Engineer in November 1976. No attempt has been made to recover salvaged materials for utilisation on installation of fresh tube wells; value of materials in 3,059 defunct tube wells in two of the districts of Cuttack and Balasore was assessed by the Superintending Engineer, Public Health, Bhubaneswar in May 1976 to be Rs. 19.72 lakhs.

4.1.5. *Surface wells*

4.1.5.1. Funds for construction of surface wells are placed at the disposal of Panchayat Samitis in the form of grants. According

to information furnished by the Community Development and Social Welfare Department (January 1979), Rs. 2,75'32 lakhs were sanctioned as grants to samitis since commencement in 1963-64 of the programme for well construction up to end of the Fourth Five Year Plan and Rs. 2,64'26 lakhs were drawn and spent for the purpose. According to information with Government, 21,884 out of 46,992 villages in the State were covered up to the end of the Fourth Five Year Plan period by 52,710 surface wells. While some of these villages were provided with more than five wells 25,108 other villages were not covered under the programme which included 10,993 villages with inadequate and 14,115 villages with no drinking water facilities.

4.1.5.2. From 1974-75, construction of only sanitary wells was programmed to be undertaken against grants under the Minimum Needs Programme. According to the policy decision of Government (July 1974), the unspent balance with Panchayat Samitis as well as fresh grants for surface wells were to be utilised only on completion of incomplete wells. A grant of Rs. 1,19'01 lakhs was provided to Panchayat Samitis in 1974-75 under the State Plan for execution of the following works :

Particulars of of work	Number of wells	Amount (Rupees in lakhs)
(a) Construction of new surface wells	1,682	70'91
(b) Completion of incom- plete wells	5,624	46'92
(c) Piped water supply to Athmallik	1	1'18
		1,19'01

According to the information received by Government from the districts (June 1977), there were still 4,193 incomplete wells and Rs. 33'60 lakhs were required for their completion. Sanction of new wells for

Rs. 70.91 lakhs in 1974-75, while incomplete wells remained to be completed, was not in accordance with the decision of Government taken in July 1974. This was attributed (June 1977) by Government to supply of conflicting information by the Collectors regarding the number of wells lying incomplete.

The grant was to have been utilised before March 1975 and certificate of utilisation was to have been submitted to Audit by June 1975; no certificate has been received (December 1978). The amount actually spent by the samitis on these works out of the grant of Rs. 1,19.01 lakhs is not available (February 1979); information called for by Audit (March 1978) regarding unspent balances with Panchayat Samitis out of grants earmarked for construction of wells is still awaited from Government (March 1979).

4.1.6. *Sanitary wells*

4.1.6.1. As stated in paragraph 4.1.5.2., construction of only sanitary wells was to be undertaken from 1974-75. The Fifth Plan provision for construction of sanitary wells under the Minimum Needs Programme was Rs. 4.40 lakhs. No amount was provided for the purpose in 1974-75. During 1975-76 to 1977-78 grants aggregating Rs. 3,71.60 lakhs (including Rs. 80.00 lakhs allotted from drought grant) were sanctioned by Government and paid to Panchayat Samitis for construction of 8,074 sanitary wells.

In December 1974, the Chief Engineer, Public Health prescribed two sets of estimates for construction of sanitary wells (2 metre diameter and 13.5 metre depth), one costing Rs. 10,000 and the other Rs. 5,000; the first estimate was for wells through soft formation and the other for those through soil and rock combined. These were approved by Government of India in June 1975. Grants for construction of wells were, however, released initially in May 1975 at the rate of Rs. 7,500 per well and later reduced from August 1975 to Rs. 4,300 per well and further reduced in January 1977 to Rs. 4,000 per well. As stated by the Community Development Department in July 1978 wells at lower costs were provided throughout in order to effect economy.

In February 1978, the Community Development Department in consultation with the Chief Engineer, Public Health approved lower cost estimates of Rs. 6,800/4,600 with and without sanitary fittings for construction of wells of 1.5 metre diameter and 10.5 metre depth; these estimates have not so far (July 1978) been approved by the Planning and Co-ordination Department co-ordinating the implementation in the State or by Government of India. Simultaneously, the Collectors were ordered by the Community Development Department to limit the cost of wells to Rs. 4,600 each in hilly areas and Rs. 3,250 each in coastal areas, so that the State average did not exceed Rs. 4,000.

4.1.6.2. The grants sanctioned for construction of sanitary wells under Minimum Needs Programme were required to be utilised within a period of one year from the date of sanction. Out of total amount of Rs. 1,31.60 lakhs paid as grants during 1975-76 to 1976-77, utilisation certificates were received in Audit for Rs. 0.51 lakh only by the end of 1977-78. The utilisation certificates for the balance amount (Rs. 1,31.09 lakhs) are still awaited (March 1979).

According to the data available with Government for the period ending November 1977, 6,044 out of 8,074 wells were constructed up to surface level (without sanitary fittings that is top cover and hand pump) at a cost of Rs. 1,32.23 lakhs. The year-wise break-up of utilisation by the Panchayat Samitis was shown as follows :

Year	Amount paid as grant	Amount spent up to November 1977	Unspent balance
(In lakhs of rupees)			
1975-76	31.60	22.37	9.23
1976-77	1,80.00	85.82	94.18
1977-78	1,60.00	24.04	1,35.96
	3,71.60	1,32.23	2,39.37

Thus, large sums given as grants were unutilised as (a) funds had been released for sanitary wells whereas only open wells were put up and (b) the number of wells put up was less than the target.

Information regarding availability of adequate water in the wells for use by the villagers was not available with Government. According to the Chief Engineer, Public Health, availability of water in wells (July 1977) could not be ensured since the depth was limited to 10.5 metres. Moreover, due to deferment of sanitary arrangement, supply of water safe from health point of view was not ensured.

4.1.6.3. In addition, Rs. 1 crore were sanctioned by Government in 1976-77 from out of provision for drought works for construction of sanitary wells (Rs. 80 lakhs) and for deepening and completion of surface wells (Rs. 20 lakhs). The amounts were drawn by the Collectors on abstract contingent bills under Government orders (January 1977) information regarding the progress achieved in the different districts thereagainst is still awaited (November 1978).

4.1.7. Overall position of the schemes implemented in the Fifth Plan period under the Minimum Needs Programme

4.1.7.1. Following the guide lines prescribed by Government of India in May, 1974, the State Government decided in July 1974 to provide drinking water supply to the identified problem villages either through tube wells or through sanitary wells during the Fifth Five Year Plan. Government decided in September 1974 that the tube wells were to be restricted to villages where the source of water for supply was endemic to water borne diseases or suffered from health hazards or where sanitary wells were not technically feasible due to geological /cost considerations. All other identified villages were to be covered by sanitary wells of approved design.

4.1.7.2. On the basis of a special survey undertaken by the Public Health Engineering Department in 1972-73, 17,326 villages were identified to be problem villages and excluding 1,432 villages covered under Accelerated Water Supply Scheme by piped water supply (7 cases) and

tube wells (1,425 cases), 15,894 villages were targeted (September 1974) for coverage by the end of 1978-79. The number of wells completed up to 1977-78 was 10,880 (68 per cent) comprising 4,836 tube wells and 6,044 sanitary wells.

An *ad-hoc* survey conducted by the Chief Engineer, Public Health in 1977 disclosed that 1,960 villages, where water had excess of salinity, were omitted from the list of problem villages. The entire list of scarcity villages was circulated among the Collectors in August 1977 for further verification of classification and report and result thereof was awaited (July 1978). Thus, identification of villages which was to be the starting point for implementation in the Fifth Five Year Plan period from 1974-75, was awaiting finalisation even in the last year of the Plan period.

Information available with Government showed that the tube wells taken up included 942 in ordinary scarcity villages although, according to approved plan (September 1974), sanitary wells were to have been provided in such cases. Based on the State averages of Rs. 9,800 and Rs. 6,800 for construction of tube wells and sanitary wells respectively, the construction of tube wells in place of sanitary wells in these 942 villages constituted an added liability of about Rs. 28 lakhs. The reasons for deviations in execution of the programme called for from the Chief Engineer, Public Health (March 1978) are awaited (March 1979).

4.1.7.3. While, according to classification adopted by Government, 6,751 villages were identified as of ordinary scarcity category and hence were to be provided with sanitary wells as a minimum need, 2,091 scarcity villages only were provided with 2,345 wells to end of 1977-78. The remaining 3,699 wells were executed either in unidentified villages (2,325) or in the villages (1,374) where sanitary wells were not to have been provided on health/technical considerations. Thus, by end of 1977-78, 4,660 villages identified for provision of sanitary wells remained uncovered, while 3,699 wells were constructed in other areas. The investment on construction of wells outside the area identified for the purpose was about Rs. 147 lakhs. According to the observations (July 1977) of the Chief Engineer, there was the risk of the wells becoming dry in summer in geophysically

difficult villages and of well water becoming unsuitable for health in endemic areas with the consequent need to provide such villages (1,308) with tube wells as per a approved plan.

4.1.8. *Other points of interest*

4.1.8.1. *Piped water supply to village Kanpur (Cuttack District)*—The scheme was approved by Government in January 1967 for Rs. 1.99 lakhs to supply water from an intake well in the river 'Mahanadi' to a population of 4,033. Although the work proper was not commenced, an expenditure of Rs. 0.90 lakh was incurred in 1968-69 comprising mainly cost of materials (Rs. 0.81 lakh) charged to the work. Trial bores in the bed of the river having failed, the scheme was dropped in January 1970. In March 1974, a revised scheme with an infiltration well was approved by Government for Rs. 7.65 lakhs. Water supply was given from October 1976 after completion of major items of work. The expenditure incurred on the scheme up to 1977-78 was Rs. 7.26 lakhs. It was noticed in audit that there was loss of materials valuing Rs. 0.68 lakh from out of those charged to the work prior to abandonment of the original scheme in January 1970. According to the Engineer-in-charge (January 1972), the loss occurred due to lack of proper watch and ward arrangement for the materials lying at the site after issue to the work. Departmental action initiated by the Executive Engineer in June 1972 has not been finalised and the loss has also not been regularised so far (September 1978).

4.1.8.2. *Surplus materials lying unused*

(i) *Piped water supply schemes*—In a number of cases, the accounts of completed works had not been closed. In 30 such cases noticed during test check, stocks of materials aggregating Rs. 9.86 lakhs were continued to be borne on the accounts of the works which had been completed between October 1964 and June 1977. In one of these cases *viz.*, water supply to Patapur (Puri district), materials valuing Rs. 0.37 lakh were stated (May 1978) by the division to be lying with the contractor concerned since March 1969; recovery of cost thereof has not been effected so far (September 1978).

(ii) *Accelerated water supply scheme*—The scheme commenced in 1972-73 was closed in 1973-74; accounts of the works executed under the programme were not closed up to 1977-78. The value of materials procured

prior to March 1974 and lying unused in 3 Public Health divisions up to the date of test audit (May 1978) amounted to Rs.7.92 lakhs as detailed below:

Name of the Public Health division	Value of unutilised materials
	(Rupees in lakhs)
Baripada	1.52
Berhampur	4.32
Puri (in respect of defunct tube well division, Bhubaneswar)	2.08

(iii) *Tube wells*—Check of records in the Bhadrak Public Health Division disclosed that in all cases of tube wells, materials issued for use on works between April 1975 and March 1976 were in excess of requirements to the extent valuing Rs. 0.86 lakh. According to the Executive Engineer (July 1978), these surplus materials were lying with the contractors concerned; though the works were completed in December 1976, the accounts of the contractors have not been closed. The cost of the materials has also not been recovered so far (September 1978).

4.1.8.3. According to the information furnished by Government, Rs. 7.65 lakhs were paid between 1962-63 and 1973-74 as loans (repayable in 2 instalments commencing from the 1st anniversary of completion) to various local bodies to enable them to contribute the people's share for execution of Rural piped water supply schemes. No detailed accounts were maintained to keep a watch over the repayment of principal and payment of interest/ penal interest. Information regarding amounts outstanding for recovery called for from Government (March 1978) is awaited (February 1979). The people's contribution outstanding realisation from 21 local bodies (during 1962-63 to 1971-72) amounted to Rs. 1.63 lakhs (March 1978). Action taken to realise the amounts was not on record.

4.1.8.4. Log books of departmental rigs were not produced to Audit; according to the divisions, the rigs were lying at different sites and transferred frequently from one division to another. Information regarding the total number of rigs acquired by the department for implementation of the water supply programme called for in audit in March 1978 is awaited (March

1979) from the Chief Engineer, Public Health. Scrutiny of history sheets of a few log books for the period from April 1973 to March 1978 that were produced during test check disclosed that the performance of rigs was short of the target (60 tube wells per rig per year) fixed by the Chief Engineer in June 1964. Some instances of these are given below :

Division Particulars of rig including cost in brackets where available	Period of working (in months)	Tube wells that were to have been bored as prescribed	Tube wells actually bored	Percentage of shortfall
(1)	(2)	(3)	(4)	(5)
(In numbers)				
Baripada—				
(i) Russian Rig rotary	26	130	60	54
(ii) Clil—500 Rotary-cum-down the hole drilling rig (Rs. 3.97 lakhs)	20	100	35	65
(iii) LMP DTH 300 Rotary-cum-down the hole drilling rig accelerated (Rs. 4.66 lakhs)	30	150	6	96
(iv) Mahew Rotary	17	85	44	49
Bolangir—				
(v) Voltas rig	30	150	13	91

4.1.9. *Summing up*

Rural Water Supply Schemes

(i) Under the Rural Piped Water Supply Scheme, 100 schemes were undertaken for execution (1962-63 to 1973-74) at estimated costs aggregating Rs. 1,68.46 lakhs ; in July 1974, Government decided not to undertake new works for piped water supply in villages in view of high cost and maintenance problems. The expenditure incurred on these schemes amounted to Rs. 2,76.83 lakhs. The estimates were subsequently revised to Rs. 2,93.81 lakhs but the accounts of the works are yet to be closed.

(ii) The schemes were due for completion normally within two years and within a maximum of 5 years in exceptional circumstances but, in 27 cases, the schemes took 10 to 14 years for completion. ; one of the schemes taken up in 1964 continues to be under execution (September 1978).

Delay in completion was mainly attributed to (a) change of water source, (b) delay in finalisation of design, (c) difficulties in procurement of required materials and (d) non-availability of funds.

(iii) The increase in cost was attributed to (a) change of source of water, (b) change of design, (c) inclusion of new provisions and (d) rise in cost of materials and labour.

(iv) Detailed survey and planning was done only in 48 cases. Test check in audit of execution/operation on commissioning of 9 piped water supply schemes in different divisions disclosed that alternative sources of water had to be tapped as the original source proved to be inadequate. This not only delayed the completion of the schemes but also resulted in infructuous expenditure (Rs. 2.48 lakhs) on abandoned works and maintenance of schemes when there was no water supply.

(v) The participation of local bodies in the schemes was not achieved, especially in maintenance of the schemes. The share of maintenance expenditure recoverable from the local bodies for the years 1966-67 to 1977-78 was assessed by the department at Rs. 1,01.28 lakhs out of which Rs. 95.36 lakhs were pending recovery. Non-payment of maintenance charges by the local bodies resulted in suspension of supply for long periods in 9 cases noticed in test check (period of suspension was over 4 years and maintenance cost during the period was Rs. 2.80 lakhs).

Tube wells and sanitary wells

(i) On the basis of a special survey conducted in 1972-73 to identify problem villages, it was targeted to cover 15,894 villages by the end of 1978-79; the number of wells completed by 1977-78 was 10,880 (68 per cent) comprising 4,836 tube wells and 6,044 sanitary wells.

(ii) Test check disclosed that 3,699 sanitary wells were executed (cost about Rs. 1,47 lakhs) either in unidentified villages (2,325) or in villages (1,374) where sanitary wells were not to have been provided on health/technical considerations.

(iii) According to the latest directory prepared (February 1974) by the Chief Engineer, Public Health, 3,635 out of 10,909 tube wells were defunct. The Chief Engineer's proposal (November 1976) to restore these to working order estimated to cost Rs. 2,15.60 lakhs is pending decision of Government.

(iv) To ensure provision of safe drinking water from wells, construction of sanitary wells only was programmed to be undertaken from 1974-75 in place of surface wells. According to data collected by Government, 6,044 sanitary wells executed up to November 1977 were only up to the surface level without providing the sanitary fittings such as top cover and hand pump. Consequently, these have been serving as open wells only while grants aggregating Rs. 1,03.41 lakhs paid prior to March 1977 were lying unspent with the local bodies.

The points mentioned above were reported to Government in October 1978 ; reply of the Urban Development Department, responsible for execution of piped water supply schemes and tube wells, is awaited (March 1979).

RURAL DEVELOPMENT DEPARTMENT

4.2. Minor Irrigation Projects

Minor irrigation projects are undertaken as quick yielding programmes, short gestation periods and low investments being the principal factors in their favour. Test check conducted in audit of some of these projects undertaken in the State disclosed that these objects were not achieved mainly due to unrealistic estimation, delay in acquisition of land and increased costs over prolonged periods of execution as brought out in the succeeding paragraphs 4.3. to 4.9.

4.3. Arikul minor irrigation project

Government accorded administrative approval in February 1971 for execution of the Arikul minor irrigation project (Mayurbhanj District) at an estimated cost of Rs. 28.54 lakhs for providing irrigation to 2,600 acres in *kharif* and 500 acres in *rabi* seasons on the left side of the river Arikul. The project report envisaged execution of an earth dam (3,250 feet long) across the river and distribution system comprising main canal (22,600 feet long) and branch canals (29,150 feet long) on the left side of the river for commanding the designed *ayacut*.

Head Works—The head works comprising the earth dam, head regulator, surplus escape and surplus channel were put to tender separately in two parts in July 1971 and were entrusted to the same contractor 'G' in February/March 1972 at his lowest offers as detailed below, for completion by February 1974 and March 1973 respectively:—

Component of work	Estimated value of work put to tender	Tender value accepted
(In lakhs of rupees)		
Earth dam and head regulator	15.62	18.09
Surplus escape and surplus channel	5.43	5.80

The Chief Engineer proposed to Government on 4th February 1972 raising the height of the dam by 5 feet (from 57 feet to 62 feet) to increase the storage capacity of the reservoir and provide irrigation to an additional area of 1,000 acres on the right side of the river. Pending approval of the proposal and provision of distribution system on the right side also, the contractor was directed to execute the dam with modification in the cross section so as to suit the increased height and revised top bank level. Government rejected the proposal in April 1972 and ordered execution of the project strictly in accordance with the plan administratively approved within the ceiling limit of Rs. 30 lakhs (prescribed for

minor irrigation projects). However, an additional head regulator was constructed on the right side of the river and the cross section of the earth dam was modified (extra cost : Rs. 1.39 lakhs), despite limiting the height of the dam itself to 57 feet. The Executive Engineer explained in a revised estimate framed in April 1977 that by the time the proposals were rejected by Government, the work had made substantial progress with revised requirements and could not be restricted to original proposals as technical difficulties were encountered in reducing the earth dam section. The head works were completed in June 1976 (dam with regulators in March 1976 and surplus escape with channel in June 1976) and Rs. 27.27 lakhs were paid to the contractor up to March 1976. The delay in completion of the work was attributed by the Superintending Engineer (December 1975) to execution of extra quantities beyond what was provided in the agreement and land acquisition troubles. The amount paid to the contractor included Rs. 3.73 lakhs towards restoration of damages caused during execution of the dam by unprecedented floods in October 1973. Final bill of the contractor for the head works has not been settled so far (October 1978).

Distribution System —The work on the distribution system (left side only) estimated to cost Rs. 3.26 lakhs was put to tender in February 1973. The lowest tender of contractor 'R' for Rs. 3.09 lakhs was accepted by the Chief Engineer in January 1974 and the work was awarded in March 1974 stipulating completion by March 1975. While the work was in progress, the Superintending Engineer proposed (January 1975) to the Chief Engineer to restrict the *ayacut* on the left side to 1,600 acres only (against 2,600 acres as per administrative approval) and to provide irrigation over 1,000 acres on the right side (which was not specifically included in the administrative approval). The work on the main canal up to a length of 9,500 feet (against the designed length of 22,600 feet) was executed by contractor 'R' up to March 1975 and, after submission of proposals for modification of the *ayacut* to Government in July 1975, he was not allowed to execute further work. The work remained suspended until November 1976 when Government ordered the department to provide for distribution system on the left side only in the first

phase, the distribution system for the right side being considered in the second phase at a later stage against a separate estimate. No estimate has been drawn up and no work on the second phase has been undertaken so far (October 1978).

After communication of the decision of Government (in November 1976), contractor 'R' declined (December 1976) to resume the work owing to rise in cost of labour and materials in the intervening period. The Superintending Engineer proposed (February 1978) to the Chief Engineer closure of the contract with 'R' without penalty. Final orders thereon are still awaited (October 1978). The contractor received on-account payments aggregating Rs. 1.73 lakhs (against agreement value of Rs. 3.09 lakhs) and the final bill has not been settled so far (October 1978).

The cost of remaining work on the left canal was re-assessed at Rs. 2.24 lakhs (on the basis of schedule of rates revised in 1975) and was put to tender in June 1977 (six months after the original contractor 'R' declined to execute further work). Two tenders, one for Rs. 2.03 lakhs and the other for Rs. 2.11 lakhs, were received on 13th September 1977 but decision thereon was not taken within the prescribed maximum period of 90 days. In January 1978, the lower tenderer withdrew his offer whereupon negotiations were conducted with the second tenderer 'N' and his tender, reduced on negotiation to Rs. 2.10 lakhs, was accepted by the Superintending Engineer on 9th February 1978 (150 days after receipt of tender). Tenderer 'N' also did not turn up to execute the work and the Executive Engineer proposed to the Superintending Engineer in March 1978 to execute the work through job workers at the rates of tenderer 'N' without re-invitation of tenders afresh. The work on the left canal continued to be in progress at the time of audit (June 1978) and the value of work done and paid to job workers up to March 1978 was Rs. 0.49 lakh.

Computed with reference to the rates of the original contractor 'R' which could not be availed by the department for the balance work on the left canal due to suspension of work from July 1975 to November 1976, the execution of the work at the rates of contractor 'N' involved an additional cost of Rs. 0.62 lakh.

Overall cost and benefits—Expenditure to end of 1977-78 on the project, which was administratively approved in February 1971 for execution at Rs. 28.54 lakhs and which was subsequently treated as phase I of execution, was Rs. 49.19 lakhs although Government were keen to keep the expenditure within the prescribed ceiling limit of Rs. 30 lakhs. In October 1978, Government accorded revised administrative approval of Rs. 59.86 lakhs for the phase I. The increase in cost was due to (i) cost of restoration of damages to the head works; (ii) modification in the design of the dam undertaken without prior approval of Government; and (iii) increase in costs over the extended period of execution. The project has been under execution for the past 8 years but the technical sanction to the estimate has not been accorded by the Chief Engineer so far (December 1978); the Chief Engineer stated (December 1978) that it was held up pending approval by Government of the deviations adopted during execution. Irrigation facility for 2,600 acres was expected to be provided from 1974. The distribution system remains incomplete and no irrigation has been provided so far (October 1978) despite completion of head works in June 1976 at a cost of Rs. 37.93 lakhs mainly due to suspension of work on the distribution system pending decision on the *ayacut*.

Government stated (December 1978) that the modification to provide irrigation on the right side, subsequent to commencement of work on the project, was done at the instance of dignitaries during their visit to the area and the delay in execution was due to land acquisition troubles and frequent changes in design of distribution system. They further stated that the deviations in the head works were awaiting approval pending which the bill of contractor 'G' (who completed the work in June 1976) could not be settled and that technical sanction to the project estimate (commenced in February 1972) would be accorded shortly.

4.4. Ghagara minor irrigation project

The Ghagara minor irrigation project was administratively approved by Government in February 1971 at an estimated cost of Rs. 9.71 lakhs to provide irrigation for 900 acres in *Kharif* season and 600 acres in *Rabi* season, in Puri district. Construction of an earth dam across the

Ghagara *mullah* and distribution system consisting of canals on both sides of the *mullah* were envisaged. The project was expected to supply water for irrigation from November 1972.

Execution of the project required acquisition of lands measuring 66.30 acres for the head works and 24.87 acres for the distribution system. Without sanction by the Chief Engineer to the detailed estimates and before acquisition of the required lands, the head works and the canal system were put to tender and awarded to contractors 'A' (in February 1971) and 'B' (in May 1972) for completion by August and October 1972 respectively. The head works and the canal system were actually completed in March and June 1975 respectively and irrigation from the project was provided only from June 1975. The delay in completion of the project which resulted in postponement of intended irrigation benefits by about 32 months, was attributed (May 1978) by the Executive Engineer to land acquisition difficulties.

The requisition for land acquisition for the head works was placed with the Revenue authorities in February 1971 and the acquisition was completed by January 1974. The requisition for land acquisition for the distribution system was placed with the Revenue authorities in April 1974 i. e., 24 months after the work was awarded to contractor 'B' and 18 months beyond the date stipulated for completion of the canal system. The land acquisition was completed by October 1975 only. Specific reasons for delay in commencement of land acquisition proceedings especially for executing distribution works were not on record. Government stated (November 1978) that the delay in initiating land acquisition proceedings occurred as the beneficiaries did not donate lands as anticipated in the administrative approval for the project.

After execution of the project, revised administrative approval was accorded by Government in February 1977 for Rs. 23.78 lakhs against the original estimate of Rs. 9.71 lakhs (the irrigable command area remaining the same), on the basis of a revised estimate framed in June 1976 with reference to expenditure actually incurred and liabilities assessed by that time.

Technical sanction to the estimate for Rs. 23.78 lakhs was accorded by the Chief Engineer in March 1978, "ex-post facto to regularise the work". The expenditure up to 1977-78 was Rs. 24.79 lakhs.

The revised estimate attributed the rise in cost of the work to the following reasons:—

- (a) Increase in land acquisition cost by Rs. 1.42 lakhs (from Rs. 0.60 lakh to Rs. 2.02 lakhs).
- (b) Rise in cost of head works by Rs. 3.45 lakhs (from Rs. 6.44 lakhs to Rs. 9.80 lakhs) due to increase in cost of labour and materials owing to the prolonged period of execution (51 months as against 19 months).
- (c) Increase of Rs. 3.66 lakhs in cost of work-charged establishment and other charges over the actual period of execution and
- (d) inadequate provision of Rs. 1.35 lakhs for the distribution system in the preliminary estimate on lumpsum basis while the actual cost with reference to proper plan, detailed drawings and tendered rates worked out to Rs. 8.97 lakhs.

Comparative figures of per acre cost of irrigation and benefit cost ratio worked out by the division are given below:—

	Assessments at the stage of administrative approval	Actuals after execution
(In rupees)		
Per acre cost of irrigation	1,138	1,729
Benefit cost ratio	3.57	1.98

The project was designed to provide irrigation for 900 acres in *Kharif* and 600 acres in *Rabi*. The Tehsildar, Dasapalla stated (July 1978) that irrigation was provided to 713 acres in each *Kharif* season and less than one acre in *Rabi* season since June 1975. There was thus shortfall of 187 acres of *Kharif* and no irrigation in *Rabi*. Lack of irrigation in *Rabi* was attributed (December 1978) by the Chief Engineer to shortage of water.

In the course of test check in audit of the Rural Engineering Division, Khurda conducted in June 1978 it was noticed that the accounts of contractor 'A' for the head works had not been settled. On the basis of final measurements recorded between January and September 1977, the gross amount of value of work done and admissible to the contractor for the works completed in March 1975 was worked out by the division at Rs. 6.71 lakhs, whereas the amount paid to him by July 1974 on 16 running account bills aggregated Rs. 7.92 lakhs. As stated (October 1978) by the Executive Engineer, the excess payment was due to recording measurements of inadmissible items, non-accountal of deductions for voids, etc. The Executive Engineer stated (July 1978) that the final bill for the work completed in March 1977 and involving a total recovery of Rs. 1.22 lakhs from the contractor, was kept pending for clarification by the concerned Sub-Assistant and Assistant Engineers regarding earlier excess measurements.

To sum up, the project which was targeted to provide irrigation for 1,500 acres annually from November 1972 was completed only in June 1975 mainly due to delay in commencement and completion of land acquisition proceedings. The delay resulted in postponement of irrigation benefits by 3 years as well as in escalation of cost. The estimate for Rs. 9.71 lakhs (February 1971) was revised to Rs. 23.78 lakhs (February 1977). Irrigation in *Rabi* season, which was targeted for 600 acres annually, has not materialised so far (December 1978). No study has been made of benefits accruing to the cultivators.

On the matter being reported to them by Audit, Government attributed (November 1978) the escalation in cost of the project to the prolonged period of execution, over 51 months as against 19 months (programmed), and extra works found necessary during execution. They further stated that while the shortfall in irrigation for *Kharif* crops needed joint verification by the Tehsildar and Executive Engineer, there was no programme to provide water for *Rabi* crops during 1977-78 due to shortage of water.

4.5. Koska minor irrigation project—Avoidable expenditure due to departmental delay

The Koska minor irrigation project, comprising an earth dam (2,700 feet long) across the Bandhathar *nullah* and two canals, was administratively approved by Government in September 1970 at an estimated cost of Rs. 20.12 lakhs to provide irrigation for 2,400 acres of *Kharif* and 1,800 acres of *Rabi* crops in Puri district.

Work on the project was commenced in January 1971 and an expenditure of Rs. 53.38 lakhs was incurred up to end of 1977-78 but technical sanction to the estimate has not been accorded so far (October 1978).

The project required acquisition of 66.88 acres of land for the head works (46.43 acres) and the distribution system (20.45 acres). The head works and the distribution system (estimated cost : Rs. 14.35 lakhs) were awarded to contractor 'G' in January 1971 (Agreement value : Rs. 15.43 lakhs) for completion by January 1973 although possession of the required lands had not been obtained by the department. Requisitions for land acquisition were placed with the Revenue authorities piece-meal between November 1970 and March 1978 and acquisition was completed in respect of 59.07 acres; the remaining area of 7.81 acres was yet to be acquired (December 1978).

Contractor 'G' who was to have completed the work in January 1973, executed work for Rs. 5.09 lakhs up to November 1972 and applied for closure of his agreement on grounds of delay in land acquisition.

The Superintending Engineer, however, proposed (February 1973) levy of penalty on the contractor for non-completion at least of the spill way and channel where no land acquisition was involved. In April 1974, Government ordered closure of the contract without making any mention regarding imposition of penalty. Final bill of the contractor (net amount: Rs. 0.23 lakh) has been kept pending (October 1978) by the division for want of specific orders of Government on the issue.

The balance work on the spill way and channel was entrusted in January 1975 to contractor 'S' on competitive tenders and was got completed in March 1978. With reference to the rates of the previous contractor 'G', the extra cost of execution of the balance work through contractor 'S' amounted to Rs. 1.05 lakhs.

The balance work on earth dam and head regulator was put to tender in July 1974. The lowest tenderer 'C' (tender value: Rs.22.39 lakhs) had indicated in his offer that his rates were valid for 91 days from 30th August 1974. The tenders, however, were not finalised within this period. On 19th December 1974, i.e. 20 days after the expiry of validity period of 91 days, the firm enhanced its offer by 12 per cent on grounds of escalation of prices. The second lowest tender of contractor 'L' (tender value: Rs.25.36 lakhs and reduced to Rs.25.06 lakhs on negotiation conducted in July 1975) was ultimately recommended by the Contract Committee in August 1975 and was accepted by the Chief Engineer in January 1976. The work was entrusted to Contractor 'L' in February 1976 for completion by August 1977. The additional liability to the department due to failure to take decision on the tenders within the prescribed period of 90 days amounted to Rs.2.67 lakhs. Reasons for delay in processing the tender have not been stated by the department (October 1978). The work continued to be in progress (December 1977). The extra cost with reference to the rates of contractor 'G', in respect of the portion already executed, amounted to Rs.2.90 lakhs.

The work on the distribution system left incomplete by contractor continued to be in progress (October 1978).

A revised estimate for Rs.60.86 lakhs proposed by the Assistant Engineer of the Rural Engineering Division, Khurda in April 1978, is awaiting (February 1979) scrutiny by the Executive Engineer; the increase in cost over the sanctioned estimate of Rs. 20.12 lakhs was attributed to increase in cost of land (Rs. 1.90 lakhs), increased cost of head works due to rise in costs over the prolonged period of execution (Rs.21.57 lakhs), increased cost of distribution system (Rs.6.99 lakhs) and increased cost of other charges (Rs.10.78 lakhs).

To sum up,

- (i) The project cost has escalated by Rs. 40.74 lakhs due to prolonged execution mainly due to non-acquisition of land in time.
- (ii) Del ay in acquisition of land has led to retendering and extra expenditure of Rs. 3.95 lakhs on head works.

- (iii) Annual irrigation of 4,200 acres targeted to commence in 1973 has not materialised as the project is still under execution.
- (iv) Due to delay in deciding the tenders, an extra liability of Rs. 2.67 lakhs has devolved on the department for the balance work on head regulator and dam.

On being reported to them by Audit, Government stated (December 1978) that the delay in completion of the project was due to delay in acquisition of land and that, moreover, it took about one year to decide whether the project was to be transferred to the Irrigation and Power Department for execution and, as a result, irrigation benefits could not be extended by the target period.

4.6. Kujimahal minor irrigation project

The Kujimahal minor irrigation project (Puri district) was administratively approved by Government in March 1972 at an estimated cost of Rs. 7.83 lakhs to provide irrigation to 1,500 acres in *kharif* season. The project report envisaged construction of a diversion weir (249 feet long) across the Jhummuکا *nullah* with a head regulator and a canal on either side of the *nullah*. The length of the proposed canals, the area to be irrigated on both sides of the canals, the time required for execution and the period during which the total areas was to be irrigated were not indicated in the Project Report but an *ad hoc* lumpsum amount of Rs. 1.50 lakhs for the entire distribution system was provided. The administrative approval stipulated that the work should commence only after taking possession of the land required for execution and expenditure was to be incurred after technical sanction was accorded.

The head works were put to tender in November 1971 with reference to the quantities of work assessed at the preliminary stage of the project report (estimated value of work put to tender. Rs. 5.88 lakhs) and the work was entrusted to the lowest tenderer 'D' in August 1972 at his tender value of Rs. 8.21 lakhs, without acquisition of land and technical sanction to the estimate, reportedly to save time. It was noticed in audit (August 1978) that the initial requisition for acquisition of 11.94 acres of land required

for the head works was placed with the Revenue authorities in June 1973 only. Technical sanction to the estimate has not been accorded so far (February 1979). The head works, stipulated for completion by contractor 'D' by February 1974, were completed by him in June 1975 with extension of time. The delay was attributed (August 1975) by the Superintending Engineer to land acquisition troubles.

According to the final bill paid to contractor 'D' in February 1976, the value of work done against the agreement for Rs.8.21 lakhs amounted to Rs.11.92 lakhs. The Executive Engineer attributed the increase in cost (August 1978) to high tendered rates and increase in the cost of materials. As the work was executed with reference to agreement executed for finished items of work after invitation of tenders and acceptance of the tender, the reasons given for increase in cost were not valid. Scrutiny in audit disclosed that the increase was mainly due to unusual increase in the volume of work actually executed over the quantities provided in the agreement, as detailed below:—

Items of work	Rate	Quantity		Increase in cost (Rupees in lakhs)
		as per agreement (In cubic metres)	actually executed	
(1)	(2)	(3)	(4)	(5)
Excavation in all kinds of soil	260 per 100 cu.m.	16,900	40,510	0.61
Excavation in foundation	650 per 100 cu.m.	3,800	19,262	1.01
Random rubble in stone masonry	118 per cu.m.	1,800	3,095	1.53
Cement concrete in R. C. C. racks	185 per cu.m.	100	351	0.46
Straightening, cutting, bending and binding of steel rods)	240 per quintal	100 *	2549	0.37
				3.98

* Quintals

Steps to synchronise head works and distribution system were not taken by the department from the beginning. The results of survey of the distribution system were first reported by the Executive Engineer to the Superintending Engineer in January 1976 (6 months after completion of head works) indicating that the *ayacut* originally designed could not be commanded as (a) the left canal was not feasible involving crossing a large drainage *nullah* and (b) the area of the distribution system was low lying, waterlogged and prone to floods. The Chief Engineer inspected the site in May 1976 and observed that detailed *ayacut* survey done in 1971-72 had not been conducted properly and that the project could provide irrigation to about 1,200 acres but, to achieve this, the canal alignment would have to pass through high contour involving heavy cutting and large expenditure. On a report to them in January 1976, Government desired (February 1977) the Chief Engineer to work out alternative proposals with a view to reducing the expenditure on the distribution system by reduction of a part of the potential *ayacut*, if necessary. The Superintending Engineer, thereupon, proposed the following four alternatives in February, 1977 for consideration of Government as against the project report provision of Rs. 1.50 lakhs on cost of distribution for 1,500 acres :—

	Area			Cost		
	Right canal	left canal	Total	Right Canal	Left canal	Total
	(1)	(2)	(3)	(4)	(5)	(6)
	(in acres)			(In lakhs of rupees)		
(i)	581	400	981	6.12	8.75	14.87
(ii)	581	92	673	6.12	2.70	8.82
(iii)	581	37	618	6.12	1.67	7.79
(iv)	581	..	581	6.12	..	6.12

Government decided in April 1977 to adopt the proposal (iv) i. e. to discard the left distribution system altogether and ordered the closure of the project after executing the right canal at a cost of Rs.6.12 lakhs to irrigate 581 acres only. The work on the right canal system was entrusted to contractor 'B' in December 1977 at his lowest tender (value: Rs.4.84

lakhs) for completion by September 1978; the work is still in progress (February 1979). The value of work done and paid to the contractor on his last on-account bill in September 1978 was Rs.2.90 lakhs.

The head works completed in June 1975 have not been of any use so far and the investment of Rs.11.92 lakhs thereon has remained unproductive (February 1979) pending completion of the distribution system. The left head regulator completed by June 1975 as part of the head works may not serve any purpose as the left canal was not constructed. The division was unable to indicate the extent of expenditure rendered infructuous thereby, but according to the Chief Engineer (December 1978), it was approximately Rs. 0.15 lakh.

The total expenditure incurred to end of 1977-78 on this incomplete project was Rs.21.30 lakhs against administrative approval for Rs. 7.83 lakhs. The project was undertaken without acquiring the land and without estimate and adequate survey of the *ayacut*. On its completion, it is now expected to provide irrigation to an area of 581 acres only against the original target of 1,500 acres. The comparative position of cost of irrigation per acre/benefit cost ratio as contemplated while according administrative approval and according to the revised cost estimates is indicated below:—

	Per acre cost	Benefit cost ratio
	(Rupees)	
According to the administrative approval ..	538	4.20
According to the revised cost figures ..	3,876	0.67

Revised administrative approval of Government to the project and technical sanction by the Chief Engineer to the estimate are still awaited (March 1979).

4.7. Mayabati minor irrigation project

The Mayabati minor irrigation project comprising a diversion weir across the river Mayabati near Patnagarh (Bolangir District) and a canal system with left and right main canals was administratively approved by

Government for Rs. 9.13 lakhs in July 1970 to irrigate 2,100 acres on *kharif* crops. The diversion weir was completed in June 1973 at a cost of Rs. 3.80 lakhs but water could not be supplied for irrigation, as the work on the canal system had not been taken up until then. The delay was attributed (December 1978) by Government to the considerable time taken for acquisition of land and also for finalisation of designs for canal and cross drainage structures.

The works on left main canal, divided into two reaches, and the right canal as a whole were put to tender in September 1973 separately. The lowest tenders of three contractors received (January 1974) in respect of the three works aggregating Rs.12.07 lakhs being higher than the departmental estimates (Rs.9.98 lakhs), were negotiated by the Executive Engineers in February 1974 and the negotiated offers aggregating Rs.11.32 lakhs were recommended to the Chief Engineer in March 1974 for acceptance. On submission of the tender papers by the Chief Engineer in May 1974, Government pointed out (May 1974) the need for revised administrative approval for the project before the tenders were taken up for consideration. A revised estimate was processed 17 months thereafter (September 1975) by the Superintending Engineer for Rs. 23.42 lakhs taking into account the higher rates tendered and rise in cost of materials. According to the revised estimate, the original estimate had been prepared without conducting detailed ayacut survey and without finalising the canal alignment and design of canal structures. Government accorded revised administrative approval for Rs.22.08 lakhs in December 1976.

The Executive Engineer contacted the tenderers to ascertain their willingness to execute the work (September 1975). All the three tenderers intimated that they were not prepared to execute the work at their negotiated offer of February 1974, but were willing to execute the works at their original tender rates of January 1974. After obtaining approval of Government (February 1976), the Chief Engineer accepted the original tenders of January 1974 in February 1976. The non-availment of the negotiated offers in February 1974 due to delay in formulation and approval of revised estimate resulted in an avoidable extra expenditure of Rs.0.78 lakh.

Although Government desired (November 1975) completion of the project by June 1976, the agreements with the tenderers executed in March 1976 for the 3 works stipulated completion by March 1977 and the works were completed in June 1977, when full irrigation was provided after completion of the canal system.

According to the divisional records, the expenditure on the project up to September 1978 was Rs.32.87 lakhs against the revised administrative approval for Rs.22.08 lakhs. The estimate approved in July 1970 envisaged execution of the project at a cost of Rs.453 per acre (the ceiling per acre cost for minor irrigation projects fixed by Government in October 1970 was Rs.540). As against this, the cost worked out according to the revised estimate of December 1976 was Rs.1,105 per acre; the actual cost on the basis of expenditure reported by the division up to September 1978 worked out to Rs.1,565. The accounts of the work are yet to be closed (March 1979).

To sum up:

- (a) The project sanctioned in July 1970 was completed in June 1977; the delay was due to time taken for (i) finalisation of design for canal and structures, (ii) formulation and approval of revised estimate and (iii) land acquisition.
- (b) The revised estimate approved in February 1976 was for Rs.22.08 lakhs (original estimate: Rs.9.13 lakhs) and the actual expenditure incurred Rs.32.87 lakhs.

4.8. Sansialinai minor irrigation project

The Sansialinai minor irrigation project in Mayurbhanj District with an earth dam across the Gohira *nullah* and a main canal (6 kilometres), was approved by Government in January 1972 at an estimated cost of Rs. 11.73 lakhs to provide irrigation to 1,000 acres of land in *kharif* and 500 acres in *Rabi* seasons.

The head works were put to tender in October 1971 and the work was commenced in February 1972 on a modified design so as to raise the height of the dam by five feet. The increase in height of the dam was ordered by the Chief Engineer in February 1972 to increase *Rabi* irrigation by 500

acres, thereby enabling provision of irrigation to the full command area of 1,000 acres during *Rabi* season also. This did not have prior approval of Government. The increase in cost of the project due to increase in the height of the dam was assessed by the executing division in April 1974 at Rs. 3.67 lakhs. On being pointed out in audit, Government stated (December 1978) that the additional storage capacity had to be created due to pressing demand from the local public. Revised administrative approval to the project was accorded by Government in March 1974 for Rs. 18.56 lakhs. The project including the distribution system was completed in all respects by December 1977. The expenditure incurred up to end of 1977-78 was Rs. 22.22 lakhs as against revised administrative approval for Rs. 22.64 lakhs accorded subsequently by Government in May 1976. Technical sanction to the estimate was not accorded by the Chief Engineer at any stage of execution and is awaited (February 1979) even after about one year of completion of the project.

Contractor 'A' was to complete the head works by February 1974. In February 1974, he applied for extension of time for completion up to May 1975 on grounds of delay in acquisition of land by the department. Scrutiny in audit (April 1978) disclosed that the department had not acquired any portion of 72.45 acres of required land, before entrusting the work in February 1972 for execution. Requisitions for the purpose were placed with the Revenue authorities in March 1972. The compensation money of Rs. 1.53 lakhs was made available by the division to the Revenue authorities only in August-September 1974 and possession of the land was obtained partly in April 1975 (14.11 acres) and the balance in December 1975 (58.34 acres). No orders were also communicated to the contractor on his request for extension of time until December 1974, when he sought either closure of his agreement without penalty or 100 per cent increase in rates, as he could not keep the agreement in force for unlimited period. The agreement was closed without penalty under orders of the Chief Engineer in March 1976 after the contractor had executed (up to January 1975) work valued Rs. 9.96 lakhs (against the estimated value of Rs. 13.45 lakhs) but the final bill has not been settled so far (February 1979).

The remaining work (which was earlier estimated to cost Rs. 3.49 lakhs) was put to tender in August 1975 and was awarded to contractor 'S' in February 1976 at his tender value of Rs. 5.75 lakhs, for completion by June 1976. The contractor left the work partly executed in May 1977). According to the final measurements taken by the department, the value of work done by 'S' at his agreement rates worked out to Rs. 5.70 lakhs but the contractor has not accepted the measurements up to the date of audit (May 1978). In July 1977, the Executive Engineer proposed to the Superintending Engineer closing the agreement with 'S' by imposing penalty for non-completion of the work in time; orders thereon were awaited by the division and the final bill of the contractor was kept pending (May 1978). The portion left unexecuted by 'S' was got completed between May and August 1977 through job workers (without invitation of tenders) at a cost of Rs. 0.68 lakh. This involved an extra cost of Rs. 0.10 lakh with reference to rates agreed upon by contractor 'S'. Government stated (December 1978) that penalty from contractor 'S' had not been recovered as he raised a dispute and put in a claim of Rs. 23 lakhs, which was under arbitration.

Work on the project, which was commenced in February 1972, was completed in December 1977 mainly due to non-acquisition of land in time; the delay also resulted in escalation of the cost of the project from Rs. 11.73 lakhs to Rs. 22.64 lakhs. Computed with reference to the rates of the first contractor 'A', the avoidable extra cost on completion of the head works through contractor 'S' and job workers, due to non-acquisition of land in time, amounted to Rs. 2.51 lakhs.

4.9. Taradia minor irrigation project

On the basis of plan and estimate submitted by the Chief Engineer, Rural Engineering Organisation to Government in August 1966, the construction of Taradia minor irrigation project envisaged to irrigate 680 acres in *Kharif* and 100 acres in *Rabi* was entrusted in March 1967 (after calling for tenders) to the lowest tenderer 'L' for Rs. 3.89 lakhs for completion by March 1968. Government had, however, not accorded administrative approval to it as some of the beneficiaries had filed objection petitions to change the course of the canal. The administrative approval for the project

for Rs. 4.90 lakhs was later accorded in May 1969 but technical sanction to the estimate has not been accorded by the Chief Engineer so far (February 1979).

After partial execution of work valued Rs. 2.64 lakhs (value of items provided in the agreement : Rs. 1.40 lakhs; value of extra items: Rs. 1.24 lakhs), further execution was stopped by the contractor in February 1969. On an application from the contractor, the Chief Engineer ordered (August 1969) closure of the contract with 'L' without penalty on the grounds of non-acquisition of lands required for the work; the Executive Engineer attributed (June 1978) the delay in acquisition of land to want of administrative approval to the project up to May 1969.

The remaining work of the project was put to tender afresh in November 1970 and the lowest tender of contractor 'B' (tender value : Rs. 3.56 lakhs) was accepted by the Chief Engineer in March 1971. Computed with reference to the rates of contractor 'L', the additional liability involved in getting the work executed by contractor 'B' was Rs. 0.83 lakh.

Although the tender of 'B' was accepted in March 1971, orders to commence the work were issued to him only in January 1972; the delay in issue of the work order was also attributed (October 1978) by Government to non-finalisation of land acquisition cases. Within a month of resumption of the balance work, the Superintending Engineer, after inspection of the site in February 1972 observed that (a) the *ayacut* survey did not appear to have been done properly, (b) there was scope for fuller utilisation of available water so as to irrigate 1,700 acres without which the project would be uneconomical and (c) the alignment of the dam (which was in a curve) needed straightening. The change in alignment and modifications in the plan and design, raising the height of the dam and spillway by 1 foot and 2 feet respectively, was approved by the Chief Engineer in June 1973. Consequent to the change in alignment, a part of the dam over a length of 415 feet (out of 650 feet executed along the old alignment by contractor 'L') was abandoned and the expenditure of Rs. 0.64 lakh on the abandoned portion proved infructuous. According to Government (October 1978), the change had to be adopted on technical considerations and to secure stability of the dam.

Contractor 'B' who was to complete the work by January 1973 could not complete it even by November 1975. As such, the remaining work was awarded, after inviting fresh tenders, to contractor 'M' (agreement value : Rs. 10.04 lakhs) in March 1976. In July 1976, the Chief Engineer ordered closure of contract of contractor 'B' with penalty which was worked out by the Executive Engineer in June 1977 at Rs. 5.11 lakhs with reference to the extra liability in entrustment of the work to 'M'. No action has been taken to recover the amount.

The work which was to have been completed by 'M' in May 1976 was stated by Government in October 1978 to be nearing completion excepting for some residual works. The expenditure incurred up to October 1978 was Rs. 21.04 lakhs against the revised administrative approval for Rs. 17.38 lakhs accorded by Government in April 1977. Government stated (October 1978) that the project commenced providing irrigation in 1978-79 and that the revised administrative approval accorded in April 1977 would be further revised taking into account the actual expenditure and other charges connected with the project.

The project which was taken up for execution in March 1967 without prior administrative approval and technical sanction for providing irrigation from 1968-69, remained under execution for over 11 years mainly due to realignment of the dam during execution, resurvey of the *ayacut* during execution (the original survey not having been done properly) and non-acquisition of land. The cost of the project has also escalated from Rs. 4.90 lakhs (administratively approved in May 1969) to over Rs. 21 lakhs mainly due to the prolonged execution.

4.10. Extra expenditure

On receipt of a deposit of Rs. 1.47 lakhs from the Collector, Cuttack in April 1966 towards part cost of construction of Tehsil office building together with staff quarters at Niali, the Executive Engineer, Rural Engineering Division, Cuttack put the work to tender in four groups in February

1967 and entrusted execution of two of the groups to contractor 'A' in March/June 1967 (total agreement value : Rs. 1.05 lakhs) as detailed below:—

Particulars of group of work	Agreement value (Rupees in lakhs)	Date of written order to commence work
Two 2 RA twin quarters and four 2 R twin quarters	0.50	18th March 1967
Six 2 RA twin quarters	0.55	26th June 1967

While the work was in progress, further execution was stopped by the division in September 1967, in view of a communication from the Collector, Cuttack about a conflict in location of the Tehsil office in the area. Firm decision to locate the Tehsil office at Niali was taken in April 1969 but the contractor did not resume the work in spite of written orders of the Executive Engineer in August 1969. Final measurements of the work done by contractor 'A' were taken by the division in December 1969 and the balance work was entrusted to contractor 'B' (tender value : Rs. 1.01 lakhs) in February 1970.

According to the Executive Engineer (July 1978), the total value of work done by contractor 'A' by September 1967 was Rs. 0.34 lakh out of which Rs. 0.05 lakh was due to be paid to him. The accounts of the contractor were not finalised either at the stage of stoppage of the work earlier in September 1967 or even in February 1970 when the work was entrusted to contractor 'B'. Government stated (December 1978) that the delay in finalisation was due to submission of a claim by the contractor for Rs. 0.16 lakh in January 1970, which was referred by the Superintending Engineer to the Executive Engineer during whose incumbency the work was commenced.

After a lapse of over 6 years, the matter went up to arbitration in 1976 at the instance of the contractor who claimed Rs. 1.50 lakhs towards costs incurred by him against the contract for the work, which had been stopped by the department for 28 months, thereby constituting a breach of contract. On the basis of the award of the Arbitrator (January 1977),

an amount of Rs.1.26 lakhs was paid by the department in March 1978 as against Rs.0.34 lakh being the value of work done by the contractor; the payment made included Rs.0.25 lakh for idle establishment and temporary sheds put up by the contractor, Rs.0.26 lakh for materials stated to have been brought to site of work and Rs.0.44 lakh towards interest for delay in payment.

In their reply in December 1978, Government stated that an appeal was filed in the High Court which was, however, dismissed and the award given by the Arbitrator was paid to avoid further interest.

IRRIGATION AND POWER DEPARTMENT

4.11. Saline embankment from Jharling to Belanga

To prevent damage to crops in 30,000 acres of land from inundation of saline water from the river Devi, the work of construction of saline embankment from Jharling to Belanga (in Puri District) was administratively approved by Government in January 1971 for Rs. 21.87 lakhs. The embankment of about 16 miles comprised mainly earthwork of 6.38 lakh cubic metres, apart from rough stone dry packing (0.05 lakh cubic metres), turfing (3.30 lakh square metres) and 15 sluices. The estimate provided for acquisition of 200 acres of land for execution of the work. A sum of Rs.2.38 lakhs was spent between February and May 1972 out of funds provided for cyclone damage repairs on excavation of 2.45 lakh cubic metres earthwork through different agencies between 0 and 8.5 miles of the new embankment. Technical sanction to the estimate was accorded by the Chief Engineer in February 1973.

Detailed investigation of the requirements of land was undertaken in February 1973 and completed in August 1973. Requisitions for acquiring 104 acres of land spread over a length of about 15 miles were sent to the Land Acquisition Officer concerned between September 1973 and January 1974. The lands were acquired between January and May 1975 (compensation paid: Rs.3.03 lakhs).

In the meantime, work on the embankment (excluding sluices) was put to tender in January 1973 by dividing the entire length of the embankment into 3 different reaches—first reach: 0 to 8.5 miles, second reach: 8.5 to 12 miles and third reach: 12 to 16 miles. Although the lands required were not acquired, work on the 3 reaches was awarded to 3 different contractors in March 1973 for completion of 2nd and 3rd reaches by September 1973 and of the 1st reach by December 1973. Undertakings from the land owners permitting execution of work in anticipation of formal acquisition were not taken in any of these cases.

In December 1973, the Executive Engineer decided to suspend further execution pending acquisition of the land. The contractors were informed (December 1973) by the sectional officer about this decision but the decision was not formally communicated by the Executive Engineer as official intimation to the contractors was likely to lead to contractual complications. In March 1974, contractors were served, under orders of the Chief Engineer, with notices of termination of their contracts with penalty on grounds of lack of interest on their part and lack of progress in work. The works continued to be under execution for 3 to 4 months thereafter.

The contract with contractor 'J' for work in reach I was closed by the Executive Engineer in July 1974 without penalty and his final bill aggregating Rs.4.26 lakhs for 2.77 lakh cubic metres of earthwork was paid in October 1974. *Ex post facto* approval for termination of the contract at that stage was accorded by the Superintending Engineer in December 1977. The work measured and paid overlapped 2.45 lakh cubic metres executed in 1972 at a cost of Rs.2.38 lakhs. The Executive Engineer explained that major portion of the earlier work had been washed away in cyclones of September 1972; the actual quantity washed out was not ascertained by level section measurements.

The balance work in the reach was put to tender (earthwork: 1.27 lakh cubic metres) afresh in February 1975 and entrusted to contractor 'G' in June 1976 at higher rates on the basis of tenders accepted by the Chief Engineer in May 1975. The delay of over one year in issue of work order was

attributed by the Executive Engineer in September 1978 to non-availability of funds for execution. According to the agreement, the work on the reach was to be completed by September 1976 but the contractor stopped work in August 1976 after executing 0.05 lakh cubic metres of earthwork and 1,376 cubic metres rough stone dry packing, on grounds of non-payment against work done by him. Up to November 1976, the contractor was paid Rs. 1.24 lakhs for the work done by him. Compared to the earlier rates of Contractor 'J' the payment to the second contractor 'G' at higher rates involved an additional expenditure of Rs. 0.43 lakh. No follow-up action regarding execution of remaining work was taken until January 1978 when the contractor was served with a notice to show cause for non-fulfilment of the conditions of the agreement. Contractor 'G' explained in February 1978 that he was compelled to stop the work due to paucity of funds with the Department and sought for closure of the contract without penalty on grounds of rise in the labour rates in the meantime. Decision thereon is still awaited (September 1978). The Executive Engineer had proposed to the Superintending Engineer in February 1978 that the left-over work might be put to retender. The Chief Engineer observed in June 1978 that "no clear picture was emerging regarding the balance work done" and did not approve the tender papers submitted by the Executive Engineer pending determination of the volume of work to be done, provision of funds for execution and preparation of revised estimates. Further developments are awaited (September 1978).

The contract with contractor 'A' (agreement value: Rs. 2.25 lakhs) for work on the second reach was closed by the Executive Engineer in June 1974 without penalty after execution of 0.98 lakh cubic metres earthwork against 1.13 lakh cubic metres to be executed in the reach. This was later approved by the Chief Engineer in January 1976 and the final payment aggregating Rs. 1.94 lakhs was made to the contractor in May 1976. Execution of the balance work in the reach has not been taken up so far (September 1978).

The contract with contractor 'R' (value: Rs. 2.50 lakhs) for work in the third reach (12th to 16th mile) was closed by the Executive Engineer

in June 1974 without penalty and without specific approval of Superintending Engineer/Chief Engineer after execution of 0.86 lakh cubic metres of earthwork against 1.21 lakh cubic metres provided in the contract and final payment aggregating Rs. 1.50 lakhs was made to the contractor in January 1978. The balance work in the reach was put to tender in June 1977 and entrusted to contractor 'D' for completion by March 1978 but since he failed to complete the work in time, the contractor was served with a notice of termination of the contract in July 1978. The date for final measurements of the work done was fixed by the Executive Engineer for 15th September 1978 and further developments are still awaited (September 1978).

Thus, due to delay in taking action for acquisition of the required land in time, the work on the embankment undertaken in 1971-72 to protect 30,000 acres of land from inundation has remained incomplete (October 1978) after a lapse of over 5 years and after incurring an expenditure of Rs. 22.79 lakhs up to 1977-78 against the administrative approval for Rs. 21.87 lakhs. As stated by the Executive Engineer (September 1978), there were gaps in the embankment executed and low lying areas continued to be submerged due to inundation of lands with saline water and it was not possible to grow crops in the areas. Of the 15 sluices proposed in the estimate only one has been provided so far (September 1978). Due to delay, the contracts with the original contractors had to be terminated without penalty and the extra expenditure in executing the balance of work (Rs. 0.43 lakh in only one reach) could not be recovered from them.

The matter was reported to Government in July 1977; their reply is awaited (March 1979).

4.12. Loss due to non-execution of embankment up to standard design in time

In November 1971, the Executive Engineer, Jajpur Irrigation Division proposed raising and strengthening the existing embankment from Bira-bhanpur to Kakudikuda on the left bank of the river Brahmani with a shift in its alignment as it was overtopped during the floods of 1971 causing breaches. The work was estimated to cost Rs. 3.09 lakhs, the main components of the work being 1.64 lakh cu. m. of earthwork and 0.84 lakh

square metres of turfing on embankment. The Chief Engineer recommended it for administrative approval of Government in January 1972. In anticipation of the administrative approval, a portion of the work for closing the breach at an estimated value of Rs.0.70 lakh was entrusted to the Orissa Construction Corporation (a Government Company) in January 1972 on the basis of a part estimate sanctioned by the Superintending Engineer. The agreement which was for earthwork in hard or gravelly soil did not mention the volume of work to be executed by the Corporation. Another portion of the embankment was entrusted to the Corporation in March 1972 for execution of 0.61 lakh cu.m. of earthwork on the basis of a second part estimate sanctioned by the Superintending Engineer. The final bills paid in June (Rs. 0.90 lakh) and July (Rs.0.48 lakh) 1973 indicated 0.92 cu. m. of earthwork done up to June 1972. No part of the earthwork done was covered by turfing.

The work estimated to cost Rs. 3.09 lakhs was administratively approved by Government in June 1972 and the estimate was also technically sanctioned by the Chief Engineer in July 1972 but further execution for completion of the work up to the designed height was not undertaken for the next three years. The Executive Engineer attributed (September 1978) this to want of funds. In March 1975, the remaining work of 0.71 lakh cu. m. of earthwork with turfing of 0.88 lakh square metres was awarded to Contractor 'M' for completion by June 1975. The latter executed only 0.14 lakh cu. m. of earthwork up to May 1975 and stopped further execution on grounds of non-payment of his bills. The contract was ultimately closed without penalty under orders of the Superintending Engineer in March 1977 and payment of Rs. 0.13 lakh for the work done by him up to May 1975 was made to him in May 1977.

After stoppage of work by Contractor 'M' in May 1975, further earthwork aggregating 0.13 lakh cu. m. was shown as executed on the embankment through 5 job-workers in July 1975 without invitation of tenders. Payments aggregating Rs.0.24 lakh were made to the job-workers in January 1977.

After a lapse of a further period of 30 months, work on the embankment was again awarded to two contractors 'A' and 'B' in January 1978 for execution of 1.35 lakh cu. m. of earthwork and 0.88 lakh square metres of turfing. The work was done by August 1978. On enquiry in audit about the award of 1.35 lakh cu. m. of earthwork, although 1.19 lakh cu. m. had already been executed earlier out of 1.64 lakh cu. m. estimated to achieve the designed height and section of the embankment, the Executive Engineer stated (September 1978) that as the earlier execution was in patches and not up to designed standard, the embankment had to face continuous flood havoc year after year resulting in washing away at some places and that "the department had got nothing to do to safeguard the embankment" due to non-allotment of funds. Rupees 1.76 lakhs were thus spent on excess earthwork of 0.90 lakh cu. m. through the Contractors 'A' and 'B' due to loss of earth in the intervening period of 6 years for which the embankment was lying incomplete for want of funds.

The matter was reported to Government in October 1978; their reply is awaited (March 1979).

4.13. Dry rubble escape at Kantipur on Kharsuan right

Construction of a dry rubble escape at Kantipur (Cuttack District) on the Kharsuan right including connecting embankments on both sides of the escape was administratively approved by Government in June 1967 at an estimated cost of Rs. 3.18 lakhs. It was intended to plug the gap of 15,000 feet in an existing embankment by connecting embankment (14,000 feet long) with a dry rubble packing escape (1,000 feet long) for discharge of flood water during high floods so as to protect from flood havoc 5,000 acres of cultivable land and population of about 10,000 residing in areas below the gap.

After technical sanction to the estimate by the Chief Engineer in July 1967, the work was entrusted to contractor 'R' in February 1968 for completion by August 1968, even prior to the acquisition of 117 acres of land estimated as required for the work proper (20 acres and burrow area (96 acres). Requisitions for 25 acres of land required for the base of the connecting embankments and escape were placed by the Executive

Engineer with the Revenue authorities in December 1969 only i.e. 22 months after award and 15 months beyond the date stipulated for completion of the work. In the meantime the contractor commenced execution of the Work but stopped it in July 1969 due to non-availability of the required land. The agreement with contractor 'R' was ultimately closed without penalty under orders of the Chief Engineer in March 1971. The final bill of the contractor for Rs. 1.24 lakhs was paid in September 1974 (earthwork in embankment: Rs. 0.89 lakh; turfing: Rs. 0.02 lakh and collection of boulders for dry-packing: Rs.0.33 lakh).

The requisitions placed by the division with the Revenue authorities in December 1969 for acquisition of 25 acres of land were not pursued. The Executive Engineer sent fresh proposals for acquisition of 25 acres of land to the Revenue authorities during February and October 1976. The requisitions for land placed on the Revenue authorities in February/October 1976 were subsequently withdrawn in August 1978. The Executive Engineer stated (September 1978) that there were no prospects of resumption of the work as "the scope of the scheme had been changed in view of the ensuing Brahmani and Baitarani Master Plans".

According to the Executive Engineer (September 1978), the embankment constructed (13,607 feet, on lands not acquired) at a cost of Rs. 0.90 lakh was in existence with "partial" damages during floods of past years and the boulders collected at a cost of Rs. 0.33 lakh were partly utilised by the public on unauthorised works, partly stolen and some were lying scattered at work site; the exact extent of loss of the boulders was yet to be assessed by the division (October 1978).

The work on construction of the floods escape began in 1968 at an estimated cost of Rs. 3.18 lakhs was stopped in July 1969 due to delay in acquisition of land and according to the Executive Engineer (September 1978) "prospects of its resumption are not there". The expenditure of Rs. 1.24 lakhs on this incomplete work has thus been largely unproductive.

The matter was reported to Government in October 1978; their reply is awaited (March 1979)

4.14. Extra expenditure on embankment on right bank of river Chitrotpala

Work on the first and second reaches of the flood protective embankment on the right bank of the river Chitrotpala was awarded to two contractors 'A' and 'B' in January/February 1973 on the basis of competitive tenders (tender value: A—Rs. 1.57 lakhs and B—Rs. 2.49 lakhs) for completion by July and August 1973 respectively. Execution of work in these reaches required acquisition of 137 acres of land. Possession of 129 acres was taken by the department up to March 1973. Of the remaining lands, 6.83 acres were taken possession of only in April-May 1975 while the balance of 1.47 acres were taken possession in February 1976.

The value of work done by the contractors up to the dates stipulated for completion amounted to Rs. 0.96 lakh only (A: Rs. 0.21 lakh and B: Rs. 0.75 lakh). In July 1973, contractor 'B' applied for extension of time up to July 1974 on the grounds of land acquisition troubles but this was not considered. The agreements with both the parties were terminated under orders of the Chief Engineer in November/December 1973 with penalty for non-completion in time.

Contractor 'A' went for arbitration in October 1974 on the grounds that completion was not possible due to non-acquisition of land and the departmental delay in making available the profile for the embankment. The Arbitrator set aside (August 1976) the penalty and ordered payment of Rs. 0.05 lakh as compensation. The award was accepted by Government in January 1977. No penalty was realised in the case of Contractor 'B' also.

The remaining work on the two reaches left unfinished by August 1973 was entrusted to two other contractors 'C' and 'D' in April 1974/April 1975 at higher rates for completion by October 1974/October 1975. Contractor 'C' also left the work incomplete in October 1974 on grounds of land acquisition troubles. The value of work done by him up to October 1974 was Rs. 1.48 lakhs only (Agreement value: Rs. 2.18 lakhs) but the final bill remains to be settled for want of specific orders regarding closure of his agreement. The work in the 2nd reach entrusted to 'D' also remained

incomplete up to March 1976. His agreement was closed in March 1976 without penalty and his final bill for Rs. 1.22 lakhs (Agreement value; Rs. 3.33 lakhs) was settled in the same month.

Reckoned with reference to the rates of original contractors 'A' and 'B' which could not be availed by the department due to non-acquisition of the required lands in time, the extra expenditure to Government for the portion of work executed by 'C' and 'D' (value : Rs. 2.70 lakhs) amounted to Rs. 1.12 lakhs (Rs.0.54 lakh on the first reach and Rs.0.58 lakh on the second reach). The remaining work was stated by the Executive Engineer (in October 1978) to have been completed through other agencies by August 1978. The final bills of the agencies who executed the balance work were yet to be settled and the extra cost involved in execution through these agencies was not ascertainable (October 1978).

The matter was reported to Government in October 1978; their reply is awaited (March 1979).

4.15. Infructuous expenditure on surplus escape on the Kakatpur distributary

A surplus escape was constructed at R. D. 2—182 K. M. of the Kakatpur distributary (in Puri district) in 1967 at a cost of Rs. 0.15 lakh, with the object of diverting the flow of water, when necessary, through an escape channel into the river Prachi (at a distance of 3,100 feet). In February 1971, the Executive Engineer, Prachi Division reported to the Director of Designs that the down stream aprons of the escape were scouring very badly due to lack of provision of solid aprons to withstand the pressure of the falling water and asked for preventive measures to be taken up. Two alternative proposals of the Directorate of Designs *viz.* providing either a single vertical fall of about 3 metres or four grade walls each of one metre fall with rubble packing, were considered and the Chief Engineer approved (May 1971) the latter design on grounds of economy. The work of providing four grade walls across the escape channel was completed through contractor 'A' in March 1972 at a cost of Rs. 0.42 lakh.

In May 1973, the Superintending Engineer intimated the Director of Designs that the boulder packing was disturbed, one of the grade walls had also collapsed, one more was silted up and the remaining two were also

outflanked by scouring despite repair works undertaken at a cost of Rs. 0.08 lakh between July 1972 and April 1973 and that the structures required immediate protection. In May 1974, the Chief Engineer approved the remodelling of the structure by providing a single fall of about 3 metres at an estimated cost of Rs. 0.47 lakh. On the basis of competitive tenders, the remodelling work was awarded to contractor 'A' in December 1975 at his tender value of Rs. 0.98 lakh, for completion within a period of 6 months. The Executive Engineer reported to the Superintending Engineer in June 1976 that the existing structure had collapsed on 9th January 1976 while remodelling was in progress and, as the period for supply of water for *Rabi* crops was fast approaching, the entire structure was covered up with earth after taking permission from the higher authorities. The reasons for the collapse of the structure have not been investigated by the department. According to the Executive Engineer (August 1978), the liability to be cleared for the work done was Rs. 0.08 lakh and the bill of the contractor was being processed.

The entire expenditure of Rs. 0.58 lakh on protective works to save the escape constructed in 1967 at a cost of Rs. 0.15 lakh was thus rendered infructuous. On enquiry in audit, the Executive Engineer stated (July 1978) that proposals for construction of a new surplus escape in the locality with reference to fresh data furnished to the Director of Designs in February 1978 was under consideration of the department. Further developments were awaited (October 1978).

The matter was reported to Government in October 1978; their reply is awaited (March 1979).

4.16. Surplus materials

In the Mahanadi North Division (District Cuttack), a temporary departmental godown was located at Barapada for issue of materials to the contractor entrusted with the work of "construction of a canal syphon across river Nuna near Barapada" (cost: Rs. 44.75 lakhs) which commenced in June 1965. On completion of the syphon in April 1968, iron and steel materials such as clutch bar, joists, sheet piles, rods, plates, channels and pipes, valuing Rs. 20.82 lakhs were rendered surplus. Of these, materials valuing

Rs. 8.15 lakhs only were disposed of up to July 1976 by transfer (in December 1974 : Rs. 0.07 lakh) and sales (in January 1975 : Rs. 7.86 lakhs and in July 1976 : Rs. 0.22 lakh). The remaining surplus materials (value : Rs. 12.67 lakhs) were lying unused in the temporary godown at Barapada for the last 10 years (December 1978). The expenditure up to March 1978 on watch and ward of these materials amounted to Rs. 0.44 lakh from May 1968. On enquiry in audit, the Executive Engineer stated (August 1978) that the materials could not be taken to the Divisional or sub-divisional stores as transportation of fabricated steel materials by ordinary trucks with manual loading and unloading was not possible. He also stated that instructions of the Superintending Engineer in response to the report submitted in January 1977 on the surplus materials were awaited.

The matter was reported to Government in January 1977; their reply is awaited (March 1979).

4.17. Avoidable expenditure on idle truck

According to orders of Government issued in February 1969, departmental trucks were to be condemned when they outlived their utility and completed the minimum life of 8 years and a run of 2.5 lakh kilometres. Contrary to these orders, the Mahanadi North Division, Jagatpur (Cuttack district) was continuing to hold on its books an old petrol driven Dodge truck purchased in March 1957 (Cost : Rs. 0.18 lakh) although it had outlived the prescribed period and was out of use since January 1974, by which time it had completed a run of 3.15 lakh kilometres. It was stated by the Executive Engineer in September 1978 that petrol consumption by the truck was found (December 1973) to be high and it was put off the road since January 1974 for reasons of economy in consumption of petrol and also due to reduction of work load of the division. No action was taken up to November 1978 to dispose of the truck. The amount spent on its maintenance during the idle period from December 1973 to June 1978 amounted to Rs. 0.36 lakh (Salaries of driver and helper: Rs. 0.33 lakh; other expenditure : Rs.0.03 lakh).

The matter was reported to Government in January 1977; their reply is awaited (March 1979).

4.18. Rengali Dam Project—Idle trailer

In May 1975, the Rengali Dam Project authorities procured an old 40 ton trailer from the surplus stock of the Salandi Dam Project for Rs. 2.58 lakhs on the basis of release order issued by the Chief Engineer, Irrigation. The purchase was made on the ground that it was essential to have a trailer for carrying heavy materials and machines from rail head and other projects.

The project authorities brought the acquisition of the trailer to the notice of the Control Board of the Project for approval only in December 1977 together with a proposal to re-power the trailer with a 200 H. P. Leyland engine at a cost of Rs. 1.55 lakhs on the ground that the trailer was very old and its engine was giving frequent trouble. The Control Board took note of the fact that the 40 ton capacity trailer, which was old and defective, had already been procured in 1975 and the Board approved the procurement of a new engine in December 1977. The trailer was subsequently put to use from October 1978 after repowering it at a cost of Rs. 1.67 lakhs.

The defective trailer had worked only for 515 hours (excluding trial run of 15 hours) from May 1975 (date of purchase) to end of 1977-78 against the target of 3,260 hours indicated in the running and maintenance estimates prepared by the Stores and Mechanical Division of the Project, the utilisation being about 16 per cent. The trailer was completely idle from December 1977 to September 1978. The expenditure on running and maintenance during the period May 1975 to September 1978 was Rs. 1.41 lakhs (establishment : Rs. 0.27 lakh; repairs, fuel oil, etc. : Rs. 1.14 lakhs).

The matter was reported to Government in October 1978; their reply is awaited (March 1979).

4.19. Extra cost

The work of "Excavation of Chandanpur branch canal—Ex-Puri Main Canal- III rd reach-R. D. 6 M-398' to 7 M 4,250' (Puri district)" estimated to cost Rs. 0.48 lakh was put to tender in November 1973. Eight tenders were received on 4th December 1973 and the lowest tender of 'G' (Rs. 0.34 lakh

was recommended by the Executive Engineer on the 2nd February 1974, and was accepted by the Superintending Engineer on 11th April 1974 i. e. after a lapse of 128 days from the date of receipt of tender. According to the standing orders of Government issued in January 1970, decision on the tenders was to be taken within a maximum of 90 days, being the validity period. When the acceptance of tender was communicated (15th April 1974) to contractor 'G', he declined to execute the work at his rates tendered in December 1973 on grounds of delay of over 4 months and rise in cost of labour and materials in the meanwhile. The work was, therefore, put to retender in August 1974 and the lowest offer of contractor 'B' for Rs. 0.63 lakh received (September 1974) was accepted by the Chief Engineer (in December 1974) and the work was entrusted to 'B' in January 1975. The work was completed in March 1976 at a cost of Rs. 0.67 lakh. With reference to the rates of contractor 'G' which could not be availed of by the department due to failure to take decision on tenders in time, the additional cost to Government on execution of the work amounted to Rs. 0.31 lakh.

The matter was reported to Government in December, 1976; their reply is awaited (March 1979).

WORKS DEPARTMENT

4.20. Construction of a bridge across the river Tel near Turkel

Construction of a high level bridge on the Tel river near Turkel on Bhawanipatna -Khariar road- M. D. R. 41 (Kalahandi district) was administratively approved by Government in September 1969 at an estimated cost of Rs. 39.34 lakhs to provide all weather traffic on the road. The work comprised construction of the bridge proper (Rs. 33.59 lakhs), approach roads on either side (Rs. 1.65 lakhs) and cross drainage works (Rs. 2.40 lakhs). The Chief Engineer accorded technical sanction to the estimate for Rs. 39.34 lakhs in October 1970.

Work on the bridge proper was commenced in September 1969 and was completed in December 1972 at a cost of Rs. 34.69 lakhs. Steps to construct the approach roads with cross drainages were not taken by the department so as to open the bridge to traffic soon after its completion. Works on the

Accounts for 1977-78

Undertaking	Year in which personal ledger account was opened	Accounts for 1977-78			
		Opening balance	Credits	Debits	Closing Balance
(1)	(2)	(3)	(4)	(5)	(6)
(In lakhs of rupee)					
Cold Storage Plants—					
2. Cold Storage Plant, Paralakhemundi	1970-71 (Capital account)	1.71	..	..	1.71
	1977-78 (Revenue account)	(—)0.65	0.57	1.21	(—)1.29
3. Cold Storage Plant, Khua-rmuda	1973-74 (Capital account)	(—)0.42	..	..	(—)0.42
	1977-78 (Revenue account)	(—)0.30	3.79	2.72	0.77

Besides these, in the following cases where personal ledger accounts were opened for schemes of commercial nature, there were no transactions for periods ranging from three to ten years, as indicated against each:—

Undertaking	Year in which personal ledger account was opened	year in which transactions occurred last	Balance as per account
(In lakhs of rupees)			
Trading in Scrap Iron and other materials	1963-64	1973-74	19.42
Trading in Mustard oil	1964-65	1970-71	9.81
Marketing of fish and by-products	1971-72	1972-73	3.95
Purchase, sale and fair price shop scheme	1967-68	1973-74	(—)4.64
Poultry Development	1974-75	1974-75	1.53
Raniganj tiles	1960-61	1967-68	1.27
Purchase of stores for development works—			
(i) By District Collectors	1958-59	1972-73	(—)2.97
(ii) By Block Development Officers	1958-59	1971-72	18.10

The personal ledger accounts have not been closed (December 1978); preparation of *pro forma* accounts had not been prescribed in these cases also.

FOOD AND CIVIL SUPPLIES DEPARTMENT

6.2. Trading in foodgrains

The procurement of rice and paddy is handled departmentally by the Civil Supplies Department of Government and is done through private traders and certain public agencies like Orissa State Warehousing Corporation and Co-operative Societies who are appointed as purchasing agents of Government. The private traders/public agencies are also appointed as storage agents for storing the rice and paddy procured from the producers and distributing it, in accordance with issue orders of the Collectors, to the retailers and to the bulk consumers. The private traders/public agencies who are appointed as purchasing agents and storage agents are required to execute agreements with Government and furnish securities. The agents are appointed for each district separately for each *kharif* year.

Under the procedure prescribed by Government, the purchasing agents are entitled to get interest bearing advances against the paddy/rice procured by them and physically held by them in their godowns subject to certain procedural formalities to be followed by them. The stocks held by the agents are subject to physical verification by the staff of the Civil Supplies Department at stipulated periodical intervals as also as at the end of October and March each year.

For the services rendered by the agents to the department, they are entitled to commission in accordance with the rates prescribed by Government from time to time and also for charges on account of transportation of the stocks. The rates at which the commission and transportation charges are payable to the agents are prescribed in the agreements entered into with them.

Certain points noticed in the course of audit of the transactions of the procurement and distribution of rice and paddy in respect of different civil supplies offices in the State are mentioned in the following paragraphs:

(i) Grant of advance to an agent

Foodgrains purchased by the purchasing agents, whether from their own funds or funds advanced by Government, are the property of Government according to the terms of agreement entered into with them by the department. Advances ranging from 75 per cent to 85 per cent of the value of stocks physically held by the agent and duly certified by the Civil Supplies Officer are payable by Government to the agents and are adjusted from the bills submitted on final disposal of stock. The agreement prohibits the agents from trading on their own account. Drawing advances from other agencies against security of the Government stocks temporarily held by them as agents is not permissible. In Sambalpur district, a purchasing-cum-milling-cum-storage agent, for the *kharif* year 1975-76, held 1,260.23 quintals of coarse and 3,366.00 quintals of fine rice as on 27th December 1975. He obtained (November/December 1975) a loan of Rs. 4.93 lakhs from a nationalised bank on the security of 3,066 quintals (600 quintals of coarse and 2,466 quintals of fine rice) of Government stock held by him. No action was taken by the department regarding this irregular transaction. Further, an advance of Rs. 6.06 lakhs was given by the department to him on 31st December 1975, against the stocks held by the agent on the strength of book balances (including those given by him as security to the bank) although the position regarding drawal of loan by the agent from the bank against the security of Government stock was known to the District Collector.

The matter was reported to Government in (August 1978); their reply is awaited (February 1979).

(ii) Non-realisation of security deposits from agents

The financial and accounting procedure prescribed by Government requires that parties selected for appointment as purchasing-cum-milling cum-storage agents should furnish initial security deposit of Rs. 5,000 each (Rs. 2,500 in the case of Co-operative Societies) either in cash or in the shape of approved Government securities, before their appointment as such and additional security deposit of Rs. 10,000 (Rs. 2,500 in

the case of Co-operative societies), besides personal security for value of stocks delivered, before being allowed to handle the stocks. Mention was made about non-realisation of security deposits and additional security deposits from the agents in three districts for specified years in paragraph 6.2 of the Report of the Comptroller and Auditor General of India (Civil) for the year 1976-77.

Test check of the records of the civil supplies offices in three other districts (Sundargarh, Dhenkanal and Sambalpur) conducted in February/March 1978 showed that in the case of four Co-operative Societies, while substantial amounts are recoverable as dues to Government on account of shortages in stocks, penalties for shortages and value of stocks left over at the end of the year, the department did not recover both initial and additional security deposits in three cases and additional security deposit in one case resulting in total non-recovery of Rs. 1.72 lakhs as security. Particulars of deposits recovered and amounts due are given below:—

Agent	Year(s) of agency	Security deposits recovered		Amount due
		Initial	Additional	
(Rupees)				
(1)	(2)	(3)	(4)	(5)
A (Rourkela)	1967-68 to 1969-70	Nil	Nil	77,739
B (Talcher)	1971-72 to 1974-75	10,000	Nil	56,838
C (Bamra)	1975-76 to 1976-77	Nil	Nil	21,360
D (Padmapur)	1975-76	Nil	Nil	15,749

The parties ceased to be agents after the year(s) as mentioned above. 'A' ceased (date not known) to be an independent society and merged with another society 'E'. The District Civil Supplies Officers stated (February/March 1978) that steps were being taken to finalise the accounts of 'B', 'C' and 'D' and adjust / recover the dues. In regard to 'A', it was stated that the dues will be recovered from 'E'. Further developments are awaited (February 1979).

The matter was reported to Government in July 1978; their reply is awaited (February 1979).

(iii) Payment of extra incidental charges to storage agents

Under the grain purchase scheme, the stocks of foodgrains procured for distribution to the public are stocked with the storage agents appointed for the purpose in different areas. The agents deliver the stocks to the retailers for sale to public, against the issue orders of the Collector. They also despatch stocks to other districts and to other storage agents in the same district according to the orders of the Collectors. In the latter case, the agreements prescribe payment of extra incidental charges to storage agents to cover loading etc. as below:—

- (i) Re. 0.48 per quintal of rice stocks despatched by rail wagon.
- (ii) Re. 0.24 per quintal of rice stocks despatched by means other than a rail wagon.

A test check in audit of the records of the Civil Supplies Offices at Puri, Phulbani and Sundargarh conducted during November 1976 to August 1978 showed that sixteen storage agents were paid extra incidental charges at rates applicable for despatch by means other than a rail wagon (at Re. 0.24 per quintal) in respect of stocks taken delivery by the local retailers whereas the stocks despatched to other districts or to other storage agents in the same district were only eligible for this. Rupees 0.84 lakh were thus paid irregularly (May 1975 to March 1978) in respect of 3,47,538 quintals of rice delivered to local retailers between April 1975 to October 1977.

The matter was reported to Government in August 1978; their reply is awaited (February 1979).

6.3. Payment of false claim of a storage agent for wheat

Stocks are delivered by the storage agents to the retailers on the basis of issue orders given by the District Collectors from time to time and treasury challans in support of the retailers having remitted the value of wheat. Monthly bills for commission, etc. in respect of disposal of stocks of wheat made during the preceding month are furnished by the agent to the Collectors on the 5th of the following month. Besides, a monthly return of stocks is also submitted by the agent. The bills are required to be supported by issue orders and treasury challans and a consolidated statement showing the quantity issued and sale proceeds credited to treasury together with challan number.

A storage agent in the jurisdiction of the District Civil Supplies Office, Cuttack submitted to the District Civil Supplies Officer (actual dates of submission not available) 30 bills in respect of a quantity of 18,725 quintals of wheat disposed of by him to the retailers from his depot at Jagatsingpur during October 1974 to March 1977. The District Collector passed the bills and paid the agent during January 1976 to August 1977. On a subsequent check by the District Collector in April 1978 it was detected that no issue orders and challans were available against 716 quintals shown as issued by the agent in the statement of sale proceeds and stock returns submitted monthly by the agent. The Collector therefore held (April 1978) 716 quintals of wheat (value: Rs.1,39,114) for which no issue orders were actually given by him, as shortages. Rs. 19,686.43 towards a portion of value of shortages and Rs. 2,835.53 being commission paid to the agent on this quantity of 716 quintals were adjusted (March/April 1978) against other bills payable to the agent. The Collector stated (August 1978) that action was being taken to recover the balance amount. Further developments are awaited (February 1979).

The Collector initiated (April 1978) departmental proceedings against the Senior Accountant who was concerned with the checking of these bills.

Records in respect of the agent called (July 1978) for check in audit were not produced.

The matter was reported to Government in July 1978; their reply is awaited (February 1979).

6.4. Non-recovery of dues

The foodgrains are sold to the public by the retailers, who get the stock from the storage agents, by pre-depositing the value thereof at rates fixed by Government in Government treasury. In April 1966, Government issued orders stating that in certain areas, where the retailers do not come forward to lift the stocks of foodgrains from the storage agents by pre-depositing the value thereof, they may be allowed to lift the first instalment of stock on credit basis subject to deposit of the value after sale but before the next instalment is taken. In accordance with the agreements entered into by the retailers, amounts due to Government, if not paid in time, are recoverable as public demand under the Orissa Public Demand Recovery Act, 1962. Thirteen retailers in the Sambalpur area, to whom this facility was extended during 1966, defaulted in depositing the value of foodgrains to the extent of Rs.0.45 lakh. The Collector, Sambalpur, instituted (July 1967 to April 1968) cases in the Court of the Special Certificate Officer, Sambalpur for the recovery of the amounts under the Orissa Public Demand Recovery Act, 1962. As the property statements in twelve cases and the details of the whereabouts of the party in one case were not submitted by the District Collector to the Special Certificate Officer as required under the rules, the cases were dropped by the Special Certificate Officer, Sambalpur (August 1969 to May 1973).

Government stated in September 1978 that due to the failure on the part of the Civil Supplies Officer, Sambalpur to furnish detailed property statements of the certificate debtors and other information as required by the Special Certificate Officer, Sambalpur the cases were dropped. It was also stated that the Collector, Sambalpur was requested to review the cases by furnishing the details. Further developments are awaited (February 1979).

COMMERCE AND TRANSPORT DEPARTMENT

6.5. Purchase of stencil paper

In March 1976, the Director, Printing, Stationery and Publications invited open tenders for supply of 1,000 reams of stencil papers being the requirement for 1976-77. The stock position in March was 162 reams

Seven offers were received and opened on 23rd April 1976. The following were the rates quoted by the firms who were ranked the first three lowest:—

Firm	Rate per ream f.o.r. destination (in rupess)
I (Hyderabad)	263.00
II (Bombay)	306.00
III (Cuttack)	317.32

It was stipulated in the tender notice that the intending tenderers shall have to deposit earnest money amounting to two *per cent* of the tender value. It was also stated that Government in very exceptional cases may fully or partly exempt a firm from complying with this condition. Firm I requested for exemption from payment of earnest money stating that they were registered with National Small Industries Development Corporation Limited, Madras and Director of Industries, Andhra Pradesh. The purchase committee did not consider their request and rejected their offer on the ground of non-payment of earnest money with the tender. Firm II also did not pay the earnest money and their offer was also passed over. On enquiry by the Director (May 1976), firm III indicated that they would supply the paper manufactured by firm I. Order for supply of 1,000 reams of paper was placed on firm III in July 1976, at rates quoted by them. Another order for supply of an additional quantity of 1,000 reams was also placed on the same firm in December 1976 at the same rate. Reasons for placing order for the additional quantity were not available; the supply against this order was received in March 1977. Against 2,000 reams purchased, only 730 reams out of quantity received against the first order were used during 1976-77, the entire quantity having been used only by March 1978.

Thus, the lowest offer was rejected for non-payment of earnest money of Rs.5,260 and purchases were made from another firm which supplied the articles manufactured by the lowest tenderer but at higher rates resulting in extra expenditure of Rs.1.09 lakhs.

The matter was referred to Government in September 1978; their reply is awaited (February 1979).

CHAPTER VII

FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

7.1. General

(a) (i) In 1977-78 Rs.73·80 crores were paid as grants to non-Government bodies, institutions and others against Rs.63·08 crores paid during 1976-77. This formed 21·60 *per cent* of Government's total expenditure on revenue account, against 20·41 *per cent* in 1976-77. An analysis of grants paid during 1977-78 is given below:—

	(Rupees in crores)
(1) Education—	
Assistance to non-Government bodies, local bodies and universities	51·83
(2) Community Development and Social Welfare—	
Assistance to Panchayati Raj institutions ..	6·39
(3) Urban Development—	
Assistance to Municipalities, Corporations, etc. ..	3·38
(4) Labour, Employment and Housing—	
Grants to Orissa State Housing Board and for non- Government Housing Schemes	0·04
(5) Cultural affairs—	
Grants to cultural institutions ..	0·27
(6) Forest—	
Grants to Panchayati Raj institutions ..	1·68
(7) Irrigation and Power—	
Grants to Orissa Lift Irrigation Corporation for in- vestigation, survey of ground water resources, tube wells and other subsidies	5·21
Assistance to the Orissa State Electricity Board for rural electrification schemes	5·00

 73·80

(ii) The main beneficiaries of the grants were Panchayati Raj institutions which received Rs. 31.02 crores during 1977-78 for the purposes shown below:—

	Amount (In crores of rupees)
(1) Education —	
Primary and Secondary education	22.98
(2) Community Development and Social Welfare —	
Community Development	6.36
(3) Forest—	
Grants from sale proceeds of <i>Kendu</i> leaves	1.68
	31.02

(iii) *Utilisation Certificates*—Under the financial rules, in all cases in which conditions are attached to grants, utilisation certificates to the effect that the grants have been utilised for the purpose for which they were paid are required to be furnished by the departmental officers to the Accountant General within a reasonable time.

At the end of September 1978, 84,599 certificates for Rs. 2,11.00 crores were awaited for grants paid up to 31st March 1977. Of these, 66,680 certificates (Rs. 1,18.97 crores) relate to grants paid up to 31st March 1975. The remaining 17,919 certificates (Rs. 92.03 crores) relate to grants paid during the period from 1st April 1975 to 31st March 1977 as shown below:—

Period	Utilisation certificates					
	Due		Received		Outstanding	
	Number	Amount (In crores of rupees)	Number	Amount (In crores of rupees)	Number	Amount (In crores of rupees)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
April 1975 to March 1976	12,334	40.22	1,756	2.94	10,578	37.28
April 1976 to March 1977	8,347	55.09	1,006	0.34	7,341	54.75
Total	20,681	95.31	2,762	3.28	17,919	92.03

The utilisation certificates have not been received although considerable time has passed after the grants were paid. In the absence of such certificates, it is not practicable for Audit to know, even in a broad way, to what extent the recipients spent the grants for the purpose or purposes for which these were given.

The departments from which most of the utilisation certificates are awaited are given below:—

Sl. No.	Department	Utilisation certificates awaited	
		Number	Amount (In crores of rupees)
1.	Education and Youth Services ..	58,785	1,54.64
2.	Community Development and Social Welfare	16,579	35.06
3.	Agriculture and Co-operation ..	576	9.15
4.	Rural Development ..	3,534	4.91
5.	Urban Development ..	1,051	2.87
6.	Revenue and Excise ..	2,541	1.69

(b) According to the provisions of Section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, the accounts of the bodies and authorities substantially financed by grants and loans from the Consolidated Fund of the State are to be audited by the Comptroller and Auditor General of India. Section 15 of the Act prescribes that where a grant or loan is given from the Consolidated Fund of the State for any specific purpose, the Comptroller and Auditor General of India shall scrutinise the procedure by which the sanctioning authority satisfied itself as to the fulfilment of the conditions subject to which such grants and loans were given.

Mention was made in paragraph 7.1(b) of the Report of the Comptroller and Auditor General (Civil) for 1976-77 about non-receipt of information from departments of Government regarding grants and loans given to various bodies and authorities during 1971-72 to 1976-77 and their utilisation. The position did not improve and information for the year 1977-78 was also not received from the departments in spite of the general instructions issued by the Finance Department in July 1976 and pursuance by Audit from time to time.

The available particulars are given below:—

Year	Number of bodies/ authorities which received grants/ loans of not less than Rs. 5 lakhs in the year	Number of bodies from whom accounts were received in audit	Number of bodies whose accounts are not received
1971-72	310	9	301
1972-73	290	9	281
1973-74	314	11	303
1974-75	308	11	297
1975-76	330	6	324

With reference to available information, audit of some bodies and authorities substantially financed by the Government, falling under Section 14 of the Act, was conducted. Important points noticed in audit of these institutions under Section 14 of the Act, and of records of sanctioning authorities under Section 15 and other related matters are given in the succeeding paragraphs.

COMMUNITY DEVELOPMENT AND SOCIAL WELFARE DEPARTMENT

7.2. Assistance to Panchayat Samitis

7.2.1. Introduction

Under the Orissa Panchayat Samiti and Zilla Parishad Act, 1959, the Panchayat Samitis are responsible for planning, execution and supervision of development programmes, schemes and works in the blocks

sponsored by the Community Development Department and other departments of Government. These schemes mainly relate to construction, repair and maintenance of roads, wells, minor irrigation projects, establishment of primary health centres, family and child welfare projects, establishment, expansion and improvement of primary schools, etc. To enable the Panchayat Samitis to discharge these functions, assistance is provided by the various departments of Government in the form of grants.

There are 314 Panchayat Samitis in the State. The accounts of 23 samitis for the year 1975-76 and 37 samitis for the year 1976-77 were audited (November 1977 - September 1978) under Section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. Some of the important points noticed in audit are mentioned below.

7.2.2. Non-preparation of budget estimates and annual accounts

The Block Development Officer is required to prepare and place before the samiti, for its approval, each year a budget estimate of probable receipts and expenditure of the samiti for the following year in the prescribed form. The rules also require preparation of the annual accounts of receipts and expenditure in the prescribed form. Thirty three Panchayat Samitis did not prepare budget estimates and annual accounts in the prescribed form for any of the years from 1971-72 to date of audit. The lapse in this regard was also not looked into by the Administrative Department of Government. On being brought to their notice by Audit, Government stated (January 1979) that necessary instructions had since been issued to all Block Development Officers.

7.2.3. Untapped income

Under Section 29 of the Orissa Panchayat Samiti and Zilla Parishad Act, 1959, the sources of income of the Panchayat Samitis include, *inter alia*, proceeds from taxes, surcharges or fees, contributions from Gram Panchayats and income from endowments, trusts or other institutions administered by the Samiti. None of the Panchayat Samitis

test checked in audit derived any income from any of the sources mentioned above. In reply to audit observations, some of the Block Development Officers stated that the samitis had not been specifically empowered to levy taxes, fees, and contributions. On this being brought to their notice, Government stated (January 1979) that they had not yet authorised the Panchayat Samitis to levy such taxes and collect contribution from Gram Panchayats and, therefore the provision of the Act in this regard remained inoperative.

7.2.4. *Unutilised Grants*

The financial rules of Government require that grants should be utilised within a maximum period of one year from the date of sanction and also that the unspent balances should be surrendered by the grantees. Unutilised grants held by the 23 Panchayat Samitis the accounts of which were test checked up to 1975-76, aggregated Rs. 67.81 lakhs at the end of March 1976; the 37 samitis, the accounts of which were test checked upto 1976-77 had Rs. 97.11 lakhs as unutilised balance at the end of March 1977.

Scrutiny of records of the samitis in audit showed that a substantial part of the unutilised grant represented salary of the teachers of the primary schools managed by the samitis. The accumulated unspent salary grants held by four samitis at the end of March 1976 and those held by 20 samitis at the end of March 1977 were Rs. 7.26 lakhs and Rs. 22.11 lakhs respectively. The unspent balances of grants relating to the teachers' salary lying in the personal ledger accounts were not taken into account by the Panchayat Samitis while intimating requirement of grants to the Director of Public Instruction who sanctions and releases the grants to samitis in quarterly instalments although, according to the prescribed procedure, excess release of grants during the first three quarters of a year was required to be adjusted while releasing grant for the fourth quarter. The Director of Public Instruction stated (June 1978) that the unspent balances of grants at the end of each year are not reported by the Panchayat Samitis despite repeated reminders.

7.2.5. *Utilisation certificates*

The sanctions to grants envisaged submission of utilisation certificates by the grantees to the sanctioning authority by June of the year following that in which the grants were sanctioned. At the time of audit (between November 1977 and August 1978) utilisation certificates in respect of grants aggregating Rs. 11,19.52 lakhs (Rs. 4,26.77 lakhs in respect of 23 samitis the accounts of which were audited upto March 1976 and Rs. 6,92.75 lakhs in respect of 37 samitis the accounts of which were audited upto March 1977) had not been submitted though overdue, for periods ranging upto over 10 years as detailed below:—

Period for which awaited	Amounts for which utilisation certificates were awaited in respect of	
	Panchayat Samitis the audit of which was conducted upto March 1976	Panchayat Samitis the audit of which was conducted upto March 1977
	(In lakhs of rupees)	
Up to 3 years ..	1,74.23	2,69.41
Between 3 and 5 years ..	1,33.80	1,54.07
Between 5 and 10 years ..	1,12.40	1,76.94
Over 10 years. ..	6.34	41.19
Year-wise break-up not available ..	..	51.14
Total ..	4,26.77	6,92.75

7.2.6. *Works remaining incomplete for more than five years*

The works undertaken by the Panchayat Samitis like construction of wells and roads are minor in nature which are required to be completed within the year in which the grants were received. In 22 Panchayat Samitis, 631 works (estimated cost : Rs. 17.59 lakhs) taken up between 1957-58 and 1970-71 were shown as incomplete (September 1978). The

expenditure incurred on these incomplete works was Rs. 8.03 lakhs. The non-completion was, in general, attributed by the Block Development Officers to negligence of executants and want of funds. On being brought to their notice by Audit, Government stated (January 1979) that reasons for non-completion of the projects and steps for their completion or abandonment would be reviewed shortly.

7.2.7. Construction of wells

(a) Grants by the Community Development Department to the Panchayat Samitis include amounts for provision of drinking water wells in the rural areas. A test check of expenditure incurred on sinking of wells by the Panchayat Samitis disclosed that in seven cases where 230 wells were sanctioned to be completed during the years 1971-72 to 1976-77 at estimated cost of Rs. 8.82 lakhs, 158 wells were left incomplete after incurring expenditure of Rs. 3.95 lakhs as shown below:—

Sl. No.	Name of the Panchayat Samiti	Period	Wells to be completed	Grant (Rupees in lakhs)	Wells completed	Incomplete wells	Expenditure incurred on incomplete wells (Rupees in lakhs)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1.	Laikera	1971-72 to 1976-77	24	0.83	6	18	0.43
2.	Tangarapalli	1971-72 to 1976-77	16	0.56	11	5	0.07
3.	Banspal	1971-72 to 1974-75	58	2.34	19	39	0.68
4.	Gurundia	1975-76 to 1976-77	13	0.67	nil	13	0.47
5.	Khallikote	1973-74	15	0.63	11	4	0.12
6.	Joshiapur	1976-77	63	1.84	10	53	1.67
7.	Bahalda	1971-72 to 1976-77	41	1.45	15	26	0.51
			230	8.32	72	158	3.95

The expenditure of Rs. 3.95 lakhs incurred on the incomplete wells has been unproductive.

(b) In three samitis the construction of 13 wells estimated to cost Rs. 0.45 lakh was abandoned due to reasons such as appearance of hard rock or wells collapsing at the time of construction, after expenditure of Rs. 0.17 lakh was incurred thereon.

(c) Panchayat Samiti, Joda received Rs. 2.08 lakhs during the period 1971-72 to 1976-77 for construction of 125 wells and Rs. 0.69 lakh for completion of 82 incomplete wells. To an audit enquiry as to the number of wells taken up for construction, wells completed, wells left incomplete or abandoned, if any, with estimated cost and actual expenditure, the Block Development Officer could not furnish any information. The samiti had an unutilised grant of Rs. 0.69 lakh under well construction programme as on 31st March 1977. Regarding non-utilisation of the grant, the Block Development Officer stated (March 1978) that the villages in the Block area being situated in hilly regions, the cost of construction of wells was high and the Government grant for the purpose was not adequate.

7.2.8. Maintenance grants

(a) Sanctions of grants by Government to the Panchayat Samitis for maintenance of Gram Panchayat roads and wells invariably stipulated that the amounts were to be disbursed to the Gram Panchayats concerned on receipt of utilisation certificate in respect of amounts given in previous years for annual maintenance.

Test check of records of the Panchayat Samitis showed that grants were disbursed in four Panchayat Samitis to the Gram Panchayats year after year without ascertaining utilisation of the previous year's grants and obtaining utilisation certificates therefor.

(b) The Panchayat Samiti, Bhograi received grant-in-aid of Rs. 1.33 lakhs during the period 1973-74 to 1976-77 for special repairs to 164 primary school buildings. The grants were to be utilised

within the financial year of sanction. Scrutiny of records in audit (August 1978) showed that repairs to 24 buildings only were completed upto August 1978 (expenditure : Rs. 0.45 lakh). Rupees 0.76 lakh were disbursed to the Chairmen of School Committees for undertaking repairs in respect of 133 school buildings during 1974-75 but no report about completion of repairs was available with the samiti. The work relating to the remaining 7 buildings had not started at the time of audit (August 1978).

7.2.9. Construction of building for Madhu Sudan Law College, Cuttack

In December 1974, the Department paid Rs. 0.40 lakh by bank draft as grant to Cuttack Sadar Panchayat Samiti for payment to Utkal University for construction of Madhu Sudan Law College building at Cuttack subject *inter alia* to the conditions that (i) the plan and estimate of the building was to be furnished by the University to the Panchayat Samiti, (ii) the grant was to be released in instalments taking into account the progress of work, the second and subsequent instalments being released after necessary verification and check measurement to ensure that the previous instalments of grants were utilised properly, (iii) detailed account including vouchers was to be furnished by the University to Panchayat Samiti, (iv) the grant was to be utilised by June 1975 and (v) a report of utilisation was to be furnished to Government by the Block Development Officer duly countersigned by the Chairman of the Panchayat Samiti. The Block Development Officer released the grant to the University in one instalment in January 1975 without receiving the plan and estimate for the building. The Panchayat Samiti had no information about utilisation of the grant by the University at the time of audit (April 1978). On enquiry in audit, Government endorsed (June 1978) the reply (December 1977) of the Block Development Officer that further information from the University was awaited.

7.2.10. Execution of development works

The Panchayat Samiti, Joda received development grant of Rs. 1.63 lakhs during the period 1971-72 to 1973-74 under phase II of Community Development Programme and Rs. 2.52 lakhs during the period

1972-73 to 1974-75 under phase II of the Tribal Development Programme. According to the sanction orders, the grants were to be spent within one year from the dates of sanction on such items as were included in the programmes duly approved by the Samiti or otherwise specifically authorised by Government and utilisation certificates were to be sent to Government by the first June of the succeeding year. The Panchayat Samiti in several meetings held between April 1972 and November 1973 decided to execute 108 works estimated to cost Rs. 4.29 lakhs as shown below:—

Sl. No.	Items of work	Number of works	Estimated cost (Rupees in lakhs)
1.	Minor Irrigation Projects ..	24	1.47
2.	Construction and improvement of roads	37	1.59
3.	Construction and repair of school building	27	0.65
4.	Excavation and renovation of tanks ..	14	0.48
5.	Construction of wells ..	3	0.06
6.	Repairs to Mahila Samiti buildings and village level worker quarters	3	0.04
		108	4.29

The Block Development Officer, on being asked by Audit to indicate actual execution of works against the proposals mentioned above, could furnish information and produce records in respect of 47 works

only which were completed at an expenditure of Rs. 2.16 lakhs as indicated below:—

Sl. No.	Items of work	Number of works executed	Estimated cost (Rupees in lakhs)	Expenditure
(1)	(2)	(3)	(4)	(5)
1.	Minor Irrigation Projects	15	0.94	0.93
2.	Construction and Improvement of roads	13	0.58	0.57
3.	Construction and repairs of School buildings	8	0.21	0.21
4.	Excavation and renovation of tanks	10	0.42	0.43
5.	Construction of well ..	1	0.02	0.02
		47	2.17	2.16

The register of works was not maintained properly and brought up to date and there was no other record to show the manner of utilisation of the remaining grant of Rs. 1.99 lakhs.

7.2.11. Advances outstanding

(a) Advances given to subordinates and others for various purposes are required to be adjusted without delay. Heavy balances of advances were remaining unadjusted for periods extending over 10 years. The category-wise and age-wise particulars of the outstandings are given below:—

Particulars	Outstanding advances	
	At the end of March 1976 of 23 panchayat samitis	At the end of March 1977 of 37 panchayat samitis
	(In lakhs of rupees)	
A—Category-wise Particulars		
Samiti and Government Officials	5.40	13.23
Departments of Government for execution of work	13.81	19.52

Particulars	Outstanding advances	
	At the end of March 1976 of 23 panchayat samitis	At the end of March 1977 of 3 panchayat samitis
	(In lakhs of rupees)	
Gram Panchayats ..	7.49	10.37
Contractors ..	12.28	16.67
Others ..	7.35	12.11
Category-wise break-up not available	5.97	6.71
	<hr/> 52.30	<hr/> 78.61
<i>B—Age-wise break-up</i>		
Up to 3 years ..	4.95	15.05
Between 3 and 5 years ..	8.15	12.55
Between 5 and 10 years ..	16.40	38.89
Over 10 years ..	16.83	2.48
Year-wise break-up not available ..	5.97	9.64
Total ..	<hr/> 52.30	<hr/> 78.61

(b) In 10 Panchayat samitis mentioned below the particulars of parties by whom advances were to be adjusted were not available in the register of outstanding advances:—

Name of the Panchayat Samiti	Position at the end of	Amount of advance
	(Rupees in lakhs)	
1. Cuttack Sadar ..	March 1976	2.73
2. Sukinda ..	March 1976	2.52
3. Patrapur ..	March 1976	0.72
4. Bellaguntha ..	March 1977	1.55
5. Kukudakhandi ..	March 1977	1.32
6. Rangeilunda ..	March 1977	0.61

Name of the Panchayat Samiti	Position at the end of	Amount of advance
	(Rupees in lakhs)	
7. Nuagada ..	March 1977	2.05
8. Kasinagar ..	March 1977	2.50
9. Champua ..	March 1977	3.20
10. Bolgarh ..	March 1977	5.40
		22.60

Government acknowledged (January 1979) that the progress of adjustments was very slow. They stated that the present officers were unable to adjust the advances relating to earlier years due to non-completion of works as well as to non-susceptibility of the works to measurements at this stage and that the position would be reviewed at suitable levels.

(c) In Bhograí Panchayat Samiti, 31 works relating to installation of tube wells, construction and improvement of primary school buildings, mahila samiti building and construction of culverts on roads were to be taken up and completed during the period 1962-63 to 1967-68. The works were estimated to cost Rs. 0.37 lakh and advances totalling Rs. 0.13 lakh were paid to the executants. The works were not started till the date of audit (August 1978).

The Block Development Officer stated (August 1978) that the advances would be recovered from the executants through certificate procedure.

7.2.12. Heavy cash balance in hand

According to the Accounting Procedure Rules prescribed for samitis (1961), cash balance in the chest should not exceed Rs.5,000 at any time. None of the Panchayat Samitis covered under audit observed this provision. In 15 Panchayat Samitis the cash balance on different dates ranged from Rs.20,000 to over a lakh of rupees.

7.2.13. *Accounts of stores*

The value of stores purchased for use in the samiti is charged to the suspense head "Stores Suspense" pending clearance on issue for use on works. The balances in the "Stores Suspense" account were thus to represent the value of stores lying unutilised. Test check in audit in 21 Panchayat Samitis showed that the value of balances of stores according to the stock registers was less than the balances shown in the stores suspense account by Rs.4.34 lakhs. No action had been taken to investigate the discrepancies and establish shortages, if any.

Physical verification of stores to be conducted half yearly by Block Development Officer as required under the accounting procedure rules was also not conducted in 8 of the Panchayat Samitis (during the period 1971-72 to 1976-77) covered by test check.

Five Panchayat Samitis did not maintain "Stores Suspense account" prescribed under the rules and no information could be ascertained regarding stores procured for specific works, utilised and left over.

7.2.14. *Investments by samitis*

Grants by Government under the Community Development Programme included specific purpose grants to the Panchayat Samitis for investments in industrial co-operatives and utilisation of proceeds therefrom by the samitis. In 20 Panchayat Samitis the records of which were test checked, amounts totalling Rs.9.68 lakhs were invested as share capital in panchayat industries, co-operative societies etc., in the period 1962-63 to 1976-77. The accounts of the samitis audited did not show any return from any of these investments. Moreover, five of the societies wherein the investments amounted to Rs.1.91 lakhs ceased functioning and were liquidated.

7.2.15. *Delay in deposit of Teachers' Provident Fund Money*

According to provisions of Orissa Primary School Teachers' Provident Fund Rules, 1957, the provident fund recoveries made from salary of primary school teachers are required to be deposited into their respective

savings bank accounts in the local post offices by the Block Development Officers every month. Verification of records of 16 Panchayat Samitis in audit disclosed that there was delay of 3 to 6 months in depositing the provident fund amount in the savings bank account of individual teachers.

In Tangarpalli Panchayat Samiti, out of the total amount of Rs.1.39 lakhs recovered from the teachers during the years 1972-73 to 1976-77, Rs. 1.20 lakhs only were deposited in the post office up to the date of audit (May 1978) the personal ledger deposit account and the Samiti Cash Book, however, showed a total balance of only Rs.8,953.46 as provident fund money of the teachers to be deposited. The discrepancy of Rs.10,255.54 was not reconciled till the date of audit (May 1978).

In Bhograi Panchayat Samiti, out of the total amount of Rs.5.67 lakhs recovered towards provident fund money of teachers during the years 1971-72 to 1976-77, Rs.5.08 lakhs only was deposited in the savings bank accounts of teachers up to the date of audit in August 1978.

The delay in depositing the provident fund recoveries not only constituted violation of the prescribed rules but also involved loss to the subscribers by way of interest for the period of default.

7.2.16. Government moneys included in samiti fund

A check in audit of analysis of balances held in the personal ledger accounts of samitis as at the end of March 1977 disclosed that the Government revenues received by the Block Development Officers towards income tax, house rent, sale proceeds of agricultural seeds, certificate dues etc, which were creditable to the appropriate receipt heads in Government account, were credited by the Block Development Officers to the personal ledger accounts of samitis and mixed up with the samiti funds. The total of such receipts credited as at the end of March 1977 to the personal ledger accounts of 10 Panchayat Samitis test checked amounted to Rs.0.31 lakh.

On being brought to their notice by Audit, Government stated (January 1979) that instructions had since been issued to the Block Development Officers to maintain the accounts relating to the Government transactions separately and to credit the revenues to Government account.

URBAN DEVELOPMENT DEPARTMENT

7.3. Financial assistance to Urban Local Bodies

7.3.1. There are 26 municipalities and 66 notified area councils in the State. The department paid grants-in-aid of Rs.956.27 lakhs and loans of Rs.95.71 lakhs to the urban local bodies during the period 1971-72 to 1976-77. Grants were paid to meet a portion of staff salary, for maintenance and development of municipal roads, construction of buildings, parks, drains etc. and loans for implementation of schemes like pisciculture, marketing and conversion of dry latrines into sanitary ones. Scrutiny of the records of the department was done in January 1978 under Section 15 (1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 and the following points were noticed.

7.3.2. Utilisation certificates in respect of grants paid up to 1975-76 for a total sum of Rs.98.75 lakhs which were due by June of the succeeding year have not been furnished to the department by the Urban local bodies. Year-wise break-up of utilisation certificates due is given below:—

Year		Number of bodies	Amount for which uti- lisation certi- ficates were pending (Rupees in lakhs)
Up to 1971-72	..	55	24.79
1972-73	..	45	11.76
1973-74	..	45	11.58
1974-75	..	68	17.99
1975-76	..	63	32.63
			<hr/> 98.75 <hr/>

Though the department had been reminding the local bodies for submission of utilisation certificates stating that the future grants would not be released unless the utilisation certificates were submitted to the department within the stipulated dates, the grants were being released in full every year, without receipt of the certificates for grants paid during earlier years.

7.3.3. Grants for non-remunerative schemes

Government sanctioned grants-in-aid of Rs.2.00 lakhs in August 1976 in favour of 90 local bodies for plantation of trees on road side land and in other suitable areas of the local bodies during 1976-77, on the basis of road mileage covered by each body. The order sanctioning the grant stipulated that (i) the local bodies should contribute an equivalent amount from their own funds as matching share, (ii) the grant should be utilised by March 1977 and utilisation certificates furnished to Government by June 1977 and (iii) monthly progress reports should be submitted to Government regularly in time.

The following points were noticed in audit:—

(a) Grants were sanctioned to the local bodies without any request from them and without ascertaining their willingness to execute the work within the stipulated time and to pay the matching contribution. Test check of progress reports of 34 local bodies disclosed that matching contributions were not made by 16 bodies against grants aggregating Rs.0.23 lakh received by them. The department stated (January 1978) that the grants had to be released quickly as the rainy season was going to be over.

(b) Out of 90 local bodies, 34 bodies submitted progress reports between October 1976 and November 1977. Out of Rs.0.61 lakh paid to these bodies, Rs.0.35 lakh remained unutilised till November 1977. The causes for non-utilisation were reported to be cessation of rainy season, want of sites for plantation etc. The register of grants maintained by the department showed that utilisation certificates were received from 19 local bodies only up to December 1977 for a sum of Rs.0.42 lakh. The department had no information regarding utilisation of the balance amount of Rs.1.58 lakhs.

7.3.4. Diversion of grants

The Examiner of Local Accounts, Orissa reported (December 1976 to March 1977) unauthorised diversion of Government grants amounting to Rs.17.08 lakhs noticed during his audit of the accounts for the year

1975-76 in respect of 3 of the urban local bodies viz. Berhampur Municipality (Rs.12.20 lakhs), Bhawanipatna Municipality (Rs.3.48 lakhs) and Hirakud Notified Area Council (Rs.1.40 lakhs). No action has been taken by the sanctioning authority to recover the amounts (October 1978).

7.3.5. Loans for conversion of dry latrines into sanitary ones

In order to improve the hygienic condition and civil amenities in urban areas, the State Government sanctioned a total loan of Rs.30.20 lakhs during the period 1970-71 to 1976-77 to 60 urban local bodies to enable them to construct flush latrines and also to give loans to individual house owners for conversion of dry latrine or for construction of septic latrines at a rate not exceeding Rs.600 in each case. The orders sanctioning the loans stipulated that (i) the loan amount was to be utilised within the financial year of sanction and no amount was to be diverted for any other purpose and (ii) the principal was to be repaid by the local body in ten equal instalments commencing from the 1st anniversary of the date of drawal along with interest at the prescribed rates. In October 1972 the department prescribed that the local bodies should furnish monthly progress reports on the execution of the scheme.

The monthly reports received from eleven local bodies up to July 1977 showed that out of the loan amount of Rs.15.42 lakhs sanctioned to them by 1976-77, they had in hand unutilised loan of Rs.9.22 lakhs; such reports had not been received in the case of the remaining 49 bodies. Non-utilisation of a major part of the loan was reported to be due to poor response from the public to avail of the loan assistance which was considered insufficient for the purpose.

The reports of eight local bodies who had distributed a total loan of Rs. 4.71 lakhs to individual house owners up to 1976-77 indicated conversion of only 226 dry latrines by July 1977 though according to the prescribed rate of Rs. 600 per latrine, 785 were to have been converted.

Though the scheme had been in operation for over seven years, the department had no information on the yearly physical targets fixed with reference to the loan assistance and the targets actually achieved each year.

The department stated (January 1978) that the information was under collection. Out of the total loan of Rs. 25.20 lakhs sanctioned up to the year 1975-76, Rs. 8.21 lakhs was due for repayment by the local bodies towards principal and Rs. 4.85 lakhs towards interest as at the end of March 1977. The loan register maintained by the department was not posted up to date and did not indicate repayments of principal and interest made against the amounts due for recovery. The department stated (January 1978) that the recovery position was being worked out.

7.3.6. Grants to Orissa State Municipal Council Union

A total grant of Rs. 14.35 lakhs was paid to the State Municipal Council Union during the period 1971-72 to 1976-77 for construction of office building (Rs.14 lakhs) and to meet the establishment cost (Rs.0.35 lakh). The sanction for construction of office building was accorded without reference to any plan and estimate. According to the conditions stipulated in the sanction orders, the utilisation certificates were to be submitted to Government by end of June every year; up to January 1978, no utilisation certificates were received for any of the years since 1971-72. The accounts of the Union were also not examined either by the Examiner Local Accounts or by any other departmental agency. There was also no report on the progress of construction of the building. The department continued to release the grants to the Union year after year without taking steps to ensure that the grants given during the earlier years were utilised properly for the intended purposes. The department stated (January 1978) that the office building costs more than Rs.40 lakhs, and funds available were sanctioned to the Union from time to time to meet their expenditure. This does not explain the department's release of grants without plan and estimate and without verifying the expenditure incurred against the grants already released.

On being brought to their notice by audit, Government stated (November 1978) that steps were being taken to get the utilisation certificates early and also to get the accounts of the Orissa State Municipal Council Union checked by the departmental auditors. Further developments are awaited (March 1979).

7.4. Assistance to municipalities

7.4.1. Introduction

The accounts of the Kendrapara and Jajpur municipalities for the year 1975-76 were audited in July and August 1978 under Section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. The receipts and expenditure of the municipalities for the year 1975-76 are given below:—

	Kendrapara	Jajpur
	(Rupees in lakhs)	
(i) Unspent balances of grants and loans carried forward from previous year	2.50	4.18
(ii) Grants-in-aid from the State Government	3.35	3.97
(iii) Loan from the State Government	0.20	..
(iv) Receipts from rents, rates, taxes and fees etc.	1.79	2.60
(v) Other receipts during the year	0.76	0.89
(vi) Total receipts during the year (ii to v)	6.10	7.46
(vii) Total expenditure during the year	6.21	7.84
(viii) Unspent balance of grants carried forward	2.22	2.35

The following points were noticed in audit:—

7.4.2. Demand, collection and balance of rates, rents and taxes

There were heavy outstandings in the collection of revenue on account of rates, rents and taxes of both the municipalities as shown below:—

Name of the Municipality	Outstanding arrears from 1952-53 to 1974-75	Outstanding dues for 1975-76	Total outstanding up to 1975-76
	(Rupees in lakhs)		
Kendrapara	0.96	0.66	1.62
Jajpur	1.30	0.34	1.64

Out of the dues payable up to 1974-75, an amount of Rs. 0.33 lakh in Kendrapara municipality and Rs. 0.92 lakh in Jajpur municipality became barred by limitation by the end of March 1978 due to non-initiation of requisite legal action against the tax defaulters during the prescribed time limit of three years contemplated in the Orissa Municipality Act, 1950. Jajpur municipality stated (July 1978) that the amounts were being realised gradually by persuasion. It was noticed that the collections in Kendrapara municipality during the year 1975-76 constituted only 56 per cent of the demands. Kendrapara municipality stated (December 1978) that Rs. 0.15 lakh were proposed to be written off and efforts would be made to realise the balance amount by persuasion.

7.4.3. Control over expenditure

A comparative position of budgeted receipts and expenditure *vis-a-vis* the actuals relating to the two municipalities during the year 1975-76 is given below:—

	Kendrapara	Jajpur
	(In lakhs of rupees)	
Estimated receipts	25.10	11.30
Actual receipts	6.10	7.46
Estimated Expenditure	23.44	10.82
Actual expenditure	6.21	7.84
Estimated $\frac{\text{Surplus (+)}}{\text{Deficit (-)}}$	(+)1.66	(+)0.48
Actual $\frac{\text{Surplus (+)}}{\text{Deficit (-)}}$	(-)0.11	(-)0.38

The variations in budgeting of receipts and expenditure were to the extent of 75 per cent and 73 per cent in the case of Kendrapara municipality and 34 per cent and 27 per cent in the case of Jajpur municipality.

7.4.4. *Unutilised grants*

The sanctions to grants by Government invariably stipulated utilisation on the intended purposes by the end of the financial year concerned and for submission of the utilisation certificates by the first June of the subsequent year. The two municipalities had unutilised grants amounting to Rs. 2.22 lakhs and Rs. 2.35 lakhs at the end of March 1976 relating to the period 1959-60 to 1975-76 as shown below:—

Year of receipt of grant	Unutilised grants as on 31st March 1976	
	Kendrapara Municipality	Jajpur Municipality
	(Rupees in lakhs)	
1959-60 to 1970-71	0.15	0.91
1971-72	0.06	0.14
1972-73	0.38	0.15
1973-74	0.43	0.34
1974-75	0.37	0.46
1975-76	0.83	0.35
	2.22	2.35

In December 1976 Government instructed the municipalities to refund unutilised grants received up to 1975-76 by end of April 1977. These orders were not carried out. The unutilised grants with the Kendrapara and Jajpur municipalities in respect of grants received up to 1975-76 as at the end of March 1977 were Rs. 0.99 lakh and Rs. 1.97 lakhs respectively. On being brought to their notice by Audit, Government endorsed a reply of the Kendrapara municipality that works taken up with the assistances

were lying incomplete and that the Municipality had sought (October 1978) for extension of time to utilise the unspent balances. The Jajpur municipality was stated (December 1978) to have refunded Rs. 1.35 lakhs ; no reasons were furnished for continued retention of the remaining amount of Rs. 0.62 lakh.

7.4.5. Non-submission of utilisation certificates

The records of the two municipalities showed that utilisation certificates for Rs. 5.02 lakhs and Rs. 1.17 lakhs were pending submission to Government in July 1978 in respect of the grants paid during the period 1951-52 to 1975-76 as indicated below:—

Year	Amounts for which utilisation certificates were pending	
	Kendrapara Municipality	Jajpur Municipality
	(Rupees in lakhs)	
1951-52 to 1970-71	1.21	0.61
1971-72	0.30	..
1972-73	..	0.05
1973-74	0.14	0.20
1974-75	0.83	0.16
1975-76	2.54	0.15
	5.02	1.17

Without these utilisation certificates, the sanctioning authority remained unaware of the extent to which the objectives of the grants were fulfilled.

7.4.6. Diversion of Government grants

While the unspent balances of grants received from Government by the two municipalities as at the end of March 1976 amounted to Rs. 2.22 lakhs and Rs. 2.35 lakhs, the cash balances of the municipalities on that

date were Rs. 1.12 lakhs and Rs. 0.60 lakh respectively. Thus, the grants to the extent of Rs. 1.10 lakhs in Kendrapara Municipality and Rs. 1.75 lakhs in Jajpur Municipality had been diverted for other purposes. The diversion was rendered possible mainly due to non-utilisation of the grants in time and non-insistence by the sanctioning authority on timely submission of utilisation certificates and refund of unspent balances.

7.4.7. Outstanding advances

Rule 136 of the Orissa Municipal Rules, 1953 contemplates maintenance of an advance ledger in the prescribed form in respect of each person to whom an advance is given and, according to rule 140 *ibid*, the executive officer is to keep a close watch over the outstanding advances to ensure adjustment of advances outstanding for more than three months. The unadjusted advances outstanding at the end of March 1978 in Kendrapara municipality amounted to Rs. 0.34 lakh (Rs. 0.09 lakh in Jajpur municipality). The details are shown below:—

Period of pendency	Outstanding advances	
	Kendrapara Municipality	Jajpur Municipality
	(Rupees in lakhs)	
Up to 3 years	0.04	..
Between 3 years and 5 years	0.07	0.01
Between 5 years and 10 years	0.01	0.02
Over 10 years	0.22	0.06
	0.34	0.09

In reply to audit query as to the non-adjustment of the old outstanding advances, the Executive Officer, Jajpur Municipality stated (August 1978) that action would be taken for prompt adjustment of the outstandings.

TRIBAL AND RURAL WELFARE DEPARTMENT

7.5. Financial assistance for welfare of scheduled castes/tribes

7.5.1. The Tribal and Rural Welfare Department provides assistance to various non-Government organisations in the State for undertaking activities connected with the welfare of the Scheduled Tribes/Castes. The grants and subsidies paid during the years 1976-77 (30 institutions) and 1977-78 (22 institutions) were as under:—

		1976-77	1977-78
		(Rupees in lakhs)	
Grants	..	11.44	14.48
Subsidy	..	17.00	26.70
		<hr/>	<hr/>
		28.44	41.18
		<hr/>	<hr/>

Scrutiny of the records of the sanctioning authority *viz.*, the Tribal and Rural Welfare Department was conducted by Audit in May 1978 under Section 15 (i) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 and some of the points noticed are mentioned below:—

7.5.2. Non-observance of prescribed provisions

(i) According to the departmental provisions, the grantee organisation is required to submit a detailed report of the work done alongwith the audited accounts within a month of the closing of the financial year. The orders sanctioning the grants and the terms of agreement executed with the grantees did not stipulate submission of report of work done and did not prescribe the time limit for submission of the audited statement of accounts. There was also no record or register in the department to watch receipt of the progress reports and audited accounts. There was no evidence of receipt of accounts during the two years 1976-77 and 1977-78 covered in audit.

(ii) The departmental rules provide for release of 50 per cent of the grant in the first instance and the balance in suitable instalments on receipt of statement of expenditure in respect of the first instalment along with the progress report. In actual practice, the grants were invariably released in one instalment only ; a list of such cases involving grants of Rs. 0.10 lakh

to Rs. 0.50 lakh is appended at Appendix IX. On being brought to their notice by Audit, Government stated (December 1978) that the amount provided as grants was inadequate to meet the requirements for each year and it was not possible to release funds in instalments.

(iii) The prescribed procedure for submission of scheme details in advance for approval of Government before sanction of grant was not followed. Grants were sanctioned on the basis of purpose and amount mentioned in the application. The department explained at the time of audit that the organisations submit their schemes along with the applications. No schemes were found attached to any application.

(iv) In 14 cases where the grants were for creation of assets, the sanctions (amount of grant : Rs. 20.76 lakhs) issued did not stipulate conditions for maintaining a register of assets as required under the rules. The sanctioning authority did not maintain block accounts of permanent and semi-permanent assets acquired by the grantees wholly or substantially out of Government grants as required under the rules.

(v) In the case of specific purpose grants, an undertaking is required to be obtained from the grantee to the effect that grants for the same purpose had not been received from any other source. While the grants of the departments are invariably for specific purposes, such an undertaking was not obtained in any case out of 38 grants sanctioned in 1976-77 and 50 grants sanctioned in 1977-78.

On observation by Audit, the department took note of the omissions for future guidance and stated (December 1978) that a suitable clause would be inserted in the agreement form prescribed for the purpose.

7.5.3. *Inspections and departmental audit*

The departmental rules as well as the terms of agreement executed by the grantees provide for inspection of the grantees institutions by the authorities of Government to ensure that the grant was utilised for the intended purpose and that the conditions of the grant were followed by

them. According to a decision of Government taken in August 1967, only the accounts of bodies provided with grants of Rs. 5,000 and more are subjected to departmental audit. There was no evidence on record to show that inspections were conducted by the administrative authorities in respect of the grants paid during the period covered by Audit. There was no other machinery, apart from departmental inspections, to watch fulfilment of conditions of the grants in a large number of cases (1974-75 : 23 cases : Rs. 0.50 lakh; 1975-76 : 11 cases: Rs. 0.23 lakh and 1976-77 : 18 cases : Rs. 0.25 lakh) where each grant was less than Rs. 5,000.

7.5.4. *Utilisation certificates*

According to the departmental rules, no further grant should be given to a non-official organisation unless utilisation certificate in respect of an earlier year is received within the specified time i. e. by June of the succeeding year. The sanction orders also stipulated for release of grants after production of utilisation certificates in respect of grants paid during the previous years. Grants were, however, paid to the institutions year after year without their submission; a list of such cases is given in Appendix X. To end of April 1978 utilisation certificates for a total sum of Rs. 41.95 lakhs were pending from the grantee institutions, year-wise break-up of which is given below:—

Year		Number of organisations from whom pending	Amount (Rupees in lakhs)
1958-59 to 1971-72	..	313	19.30
1972-73	..	25	1.08
1973-74	..	11	0.83
1974-75	..	18	4.05
1975-76	..	13	4.41
1976-77	..	31	12.28
			<hr/> 41.95 <hr/>

7.5.5. *Subsidy to the Tribal Development Co-operative Corporation of Orissa*

With a view to assist *Adivasis* by providing ready market facilities and credit for production and consumption needs, 12 schemes of Fair price shops having 80 purchase centres and 94 sales centres were set up in 8 districts in 1964-65. With the formation of the Orissa State Tribal Development Co-operative Society in April 1972, Government decided in December 1972 to transfer the schemes to the Society together with their assets and liabilities and the transfer was effected in January—March 1973. The assets of the schemes were valued by Government at Rs. 57.60 lakhs and the liabilities at Rs. 15.68 lakhs. The net amount of Rs. 41.92 lakhs was taken as the share capital investment of Government in the Society, which was later re-registered in October 1975 as the Tribal Development Co-operative Corporation of Orissa Limited.

At the time of the transfer, orders deciding the principles and the terms of the transfer of the staff were also not issued. It was noticed in audit that subsidies of Rs. 79.16 lakhs were paid on *ad hoc* basis to the Corporation during the years 1972-73 to 1977-78, towards salary of the transferred staff with instructions to refund amounts unspent at the end of each year. The amount actually spent by the Corporation on salaries and allowances of the staff out of subsidies during the 6 years was not ascertained by the department. No amount has also been refunded by the grantee in any year. Although the orders sanctioning subsidy stipulate audit of the accounts of the Corporation by the departmental auditors, no such audit has been undertaken by the department so far (May 1978). The Registrar of Co-operative Societies, Orissa is the statutory auditor of the Corporation under the Orissa Co-operative Societies Act, 1962. Audit by the Registrar has also not been taken up since the inception of the Society. The department stated (May 1978) that audit of the accounts of the Corporation taken up by Chartered Accountants was in progress.

In December 1977, the Finance Department, with whose concurrence the subsidies were sanctioned up to 1977-78, suggested discontinuance of the subsidy in view of non-utilisation of the services of the transferred staff in

full. However, further subsidy of Rs. 16.00 lakhs was sanctioned in July 1978 by the department for 1978-79 without obtaining the concurrence of the Finance Department.

On the matter being brought to their notice by Audit, Government stated (December 1978) that the financial resources of the body were not sound enough to absorb the transferred staff and, pending their absorption in the department, grants were being provided to the body as managerial subsidy. Government did not explain the reasons for arrears in audit of the society and lack of steps to verify the utilisation of the amounts paid to the Corporation.

7.5.6. Grants to Orissa Adimajati Sevak Sangh, Rayagada

The Orissa Adimajati Sevak Sangh, formerly a State unit under the Bharatiya Adimajati Sevak Sangh and engaged in welfare work for the Scheduled Castes and Tribes, was registered in 1973-74 as a society under the Societies Registration Act, 1860 with Headquarters at Rayagada (Koraput District). Grants aggregating Rs. 0.70 lakh were paid to the Sangh during the years 1974-75 to 1976-77 inclusive of Rs. 0.10 lakh (in March 1976) to run a commercial unit with type-writing class and Rs. 0.25 lakh (in November 1976) for construction of office building at Rayagada. The terms of agreement executed by the grantee and the orders sanctioning the grants provided *inter alia* for (i) inspection of the organisation by the officers of Government, (ii) submission of quarterly progress reports on the progress of work and expenditure incurred and (iii) submission of utilisation certificates duly countersigned by the Collector, Koraput immediately after the close of the financial years alongwith a brief report of the work done.

Although, according to registration, the headquarters of the Sangh is at Rayagada, all the meetings of the executive body were held at Bhubaneswar. The departmental audit in respect of the grants for 1974-75 and 1975-76 conducted earlier (in August 1975 and August 1976 respectively) in the official residence of the President at Bhubaneswar disclosed the following:—

(i) Payments of rent of a building hired at Rayagada at the rate of Rs. 100 per month were shown in the records but, according to the General Secretary (September 1977), the organisation had no office at Rayagada.

(ii) Furniture, two type-writers and one duplicating machine were purchased (Rs.0'22 lakh) at Bhubaneswar and shown as transported to Rayagada (transportation charges: Rs.0'01 lakh). There was, however, no information of the manner of utilisation of the furniture and type-writers

(iii) The type-writing institute for which Rs. 0'10 lakh was paid during 1975-76 was not opened.

(iv) A sum of Rs. 0'02 lakh was shown as paid to the President and Secretary for their journey from Bhubaneswar to Delhi and back; the purpose of the journey was not on record nor did it have approval of the executive committee.

(v) A sum of Rs.0'03 lakh was shown to have been paid to 28 scheduled caste/tribe persons at the rate of Rs. 100 each for repairing their dilapidated houses but the basis of selection of the beneficiaries and actual utilisation of the amounts by them was not kept on record.

(vi) A sum of Rs. 0'12 lakh was paid as remuneration to workers but no report was available about the work done by them.

Records for 1976-77 were not produced by the President of the Sangh in spite of a notice by Government in November 1977 to produce them within a fortnight and another notice in April 1978.

The utilisation certificates furnished by the President for 1974-75 in August 1975 and for 1975-76 in August 1976 were countersigned by the District Welfare Officer and not by the Collector, Koraput. The department stated (April 1978) that since the detailed accounts of the organisation have not been finalised, the utilisation certificates for 1974-75 and 1975-76 forwarded by the District Welfare Officer were kept pending. Utilisation certificates for 1976-77 have not been received so far (June 1978).

The department was thus sanctioning and releasing grant without satisfying itself of the proper functioning of the Sangh and without ensuring that welfare of the scheduled castes and tribes for which the grants were intended was realised. On being brought to their notice

by Audit, Government stated (December 1978) that decision had been taken to file certificate case against the President of the Sangh for the grant relating to 1976-77 and that the question of submission of utilisation certificate would be taken up after finalisation of the certificate case.

7.5.7. Grants to Soura Development Agency

In June 1973, Government decided to implement the "Soura Development Scheme" aimed at promoting the socio-economic conditions of the Souras inhabiting around the 18 refugee resettlement camps in Chandragiri area (Ganjam District). The "Soura Development Agency" was set up in April 1974 having an Advisory Board with the Collector, Ganjam as Chairman, Project Director, Tribal Development Agency, Parlakhemundi as Vice Chairman, the Special Officer, Soura Development Agency as Member Secretary and with other official and non-official members, and registered under the Societies Registration Act, 1860. The Agency received grants aggregating Rs.13.87 lakhs from 1974-75 to 1977-78. The purposes of the grants paid during the years 1976-77 and 1977-78 are mentioned below:—

	1976-77	1977-78
	(Rupees in lakhs)	
Construction of dug wells ..	0.21	0.20
Drinking water wells ..	0.11	0.08
Bullocks and implements ..	0.30	..
Communication (Roads and Culverts) ..	0.44	0.14
Lift Irrigation ..	0.61	1.04
Improvement of lands ..	0.15	0.10
Agriculture and horticulture ..	0.77	0.12
Renovation of tanks ..	0.20	..
Pay of establishment, contingencies and miscellaneous ..	1.82	1.12
	<hr/>	<hr/>
	4.61	2.80
	<hr/>	<hr/>

The sanction orders did not specify the targets to be achieved such as the number of works to be executed, estimated cost of each work, number of bullocks and implements to be supplied, the number of beneficiaries, etc. The department could not also indicate (May 1978) the physical targets actually achieved against the grants paid. Utilisation certificates although prescribed had not been received (May 1978) from the Agency in respect of the grants for any of the years up to 1977-78. Some of the important observations made in departmental audit conducted (November 1975/February 1977) for the period ending December 1976 are indicated below:—

(a) Separate accounts were not maintained showing particulars of expenditure against each item provided in the sanction.

(b) The Special Officer, Soura Development Agency was functioning as President of a Co-operative Society formed in the locality under the name "Peoples Agro-Industries Development Co-operative Society". The Special Officer received Rs.0.10 lakh from the Agency in March 1974 in his capacity as President of the Society without mentioning the purpose of the advance. Account for Rs. 0.04 lakh only had been rendered by October 1975; refund of the balance amount was awaited for which a case is reported (June 1977) to have been instituted under Section 68 of the Orissa Co-operative Societies Act, 1962. Further developments are awaited (November 1978).

(c) A sum of Rs. 0.20 lakh was advanced to the society for construction of wells. There was no information about the amount spent and work done except to the extent that the society, in turn, advanced Rs.0.02 lakh to two private contractors for digging two wells on experimental basis.

There was, thus, no indication in the departmental records of the progress achieved in improving the lot of the *Souras* through the grants paid to the Agency from time to time.

REVENUE AND EXCISE DEPARTMENT

7.6. Grants to non-Government institutions

7.6.1. The Revenue and Excise Department provides assistance to non-Government cultural, educational and charitable institutions for

promotion of their activities. The grants paid by the department during the six year period ending 1976-77 were as follows:—

Year	Amount	Number of institutions
	(Rupees in lakhs)	
1971-72	3.00	82
1972-73	3.50	111
1973-74	3.20	39
1974-75	3.00	40
1975-76	4.88	64
1976-77	9.43	179

The scrutiny of records of the Revenue Department for the years 1971-72 to 1976-77 conducted in November 1977 under Section 15 (1) of the Comptroller and Auditor General's (Duties Powers and Conditions of Service) Act, 1971 disclosed following points.

7.6.2. *Non-observance of prescribed provisions*

(i) According to the departmental rules, the accounts of private institutions receiving grants should be audited annually by the Board of Revenue. Audit of the accounts of the grantee institutions had not, however, been conducted in any case during the six year period excepting in the case of the Bhoodan Yagna Samiti, one of the grantees.

(ii) The rules of Government provide for submission of utilisation certificates by the Administrative Department concerned to Audit in respect of grants for a year by June of the succeeding financial year. The department did not, however, maintain any record to keep a watch over receipt and transmission of utilisation certificates as required under the rules. On enquiry in audit, the department stated (November 1977) that the certificates were being obtained by the Collectors concerned. A test check of

records of the Collector, Cuttack conducted by Audit in July 1978 disclosed that out of 267 cases involving grants aggregating Rs.3.63 lakhs disbursed between 1971-72 and 1976-77, utilisation certificates for Rs.1.14 lakhs only had been received by him in 78 cases, and those had also not been submitted to Audit; utilisation certificates for the remaining grants of Rs.2.49 lakhs were yet to be received from the bodies concerned. The test check also disclosed that the Collector, Cuttack had disbursed grants without obtaining utilisation certificates for earlier periods though the sanctions issued by the department required disbursement of the grants only after obtaining utilisation certificates for grants of earlier year(s).

(iii) The rules of Government require that in the case of grants for creation of assets, a condition should be imposed in the sanction order for maintenance of register of such assets. The sanctioning authority itself is also to maintain block accounts of assets acquired by the bodies out of grants. These requirements were not observed in any case of grants (147 cases: Rs.4.34 lakhs) sanctioned and disbursed between 1971-72 and 1976-77 for creation of assets such as construction of buildings for schools, hostels, library, dispensary, etc.

(iv) In the case of specific purpose grants, an undertaking to the effect that grants for the same purpose had not been received from any other source is required, under the rules, to be obtained from the bodies concerned before sanctions are accorded. Such undertakings had not been obtained in any case (504 cases: Rs.9.22 lakhs).

(v) In 11 cases, sanction to grants amounting to Rs.0.13 lakh in favour of private institutions did not specify the purposes for which the grants were intended. The department stated (November 1977) that non-mention of the purpose was an omission.

7.6.3. Grants for repairs of school buildings

In February 1977, the department sanctioned Rs.4.44 lakhs and placed the amount at the disposal of Board of Revenue for payment of grants to

958 non-Government educational institutions in the districts of Balasore and Mayurbhanj for repairs of school buildings damaged by the cyclone of September 1976. The Board drew Rs.4.43 lakhs in March 1977 and forwarded a bank draft for the amount to the Additional Director of Public Instruction (Schools), Orissa in the same month with instructions to disburse the amount by the end of March 1977 and to furnish utilisation certificates by 15th April 1977. The bank draft was encashed by the Directorate in April 1977 and seven drafts for Rs.4.34 lakhs were sent to the Inspectors and District Inspectors of Schools concerned on the last day of April 1977 with instructions to utilise the grants by May 1977 and to send the utilisation certificates to the Board by June 1977. The Revenue Department had (November 1977) no information about disbursement of the sum of Rs.4.34 lakhs to individual schools and the extent of utilisation; certificates of utilisation had not been received in any case up to July 1978.

7.6.4. Grant for installation/repairs of statues of national leaders

In connection with celebration of 25th anniversary of Independence, Government sanctioned a total grant of Rs.0.60 lakh in September 1972 for installation/repair of six statues of national leaders in favour of Collectors Cuttack, Koraput, Sambalpur and Puri with instructions to furnish utilisation certificates to Government within six months of drawal of the grant. The amounts were drawn by the Collectors in lump. Utilisation certificates were awaited (November 1978) from the Collectors for Rs.0.50 lakh (out of Rs.0.60 lakh) even after a lapse of over 6 years.

On enquiry as to how the grant could be sanctioned in favour of the Collectors, when the rules provided for payment of grants to registered institutions only, the department stated (November 1977) that the sanctions were accorded as a special case.

The points mentioned above were reported to the Government in March 1978; their reply is awaited (March 1979).

EDUCATION AND YOUTH SERVICES DEPARTMENT

7.7. Excess payments to aided educational institutions

7.7.1. According to the Orissa Education Code, Government provide financial aid to private educational institutions such as Middle English and High Schools as well as Colleges recognised for the purpose. According to the orders in force from time to time, the aid provided by Government is regulated with reference to the "net deficit" of the institution representing the difference between the 'standard cost' and the income from fees and fines, the 'standard cost', in turn, being the total amount of pay of teaching and non-teaching staff at the approved pattern and recurring charges on contingency and repairs at approved rates. Depending on the category of the institution, the aid is permissible to the extent of two-thirds/three-fourths/full amount of the net deficit for the preceding year and, in addition, cent *per cent* dearness allowance of teaching staff/80 per cent of dearness allowance of non-teaching staff are also disbursed as grant; the remaining expenses are to be borne by the managing committees of the institutions. Government introduced in June 1974 the system of direct disbursement of pay and allowances to the teaching staff of institutions except those under the control of local bodies, corporate bodies and Minority Communities. The procedure prescribed adjustment of the amount directly disbursed to the teaching staff from the total amount of grant payable to an institution to meet the net deficit.

In November 1974, the Director of Public Instruction issued instructions to the Circle Inspectors and District Inspectors of Schools to compute the net deficit after allowing full pay of the teaching staff directly disbursed instead of subjecting pay also to the proportionate cut prescribed for computing the deficit. These instructions had therefore the effect of allowing payment of grant to the extent of one-third/one-fourth of pay of the teaching staff, not admissible under the Government Orders. The excess payments resulting from the defective computation of the net deficit for purposes of reckoning the grant were pointed out in audit (November 1975). The Director of Public Instruction proposed (November 1975) to Government modification of the prescribed principles for working out the net deficit on the lines implemented by him on the

ground that its application in accordance with the existing rules was not helpful and the aid admissible might fall short of the amounts to be disbursed directly to the teachers; Government are yet to take a decision on the proposals (November 1978). Meanwhile, the Director of Public Instruction continued to assess and release the aid to the institutions as decided by him in November 1974 contrary to the existing orders of Government.

A test check conducted in audit (July-August 1977 and July 1978) disclosed that the excess payment of grant due to incorrect computation of the net deficit amounted to Rs. 3,43.25 lakhs during the period April 1975 to March 1977.

7.7.2. The following other irregularities in application of the principles laid down by Government for computation of the aid to the institutions were also noticed in audit resulting in excess payments:—

(a) The pattern of staff approved by Government for aided Middle English and High Schools does not provide for any Class IV staff. In actual practice, however, the net deficit was arrived at after inclusion of the pay of this category of staff. The excess grant released due to this deviation amounted to Rs. 1,64.52 lakhs in the cases test checked as detailed below:—

Year	Number of Schools		Amount (Rupees in lakhs)
	Middle English Schools	High Schools	
1975-76	638	3,038	71.19
1976-77	424	3,934	93.33
			1,64.52

(b) In the cases test checked in audit the income of colleges by way of fees and fines had not been taken into account for working out the net deficit to determine the aid payable to the managements concerned. The excess payment of grant due to non-accountal of the fees and fines in these cases amounted to Rs. 18.46 lakhs as detailed below:—

Year .		Number of Colleges	Amount (Rupees in lakhs)
1974-75	..	22	9.50
1975-76	..	21	8.96
			18.46

(c) According to Government orders issued in September 1974, the managements of colleges were themselves responsible to maintain the teaching staff for additional classes, seats, sections or subjects in colleges for the first five years of creation without committing Government to pay any financial assistance. Direct disbursement of salaries to teachers in such cases could be made only on advance deposits by the Managements concerned of the amounts required therefor. Direct disbursement were, however, made in all such cases without obtaining the required advance deposits. The amount was also not recovered subsequently from the institutions. The excess payments made during 1975-76 and 1976-77 on this account in 18 colleges amounted to Rs. 4.51 lakhs.

The points mentioned above were reported to Government in December 1977. Government stated (February 1979) that the payments were on provisional basis and subject to final adjustments and that steps were being taken to revise the provision in the Education Code to permit such adjustment.

CHAPTER VIII
OUTSTANDING AUDIT OBSERVATIONS AND
INSPECTION REPORTS

8.1. Outstanding audit observations

(a) Audit observations on financial transactions of Government are reported to the departmental authorities concerned so that appropriate action is taken to rectify the defects and omissions. Half-yearly reports of such observations outstanding for more than six months are also forwarded to Government to expedite their settlement. In accordance with the orders of Government (July 1960), committees were set up in all departments, consisting of a representative each of the Finance Department, the department to which the audit observations relate and the Audit office, to review the outstanding observations and formulate necessary measures for their prompt clearance. The Committee on Public Accounts has also been stressing the need for expeditious settlement of audit observations.

The following table shows the number of audit observations issued up to the end of March 1978 and outstanding at the end of September 1978 as compared with the corresponding position indicated in two preceding Reports:—

(1)	As at the end of September		
	1976	1977	1978
	(2)	(3)	(4)
Number of observations ..	1,21,512	1,29,630	1,29,650
Amount (In crores of rupees)	1,23.91	1,23.43	1,28.62

The year-wise analysis of audit observations issued up to March 1978 which were not settled up to 30th September 1978 is given below:—

Year of issue	Number of items	Amount (In crores of rupees)
1973-74 and earlier years ..	94,743	62.55
1974-75 ..	4,144	7.34
1975-76 ..	7,236	19.54
1976-77 ..	9,786	15.14
1977-78 ..	13,741	24.05
Total ..	1,29,650	1,28.62

(b) The following departments have comparatively heavy outstanding audit observations:—

Sl. No.	Department	Number	Amount (In crores of rupees)
1.	Irrigation and Power ..	11,570	32.47
2.	Tribal and Rural Welfare ..	13,916	16.85
3.	Agriculture and Co-operation ..	10,206	13.35
4.	Revenue and Excise ..	14,727	11.15
5.	Health and Family Welfare ..	11,554	10.93
6.	Works ..	3,121	9.28
7.	Community Development and Social Welfare	36,299	8.88
8.	Home ..	9,620	6.40
9.	Industries ..	1,170	5.37
10.	Forest, Fisheries and Animal Husbandry	3,843	3.74 <i>high</i>
11.	Education and Youth Services ..	3,947	3.59 <i>vs</i>
12.	Urban Development ..	<u>1,527</u>	<u>1.96</u>
13.	Commerce and Transport ..	<u>1,358</u>	<u>1.41</u>

(c) The following are some of the major reasons for which audit observations have remained outstanding:—

Sl. No.	Nature of observation	Number	Amount (In crores of rupees)
1.	Detailed contingent bills for lumpsum drawals not received	41,035	42.65
2.	Payees' receipts not received ..	57,748	34.83
3.	Sanctions to estimates or excess over estimates not received	4,582	26.85
4.	Agreements with contractors/suppliers not received	4,014	8.04
5.	Sanctions for contingent and miscellaneous expenditure not received	8,721	3.38
6.	Vouchers not received ..	2,291	2.26
7.	Sanctions to reserve stock limit or excess over reserve stock limit not received	47	2.15
8.	Excess payments/short recoveries ..	679	0.08

(d) The facility of drawing amounts as advances on abstract contingent bills by disbursing officers is intended to expedite payments in certain cases but abstract contingent bills are to be followed by detailed contingent bills (containing all particulars of expenditure with supporting documents), which are to be sent to the Audit Officer within three months of the drawal of the advance in respect of works expenditure and within one month in other cases.

In the absence of detailed contingent bills, it is not possible for Audit to know whether the amount has been spent for the purpose or purposes for which the advances were drawn. Rupees 42.65 crores were held under observation as detailed contingent bills had not been received in the Audit Office at the end of September 1978. The departments with comparatively heavy outstandings on this account are mentioned below:—

Sl. No.	Department	Number	Amount (In crores of rupees)
1.	Tribal and Rural Welfare	.. 5,581	11.46
2.	Agriculture and Co-operation	.. 4,505	8.28
3.	Revenue and Excise	.. 10,520	7.92
4.	Community Development and Social Welfare	10,631	5.59
5.	Home	.. 2,963	2.14
6.	Health and Family Welfare	.. 1,635	2.00
7.	Education and Youth Services	.. 1,582	1.35
8.	Industries	.. 663	1.29

(e) A sizable portion (Rs, 37.09 crores) of the total outstanding is due to non-submission of payees' receipts and vouchers. The departments with comparatively heavy outstandings on this account are:—

Sl. No.	Department	Number	Amount (In crores of rupees)
Non-submission of payees' receipts—			
1.	Health and Family Welfare	.. 9,173	8.29
2.	Home	.. 6,323	3.77
3.	Agriculture and Co-operation	.. 3,744	3.12

Sl. No.	Department	Number	Amount (In crores of rupees)
4.	Forest, Fisheries and Animal Husbandry	2,761	2.81
5.	Industries ..	290	2.62
6.	Tribal and Rural Welfare ..	4,661	2.42
7.	Community Development and Social Welfare	19,308	2.23
8.	Revenue and Excise ..	2,212	2.04
9.	Education and Youth Services ..	1,629	1.96
10.	Commerce and Transport ..	755	0.68
	Non-submission of vouchers—		
1.	Works ..	751	0.94
2.	Irrigation and Power ..	974	0.60
3.	Urban Development ..	253	0.52
4.	Rural Development ..	313	0.20

(f) Sums aggregating Rs. 26.85 crores (4,582 items) were outstanding on 30th September 1978 due to non-receipt of sanctions to estimates or sanctions regularising the excesses over estimates in respect of works.

8.2. Outstanding inspection reports

Audit observations on financial irregularities and defects in initial accounts, noticed during local audit and not settled on the spot, are communicated to the heads of offices and higher departmental authorities through audit inspection reports. Important irregularities are also reported to heads of departments and Government. Government have prescribed that first replies to inspection reports should be sent within four weeks.

At the end of September 1978, 10,310 inspection reports issued up to March 1978 contained paragraphs which were not settled as shown below with corresponding figures for the earlier two years :—

	At the end of September		
	1976	1977	1978
Number of inspection reports with paragraphs not settled	8,812	9,354	10,310
Number of paragraphs ..	40,756	43,715	49,521

The year-wise analysis of outstanding inspection reports and paragraphs is given below:—

Year		Number of inspection reports	Number of paragraphs
Up to 1972-73	..	5,456	20,028
1973-74	..	826	3,975
1974-75	..	976	5,194
1975-76	..	763	4,855
1976-77	..	900	6,005
1977-78	..	1,389	9,464
Total	..	10,310	49,521

The following departments had comparatively heavy outstanding inspection reports:—

Department		Number of inspection reports	Number of paragraphs
Community Development and Social Welfare		1,649	9,846
Revenue and Excise	..	1,400	5,796
Irrigation and Power	..	915	4,919
Forest, Fisheries and Animal Husbandry Works	..	882	3,889
Agriculture and Co-operation	..	706	3,616
Finance	..	836	3,603
Education and Youth Services	..	517	2,852
Commerce and Transport	..	736	2,625
Health and Family Welfare	..	292	2,222
Rural Development	..	453	1,997
Urban Development	..	403	1,938
Home Industries	..	329	1,509
	..	354	1,204
	..	292	1,156

Of the 10,310 reports outstanding at the end of September 1978, 8,471 reports related to civil departments, 1,445 to revenue receipts and 394 to commercial departments. These included 987 inspection reports (575 civil and 412 revenue receipts), first replies for which had not been received till the end of September 1978.



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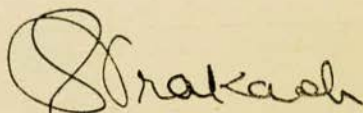
The

29 MAY 1979

(R. K. CHANDRASEKHARAN)

Accountant General, Orissa

Countersigned



NEW DELHI,

The

5 JUN 1979

(GIAN PRAKASH)

Comptroller and Auditor General of India



APPENDICES



APPENDIX I

(Reference : Paragraph 2'4, Page 36)

Grants/charged appropriations where savings (more than Rs. 2 lakhs in each case) were more than 10 per cent of the total provision

Sl. No.	Number and name of grant/ Charged appropriation	Total grant/ charged approp- riation	Expenditure	Saving	
				Amount	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
(In lakhs of rupees)					
<i>Revenue Section</i>					
(1)	5—Expenditure relating to the Finance Department	9,95.15	8,23.15	1,72.00	17
(2)	12—Expenditure relating to the Health and Family Welfare Department	29,48.59	25,37.13	4,11.46	14
(3)	16—Expenditure relating to the Planning and Co-ordination Department	1,42.54	1,13.05	29.49	21
(4)	21—Expenditure relating to the Transport Department	1,21.87	77.07	44.80	37
(5)	22—Expenditure relating to the Forest, Fisheries and Animal Husbandry Department	17,36.74	15,07.64	2,29.10	13
(6)	23—Expenditure relating to the Agriculture and Co-operation Department	29,10.20	23,49.95	5,60.25	19
<i>Capital Section</i>					
(7)	3—Expenditure relating to the Revenue Department	39.20	28.38	10.82	28
(8)	5—Expenditure relating to the Finance Department	8,39.06	6,46.17	1,92.89	23
(9)	6—Expenditure relating to the Commerce Department	86.39	33.29	53.10	61
(10)	10—Expenditure relating to the Education Department	84.50	44.16	40.34	48
(11)	18—Expenditure relating to the Community Development and Social Welfare Department	7.30	4.40	2.90	40
(12)	23—Expenditure relating to the Agriculture and Co-operation Department	12,52.60	9,09.92	3,42.68	87

APPENDIX

(Reference : Paragraph 3.27.)

Misappropriations, Losses, etc. reported up to 31st March 1978

Sl. No.	Name of the Department	Cases in which criminal/departmental proceedings have not been instituted due to non-receipt of detailed reports from Subordinate authorities		Cases in which departmental action were started but have not been finalised	
		Number	Amount (Rupees in lakhs)	Number	Amount (Rupees in lakhs)
(1)	(2)	(3)	(4)	(5)	(6)
1.	Revenue and Excise	27	1'02	38	1'83
2.	Forest, Fisheries and Animal Husbandry	91	12'94	48	4'01
3.	Agriculture and Co-operation	23	2'90	35	2'47
4.	Health and Family Welfare	14	2'94	20	4'38
5.	Education and Youth Services	3	0'19	18	3'62
6.	Community Development and Social Welfare	9	0'99	13	1'53
7.	Tribal and Rural Welfare	5	0'31	15	1'25
8.	Industries	1	0'01	15	0'78
9.	Home	12	1'21	8	0'73
10.	Commerce and Transport	4	0'84	7	0'38
11.	Finance	3	0'53	7	0'41
12.	Food and Civil Supplies	1	2'13	4	0'23
13.	Mining and Geology	..	..	..	..
14.	Information and Public Relations	2	0'12	4	0'32
15.	Law	..	..	3	0'07
16.	Labour, Employment and Housing	1	0'23	1	0'13
17.	Tourism and Cultural Affairs	..	..	..	..
18.	Political and Services	..	..	..	..
19.	Works	56	8'11	71	7'27
20.	Irrigation and Power	62	18'99	86	2'20
21.	Urban Development	3	3'39	61	7'44
22.	Rural Development	3	0'08	40	1'07
Total		320	56'93	494	58'12

II

Page 104)

pending finalisation at the end of September 1978

Cases in which criminal cases were finalised but execution/certificate cases for recovery of the amount are pending		Cases awaiting Government orders for recovery or write off		Cases in Court of law		Total	
Number	Amount (Rupees in lakhs)	Number	Amount (Rupees in lakhs)	Number	Amount (Rupees in lakhs)	Number	Amount (Rupees in lakhs)
(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
44	6.76	5	0.28	17	2.54	131	12.43
..	..	10	0.82	6	0.59	155	18.36
2	0.09	14	3.52	13	0.83	87	9.81
..	..	2	0.05	6	1.35	42	8.72
..	..	3	0.27	5	2.94	29	7.02
5	1.00	2	0.23	6	0.65	35	4.40
1	0.01	6	0.63	6	3.80	33	6.00
1	0.01	2	0.06	4	0.36	23	1.22
..	..	..	..	4	0.54	24	2.48
1	0.08	2	0.04	1	0.01	15	1.35
..	..	2	0.06	5	3.50	17	4.50
..	..	1	0.04	2	0.35	8	2.75
..	..	3	0.06	..	..	3	0.06
..	..	..	..	..	..	6	0.44
..	..	..	..	2	1.70	5	1.77
..	..	..	..	1	0.16	3	0.52
..	..	1	0.15	..	..	1	0.15
..	..	1	0.04	1	0.93	2	0.97
1	0.02	6	12.82	..	..	134	28.22
..	..	18	1.30	9	0.16	175	40.65
..	..	3	0.06	3	0.18	70	11.07
..	..	2	0.08	1	0.03	46	1.26
55	7.97	83	20.51	92	20.62	1,044	1,64.15

APPENDIX III

(Reference: paragraph 4.1.3.3, page 109)

Details of points noticed during test check of rural piped water supply schemes

1. *Piped water supply to village Padampur (Sambalpur District)*—The scheme was approved by Government in August 1963 for Rs. 1.27 lakhs to supply water from a *nullah* to a population of 3,574. Without conducting detailed investigation, the work was executed between January 1964 and March 1966 and water supply was commenced in 1966-67. As the *nullah* was not perennial and could not provide adequate supply throughout the year, the water supply from the scheme was suspended from November 1968 at the instance of the Notified Area Council which requested for supply of adequate water under Urban Water Supply Scheme. After considering 2 alternative sources—'Manager Kata' tank and river 'Aung'—a revised estimate for Rs. 6.80 lakhs was framed in April 1972 for supply from the 'Manager Kata' tank which was in turn to be fed from another minor irrigation project situated 10 kilometres away. Administrative approval was accorded by Government in January 1973 for Rs. 13.80 lakhs including Rs. 7 lakhs for raising the height of the dam of the project which was to feed the tank. The height of the dam was to be raised by the Rural Engineering Organisation for which Rs. 7 lakhs were placed at its disposal. The Public Health Division undertook its portion of the work in 1975-76, which is in progress (September 1978). The total expenditure incurred by the Public Health Division on the scheme to end of 1977-78 was Rs. 4.38 lakhs. In the meantime, the Executive Engineer, Rural Engineering organisation informed the Public Health Division in February 1978 that execution of the water supply scheme was to be deferred if it was to depend solely on water from the minor irrigation project as it would not be possible to supply adequate water during the dry seasons. Further developments are awaited (February 1979). The following points were noticed in audit:

(i) Cast iron pipes valuing Rs. 1.01 lakhs dismantled up to 1973-74 on change of the source of supply continued to be borne on the accounts of the work and were lying unutilised up to July 1978.

APPENDIX III—Contd.

(ii) Supply of water commenced in 1966-67 and was suspended from November 1968. An expenditure of Rs. 0.44 lakh was charged to the work on account of work charged establishment during the period 1966-67 to 1973-74 when there was no execution.

(iii) In spite of an investment of Rs. 11.38 lakhs (including Rs. 7 lakhs placed at the disposal of the Rural Engineering division) made on the scheme from 1964-65 up to 1977-78, the area is yet to receive piped water supply (September 1978).

(iv) An amount of Rs. 0.63 lakh was spent under a separate scheme between April and June 1973 for installation of 21 tube wells to provide for the needs of the area.

(v) The scheme for which revised administrative approval was accorded for Rs. 13.80 lakhs in January 1973 was not referred to Government of India for technical clearance although schemes costing more than Rs. 10 lakhs were to have their technical clearance.

2. *Piped water supply to Kavisuryanagar (Ganjam District)*—The scheme was approved by Government in February 1964 for Rs. 2.42 lakhs to supply water from a tube well to a population of 9,820. In the course of execution, the design of the head work was changed from 100 feet deep tube well to a 20 feet open well. Revised estimate for Rs. 4.06 lakhs with reference to the changed source for supply was approved by Government in March 1965. The work commenced in 1964 was completed in 1968 at a cost of Rs. 4.63 lakhs.

According to a report of the Executive Engineer (June 1977) to the Superintending Engineer, the inflow to the well in summer months was not adequate to run the pump for 30 to 40 minutes at a time and this was a recurring feature every year since 1968.

➤ A proposal was made by the Chief Engineer in July 1971 to abandon this source and to obtain supply from the river 'Baghua' and an estimate of Rs. 8.35 lakhs was also submitted to Government for the purpose. This has not, however, been implemented so far (September 1978) and the supply continues to be irregular.

APPENDIX III—Contd.

3. *Piped water supply to Dharmagarh (Kalahandi District)*—The scheme was approved by Government in February 1963 for Rs. 0.99 lakh to supply water from Narayanasagar tank to a population of 2,858. Execution of the scheme was completed in April 1966 at a cost of Rs.1.20 lakhs. Water supply effected from April 1966 was completely suspended in October 1969 due to inadequate and unwholesomeness of the water supply. In March 1974, a revised scheme for supply of water from the river 'Tel' was approved by Government in March 1974 for Rs. 5.87 lakhs. Work thereon was under execution up to July 1978. The expenditure incurred on the scheme to end of 1977-78 was Rs. 5.03 lakhs. The following points were noticed during test check:

(i) The expenditure of Rs. 1.20 lakhs incurred by 1966 continues to remain unproductive for the last 9 years (September 1978).

(ii) An expenditure of Rs. 1.34 lakhs was incurred on maintenance staff of the scheme from 1970-71 to 1977-78 when there was no water supply.

4. *Piped water supply to village Kosala (Dhenkanal District)*—The scheme was approved by Government in March 1963 for Rs. 1.35 lakhs to serve a population of 2,774. According to the estimate, the supply was to be effected from a tube well. Work on the scheme was commenced in May 1965 and after incurring an expenditure of Rs. 0.09 lakh on the head works (tube well, pump chamber and balancing tank), the work on head works was stopped due to inadequate yield from the tube well. The distribution system was completed in December 1971. A revised estimate for Rs. 3.80 lakhs was approved by the Chief Engineer in February 1973 for effecting supply from river 'Singada' flowing at a distance of 3 kilometres. Execution of the work was, however, kept in abeyance till October 1975 when, after further investigation, the Executive Engineer proposed to the Chief Engineer supply from a tube well to be sunk through the Central Ground Water Board (instead of from the river) on economic considerations. The work was executed

APPENDIX III—Contd.

accordingly and the water supply was effected from November 1976. The revised estimate recast for an equivalent amount (Rs. 3.80 lakhs) with reference to the revised source of supply is awaiting sanction of the Chief Engineer (September 1978). The expenditure incurred to end of 1977-78 was Rs. 3.34 lakhs.

The investment of Rs. 3.34 lakhs served to provide supply for 3 hours in a day i.e. 50 per cent of the supply targeted in the estimate for Rs. 3.80 lakhs. A supplementary estimate for Rs. 5.97 lakhs was submitted by the Executive Engineer in January 1977 to the Chief Engineer to augment the water supply and meet the full demands by drawing water from the river 'Singada' (originally selected but not adopted for execution) on the grounds that the water available from the tube well was inadequate to meet the needs. Work on the supplementary estimate has not been commenced so far and the supply continues to be partial (July 1978).

5. *Piped water supply to village Bahalda (Mayurbhanj District)*—The scheme was executed between February 1963 and July 1964 at a cost of Rs. 2.16 lakhs to supply water from river 'Nesa' to a population of 2,851. The administrative approval for the scheme was, however, accorded by Government *post facto* for Rs. 1.50 lakhs in February 1965 on the basis of preliminary estimate earlier framed by the department. After completion of the original scheme in July 1964, the water supply could not be effected for a part of the year as the river got completely dried up for a period about 3-4 months in summer every year. Consequently in 1973-74, a separate estimate for Rs. 2.88 lakhs was proposed by the Chief Engineer to augment the supply by drawing water from a perennial river 'Khadkei' which was flowing at a distance of 2.2 kilometres. Government accorded revised approval for Rs. 5.04 lakhs (including the expenditure on the earlier work) in March 1975. The work was commenced in August 1975 and completed in March 1977. The total expenditure incurred on the scheme to end of 1977-78 was Rs. 4.67 lakhs. The following points were noticed in audit:

APPENDIX III—*Contd.*

(i) The expenditure towards the cost of head works at the earlier source in river 'Nesa' rendered superfluous amounted to Rs. 0.55 lakh. The augmentation estimate indicated that the earlier head works would be used as stand-by in case of necessity but the additional expenditure could have been avoided by selection of the perennial source right from the beginning.

(ii) Cast iron pipes valued Rs. 1.42 lakhs issued to the work in March 1976/January 1977 were not utilised on the work and were also not shown in materials-at-site accounts as available for use. The division did not explain (September 1978) how the material was disposed of.

6. *Piped water supply to village Mendhasal (Puri District)*—The scheme was approved by Government in September 1963 for Rs. 1.15 lakhs for supply of water from nearby *nullah* to a population of 2,110; the source was fixed on the basis of survey conducted in 1963. The distribution system was laid between March and September 1966 at a cost of Rs. 0.56 lakh but the head works could not be taken up due to non-availability of land. The work remained suspended for a period of 7 years after which it was decided to substitute the source by tube wells on the ground that yield from the *nullah* was poor during summer. Three tube wells were sunk in 1973-74 at a cost of Rs. 0.19 lakh but 2 of these were found unsuitable. The shortfall was decided (November 1974) to be met from a tank at a different location. The revised estimate with reference to the additional source of supply was approved by Government in February 1975 for Rs. 1.67 lakhs. The work was resumed in February 1975 and water supply was given from July 1975. The expenditure incurred on the scheme to end of 1977-78 amounted to Rs. 2.07 lakhs and the accounts of the work are yet to be closed (September 1978).

A study of the records disclosed the following points:—

(i) Inadequate survey and investigation of source of water led to prolonged execution over 12 years.

APPENDIX III—Contd.

(ii) The distribution system laid in 1966-67 at a cost of Rs. 0.56 lakh remained idle up to 1974-75. The expenditure incurred on watch and ward of the materials during the period was Rs. 0.21 lakh.

(iii) The extra expenditure due to adoption ultimately of 2 sources for supply amounted to Rs. 0.31 lakh (additional pump chamber: Rs. 0.03 lakh; additional pump set: Rs. 0.07 lakh and addition to the distribution system: Rs. 0.21 lakh).

7. *Piped water supply to village Kantilo (Puri District)*—The scheme was approved by Government in September 1964 for Rs. 1.80 lakhs for supply to a population of 6,377. On the basis of survey and investigation conducted by the Investigation Division, 2 tube wells were adopted as source of supply. Trial bores done in 1965 on commencement of the work disclosed that tube wells were not practicable in the area. After a fresh investigation by the Investigation Division, the nearby confluence point of 2 rivers 'Mahanadi' and 'Kamei' was selected for head works. The work was executed between March 1966 and June 1967 incurring an expenditure of Rs. 1.16 lakhs. On the onset of monsoon, the infiltration gallery and pump chamber were completely disturbed (July 1967) by floods and were rendered useless. The head works were thereupon abandoned. On fresh trial bores made in April 1969, it was decided to locate a pump chamber on a dry masonry spur to pump water from the river to the supply point through 4 slow sand filters. The estimate was revised to Rs. 4.99 lakhs in April 1970 and the revised estimate was approved by Government in February 1972. In March 1972 it was decided under orders of the Chief Engineer to effect supply by using a steel barge on the ground that it was not possible to execute the scheme as per the revised estimate. Although a barge was manufactured departmentally for the purpose at a cost of Rs. 0.20 lakh, it was made over (June 1974) to another division for water supply work at Badamba (Cuttack District) on the ground that it could not be put to use on the scheme as the river changed its course in the meantime. In the meantime, water supply to the area was

APPENDIX III—Contd.

commenced in April 1972 by using a diesel pump set as a temporary measure. The supply was suspended in June 1972 but was resumed in January 1973 after installing an electric pump set and is, except during rainy season, continuing (May 1978).

On the basis of fresh investigations made by the Public Health Division, Bhubaneswar in May 1974, it was decided to put up an intake well to serve as source for supply. The tenders were invited in February 1974. No decision was taken on the tenders received. In June 1976, after inspecting the site, the Chief Engineer observed that intake well would not be possible at the site and would have to be substituted by two built-in pump chambers one at summer water level and another above high flood level of the river. The work with reference to the latest revised scheme of head works was commenced in August 1975 and completed in December 1977. Expenditure incurred on the scheme to end of 1977-78 was Rs. 6.39 lakhs. Regular water supply from the new head works site was still to be made (May 1978) pending provision of service connections by the State Electricity Board.

The following points were noticed on a study of the records during review:

(i) The expenditure rendered infructuous due to abandonment of head works in 1967 as acknowledged by the division (May 1978) was Rs. 0.21 lakh. This excluded Rs. 0.11 lakh towards cost of pump set installed prior to the 1967 floods, the whereabouts of which could not be indicated by the division and Rs. 0.23 lakh spent on trial bores and other incidental operations at the abandoned site.

According to the technical opinion (of the Chief Engineer in December 1968), the confluence point of the rivers was unsafe, susceptible to scour during floods. The infructuous expenditure was a result of selection of this site in 1966 without taking this factor into account.

(ii) The execution of the scheme, which was to have been completed in 3 years was spread over 11 years due to conflicting findings of survey

APPENDIX III—Contd.

conducted from time to time. The cost of execution over the prolonged period rose up to Rs. 6.39 lakhs from the original estimate of Rs. 1.80 lakhs.

(iii) The village was getting supply of raw water only for the last 5 years pending supply from the new head works.

8. *Piped water supply to Kamakshya Nagar (Dhenkanal District)*—The scheme was approved by Government in March 1964 for Rs. 1.38 lakhs for supply to a population of 2,008. There was no indication of survey and investigation conducted prior to execution. The estimate provided for supply from an infiltration well to be constructed with an infiltration gallery. The work was commenced in 1965 and trial borings at the site disclosed the infiltration to be inadequate for supply. Two tube wells were, therefore, sunk one of which failed and the other gave inadequate discharge of water. The tube wells were thereupon abandoned and the river 'Ramiala' flowing at a distance of 3 kilometres was ultimately adopted as source for supply. With reference to the altered arrangement, a revised estimate for Rs. 2.80 lakhs was prepared in January 1970 and approved by Government in January 1971. The work was reported to have been completed in December 1969 and water supply given. After commencement of supply through diesel pumping arrangement, a supplementary estimate for Rs. 0.96 lakh was prepared in July 1971 for electrification and extension of supply to two other streets on grounds that the Gram Panchayat concerned complained about high maintenance charges. The additional population to be served was not available on record. The estimate was approved by Government in March 1972 and, after execution, water supply through electric pumping sets was given from January 1973. The expenditure incurred on the work to end of 1977-78 was Rs. 3.47 lakhs. The following points were noticed:

(i) The infructuous expenditure due to abandonment of head works at the original site amounted to Rs. 0.19 lakh.

(ii) The scheme started in 1965 was completed only in January 1973 for full supply. The delay was mainly due to change in source of water due to lack of survey and investigation.

APPENDIX III—Contd.

(iii) The diesel pump set (cost : Rs. 0.08 lakh) continues to be borne on the accounts of the work though electric pumps were installed and used from January 1973.

9. *Piped water supply to Peace Pagoda at Dhauli (Puri District)*—A scheme for piped water supply at 10,000 gallons per day to the Peace Pagoda on the hill of Dhauli managed by the Japan Budha Sangha was approved by Government in February 1971 for Rs. 0.57 lakh from out of funds for Rural Water Supply Scheme. No particular village was to be served and the population covered by the scheme was not mentioned in the estimate. The estimate was later revised in January 1972 to Rs. 6 lakhs to give an increased supply of 65,000 gallons per day in the first phase. The work was commenced by the Public Health Division in September 1971 and the intake well and pump chamber to suit the increased supply were completed by June 1972. In September 1974, the Chief Engineer reported to Government that the requirement of water was reduced to 5,000 gallons per day. Further works including storage reservoir, sump and settling tank were executed with reference to the reduced requirements, between November 1975 and September 1977. The expenditure booked to end of 1977-78 was Rs. 5.99 lakhs. The following points were noticed:

(i) There was no understanding with any local body to bear the people's share of contribution or share of the maintenance charges as required under the financial arrangements for Rural Piped Water Supply Schemes. An amount of Rs. 0.82 lakh incurred on maintenance up to 1977-78 was borne fully by Government.

(ii) Although execution of a substantial part of the work was done with reference to the revised requirement of 5,000 gallons per day, the expenditure was Rs. 5.99 lakhs against the estimate of Rs. 6 lakhs approved for supply of 65,000 gallons per day.

APPENDIX III—Concl'd.

(iii) The value of materials charged to the accounts of the work by end of 1977-78 according to the Register of Works was Rs. 1·61 lakhs; account of materials-at-site was not maintained up to date.

(iv) The expenditure included Rs. 0·80 lakh paid (February 1972) to the Rural Engineering division for construction of an approach road to the top of the hill, which was later executed by the Public Health Division itself. The sum of Rs. 0·80 lakh has not been realised so far (September 1978) from the Rural Engineering Division.

APPENDIX

(Reference : Paragraph

Rural Water

District-wise details of rural

Sl. No.	Name of the district	Number of schemes	Estimated cost	Revised estimates
(1)	(2)	(3)	(4)	(5)
1.	Balasore	3	4.07	5.54
2.	Bolangir	11	16.59	22.86
3.	Cuttack	2	6.10	14.94
4.	Dhenkanal	6	18.22	33.19
5.	Ganjam	30	51.82	68.28
6.	Keonjhar	1	1.58	1.58
7.	Kalahandi	5	9.71	17.78
8.	Koraput	6	5.59	6.84
9.	Mayurbhanj	5	14.85	26.68
10.	Puri	11	14.19	36.55
11.	Phulbani	5	6.32	11.14
12.	Sambalpur	13	16.44	38.04
13.	Sundargarh	2	2.98	10.39
		<hr/>	<hr/>	<hr/>
		100	1,68.46	2,93.81

IV

4.1.3.4, Page 109)

Supply Scheme

piped water supply scheme executed			(Rupees in lakhs)
Loans to local bodies towards people's contribution	Deposits with Public Health Divisions	Allotment under Minimum Need Programme	Expenditure to end of 1977-78
(6)	(7)	(8)	(9)
0.25	3.05	0.10	3.32
0.83	22.34	..	19.60
0.17	17.29	3.26	13.39
0.64	33.12	3.37	38.55
2.80	37.40	10.14	61.80
0.12	0.51	..	1.75
0.51	14.32	3.46	18.26
..	5.65	0.50	7.03
0.05	23.19	2.88	20.82
0.83	27.24	2.19	31.85
0.33	6.90	4.03	11.16
1.04	33.70	7.81	37.95
0.08	4.63	6.10	11.35
7.65	2,29.34	43.84	2,76.83

APPENDIX V

(Reference : Paragraph 4.1.3.9, Page 114)

Instances of deficiencies in water supply

Sl. No.	Name of the scheme	Deficiencies in water supply
1.	Water Supply to village Kosala (Dhenkanal District)	According to report of the Executive Engineer, Dhenkanal, Public Health Division, Talcher to the Chief Engineer in June 1977, the yield of the tubewell adopted as the source being insufficient, water supply is being effected since December 1976 for 3 hours only.
2.	Water Supply to Talcher Town (Dhenkanal District)	Due to non-installation of pressure filter and settling tank etc., water supply was given for a period of 6 months during the years from 1967-68 to January 1976 by direct pumping from the Brahmani river. For the remaining six months, i.e., from June to November, no water supply was given due to excess turbidity. The pressure filter procured by the department during 1966 at a cost of Rs. 22,888 could be installed after a fresh assembly of parts only in February 1976 i.e., after 10 years.
3.	Water Supply to Bhuban (Dhenkanal District)	The schemes though taken up for execution in 1968-69 was completed in June 1977. As per the report of the Director of Health (March 1978) there was excess of chlorine in water.
4.	Water Supply to Angul Town (Dhenkanal District)	Raw water was supplied during the period from 1967-68 to August 1976 due to non-completion of water treatment works. According to the report of the Director of Health (July 1976)

APPENDIX V—Contd.

Sl. No.	Name of the scheme	Deficiencies in water supply
		water was not suitable both chemically and bacteriologically. The subsequent report (February 1978) indicates that water is bacteriologically safe but excessively turbid.
5.	Water Supply to Gudari (Koraput District)	Water supply is being given for 3 hours a day from 3rd September 1966. The quantity of water supplied per day in summer and other months is 15,000 and 25,000 gallons respectively against the estimated supply of 31,552 gallons (for population of 3,944 at 8 gallons <i>per capita</i> per day)
6.	Water Supply to Kalyana Singpur (Koraput District)	Water supply is being given from 6th June 1965 for 3 hours a day. The daily supply of water during summer is 15,000 gallons against the estimated supply of 19,312 gallons for a population of 2,414 (at the rate of 8 gallons <i>per capita</i> per day).
7.	Water supply to Bisam Cuttack (Koraput District)	Water supply is being given from 9th May 1966 for 3 hours a day. The quantity of water supplied per day in summer and other months is 15,000 gallons against the requirement of 22,752 gallons for a population of 2,884 (at the rate of 8 gallons <i>per capita</i> per day)
8.	Water Supply to Padampur under Accelerated Water Supply Programme (Koraput District)	Water supply is being given for 5 hours a day from September 1976. The quantity of water supply per day is 20,000 gallons against the estimated supply of 34,090 gallons for 3,409 (at the rate of 10 gallons <i>per capita</i> per day).

APPENDIX V—Concl'd.

Sl. No.	Name of the scheme	Deficiencies in water supply
9.	Water Supply to Village Ganjam and Humma (Ganjam District)	The quantity of daily supply of water from 5th December 1966 for Ganjam and Humma is 21,600 gallons against the requirement of 44,832 and 26,992 gallons respectively.
10.	Water Supply to Kavipuryanagar (Ganjam District)	As the open well adopted as source dries up in summer, during the months from May to July, water supply is not given through all the stand posts. In other months, the <i>per capita</i> supply is 7.3 gallons per day against the designed supply of 10 gallons per day.
11.	Water Supply to Tikabali (P h u l b a n i District)	Water supply was given in February 1976. Up to May 1978, the supply is being made 30 minutes to 4 hours in a day due to frequent breakdown of pipe lines.
12.	Water Supply to Kuchinda	The estimates provided for treatment works but only raw water was being supplied since the dates of commissioning the schemes (Kuchinda : January 1966; Belpathar: January 1968; Rengali : August 1973 and Kandal-cum-Balam : July 1975).
13.	Water supply to Belpathar (Sambalpur District)	
14.	Water Supply to Rengali (Sambalpur District)	
15.	Water Supply to Kandal-cum-Balam (Sambalpur District)	

APPENDIX VI

(Reference : Paragraph 5.1, Page 168)

Synopsis of important stores and stock accounts for 1977-78

Sl. No.	Name of the Department	Nature of stores	Opening balance	Receipts	Issues	Closing balance
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(In lakhs of rupees)						
A—Public Works Department						
IRRIGATION AND POWER DEPARTMENT						
1.	Delta Irrigation Project, Stage I and Stage II.	Building materials, small stores, miscellaneous stores, fuel, spares etc.	4.72	59.84	47.61	16.95
2.	Salandi Irrigation Project	Ditto	(—)7.07	..	..	(—)7.07(a)
3.	Hirakud Dam Project —					
	Stage I	Ditto	1,96.40	8.18	1.07	2,03.51
	Stage II	Ditto	(—)3.40	..	..	(—)3.40(b)
4.	Rengali Multi - purpose Project	Ditto	2,79.62	2,98.77	2,88.01	2,90.38
5.	Balimela Dam Project —					
	Dam and Appurtenant Works	Ditto	2,16.13	26.21	26.82	2,15.52
	Power Scheme	Ditto	4.08	42.62	62.99	(—)16.29(a)
6.	Potteru Irrigation Project	Ditto	53.49	1,24.16	8.58	1,69.07
7.	Upper Kolar Project	Ditto	0.11	90.75	7.08	83.78
B—Civil Departments						
FINANCE DEPARTMENT						
8.	Judicial Stamps	..	5,25.94	2,16.57	91.46	6,51.05(c)
9.	Non-Judicial Stamps	..	14,27.20	14,45.79	5,14.32	23,58.67(c)

APPENDIX VI—Concl'd.

Sl. No.	Name of Department	Nature of Stores	Opening balance	Receipts	Issues	Closing balance
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(In lakhs of rupees)						
HOME DEPARTMENT						
10.	Orissa Police Motor Transport Workshop	Tools and equipments, tyres and tubes, spare parts and lubricants and clothing	6.27	10.80	11.59 0.40 (Depreciation charges)	5.08
INFORMATION AND PUBLIC RELATIONS						
11.	Central Store Bhubaneswar	Van and equipments, photographic materials, community receivers, film production, sales schemes etc.	27.41	4.32	4.03	27.70

(a) Minus balance is under regularisation (February 1979).

(b) Minus balance was due to excess adjustment of Stock issue of defunct Chiplima Division, regularisation is awaited (February 1979).

(c) Excludes transaction of March 1978 in respect of Balasore Treasury, the plus/minus memo of which is awaited (February 1979).

APPENDIX VII

(Reference : Paragraph 5.7, Page 172)

Details of discrepancies, shortages and losses in stock

Sl. No.	Name of the division	Discrepancies	Shortages	Losses	Total
(1)	(2)	(3)	(4)	(5)	(6)
(In lakhs of rupees)					
WORKS DEPARTMENT					
Roads and Buildings Wing—					
1.	Burla Roads and Buildings	2.67	6.21	..	8.88
2.	Ganjam Roads and Buildings	39.94	..	..	39.94
3.	General Electrical No. 1	12.02	..	0.33	12.35
4.	General Electrical No. II	6.32	..	0.07	6.39
National Highways and Projects—					
5.	Construction No. I	6.23	0.02	..	6.25
IRRIGATION AND POWER DEPARTMENT					
Irrigation Wing—					
6.	Canal	0.25	0.24	0.03	0.52
7.	Kalahandi Irrigation	0.64	0.90	..	1.54
8.	Main Dam	13.22	1.38	0.12	14.72
9.	Kendrapara Irrigation	4.67	2.31	0.10	7.08
10.	Central Workshop	0.09	0.13	..	0.22
11.	Prachi	1.97	0.49	..	2.46
12.	Mahanadi North	8.12	5.56	1.40	15.08
13.	Puri Irrigation	0.39	0.19	0.03	0.61
		96.53	17.43	2.08	1,16.04

APPENDIX

(Reference : Paragraph
Summarised financial results of working
undertakings as disclosed by the latest

Sl. No.	Name of the concern	Year of account	Government capital	Mean Capital
(1)	(2)	(3)	(4)	(5)
AGRICULTURE DEPARTMENT				
1.	Cold Storage Plant, Cuttack (Unit I)	1974	14.13	12.23
2.	Cold Storage Plant, Bhubaneswar ..	1970*	27.65	26.58
3.	Cold Storage Plant, Sambalpur ..	1970*	4.40	4.20
4.	Cold Storage Plant, Bolangir ..	1975*	13.44	12.98
5.	Cold Storage Plant, Semiliguda ..	1972	6.34	5.86
6.	Cold Storage Plant, Cuttack (Unit II)	1975*	22.94	23.23
TRANSPORT DEPARTMENT				
7.	State Transport Service ..	1971-72	2,49.23	2,08.56
INDUSTRIES DEPARTMENT				
8.	Government Leather Industries-cum-Tannery , Titilagarh	1974-75*	18.49	18.32
9.	Government Shoe Factory, Cuttack	1975-76*	13.99	12.74
10.	Government Tannery, Boudh ..	1974-75	11.32	11.35
11.	Government Tile Factory, Balasore (defunct)	1977-78	0.48	0.45
12.	Government Tile Factory, Kendrapara (defunct)	1977-78	0.43	0.40
13.	Ceramic Production Centre, Cuttack (defunct)	1977-78	2.79	2.61
14.	Government Tile Factory, Panikoili (defunct)	1977-78	0.37	0.35
15.	K. S. Potteries Development Centre, Jharsuguda	1975-76*	20.07	19.71

* NOTE—The results of the latest year's account received and audited have only been indicated in the statement.

VIII

6.1, Page 174)

of departmentally managed

Pro forma accounts available

(Rupees in lakhs)

Free Reserve	Block assets	Depreciation	Profit (+) Loss (-)	Percentage of return on mean Capital
(6)	(7)	(8)	(9)	(10)
..	5.78	3.99	(+)0.93	7.6
..	13.18	4.24	(-)1.92	..
..	5.51	2.67	(-)0.45	..
..	12.75	3.28	(-)1.59	..
..	0.05	0.03	(-)0.59	..
..	18.56	1.17	(-)2.38	..
..	6,53.27	2,05.43	(+)30.82	14.8
..	5.73	2.37	(-)0.73	..
..	2.89	1.30	(-)1.49	..
..	1.72	0.87	(-)0.57	..
..	1.33	1.04	(-)0.04	..
..	0.17	0.09	(-)0.04	..
..	0.63	0.38	(-)0.21	..
..	0.97	0.67	(-)0.04	..
..	11.08	4.13	(-)1.29	..

APPENDIX IX

(Reference: Paragraph 7.5.2, Page 210)

List of grants (Rs.0'10 lakh to Rs.0'50 lakh) paid by the Tribal and Rural Welfare Department to non-Government bodies in one instalment

Sl. No.	Grant		Month in which paid	Name of the Grantee
	Year	Amount (Rupees in lakhs)		
(1)	(2)	(3)	(4)	(5)
1.	1972-73	0'50	March 1973	Depressed Classes League, Bhubaneswar
2.	1973-74	0'24	March 1974	Utkal Adivasi Mangal Samiti, Bhubaneswar
3.	1974-75	0'36	September 1974	Utkal Adivasi Mangal Samiti, Bhubaneswar
4.	1975-76	0'50	August 1975	Utkal Adivasi Mangal Samiti, Bhubaneswar
5.	1975-76	0'25	August 1975	Orissa Adimajati Sevak Sangh, Rayagada
6.	1975-76	0'15	November 1975	Orissa Depressed Classes League, Bhubaneswar
7.	1975-76	0'10	March 1976	Orissa Adimajati Sevak Sangh, Rayagada
8.	1975-76	0'10	March 1976	Utkal Adivasi Mangal Samiti, Bhubaneswar
9.	1976-77	0'24	October 1976	Utkal Adivasi Mangal Samiti, Bhubaneswar
10.	1976-77	0'25	August 1976	Orissa Adimajati Sevak Sangh, Rayagada
11.	1976-77	0'10	January 1977	Mahila Silpa Samabay Samiti, Dhenkanal
12.	1977-78	0'10	May 1977	Orissa Depressed Classes League, Bhubaneswar
13.	1977-78	0'12	May 1977	Seva Samaj, Rayagada
14.	1977-78	0'10	February 1978	Nava Jeevan Mandal, Angul
15.	1977-78	0'30	March 1978	Nava Jeevan Mandal, Angul

APPENDIX X

(Reference: Paragraph 7.5.4, Page 212)

**List of grants paid by the Tribal and Rural Welfare Department
without receipt of utilisation certificate in respect of
grants for previous years**

Sl. No.	Name of Grantee	Grants	
		Year	Amount (Rupees in lakhs)
1.	Utkal Adivasi Mangal Samiti, Bhubaneswar ..	1971-72	0.13
		1972-73	0.15
		1973-74	0.42
		1974-75	0.36
2.	Lalita Kala Pitha, Bhubaneswar ..	1971-72	0.04
		1972-73	0.08
3.	Konarka Kala Parishad, Bhubaneswar ..	1972-73	0.03
		1973-74	0.03
		1974-75	0.02
4.	Soura Development Agency, Chandragiri, Ganjam	1974-75	3.00
		1975-76	3.50
		1976-77	4.61
5.	Navajeevan Mandal, Angul ..	1971-72	0.84
		1972-73	0.05
6.	All Orissa Scheduled Caste Students Cultural Association, Bhubaneswar	1972-73	0.05
		1973-74	0.03
		1974-75	0.03
7.	Thakar Bapa Ashram, Ganjam ..	1971-72	0.02
		1972-73	0.05
		1973-74	0.05
		1974-75	0.05
8.	Utkal University (Anthropology Department)	1976-77	0.15
		1977-78	0.10

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