



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

**FOR THE YEAR
1973-74**

**GOVERNMENT OF ORISSA
(CIVIL)**



ERRATA

REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA FOR THE YEAR 1973-74

GOVERNMENT OF ORISSA (CIVIL)

Page No.	Reference to para, line, etc.	For	Read
IV	Para 5.3—heading	Vreification	Verification
3	Para 1.2 (b)—line 2	arrears on	arrears in
4	Para 1.3—line 2	accounts	account
6	Para 1.3—Forest—Col. for “Amount”	+1'31	+1'51
9	Para 1.7—Statement—last item	Insert the word “loan)” after the word “market”	
17	Sub-para (b)—Statement—Col. 9 Col. 7—Sl. No. 4	Mun 10'61	Mung 0'61
18	Para 1.14—line 5 line 3 from bottom	provisionally Delete “been” after the	provisionally word “has”
23	Para 1.19—sub-para (b) line 7	has	have
25	First line	Rs. 1,09'40 crores	Rs. 1,09'49 crores
33	Last sub-para—line 2 line 3	schemes was due to Rs. 45'00 lakhs Rs. 1,27'08	schemes Rs. 1,27'08 Rs. 45'00 lakhs was due to
40	Last line	contracfors	contractors
48	Para 3.1.3—line 10 Para 3.1.4—line 2 below the 1st table Para 3.1.4—last sta t e m e n t— Col.. heading	strengtheing (Apex Society) mount	strengthening (Apex Society) Amount
51	Para 3.1.10—line 8	societies	societies
57	Para 3.4.4—line 3	eatablishment	establishment
59	Line 1 Para 3.5.2—first sub-para—last line	Delete “more than” after the words “in force for” Turst	 Trust
61	Para 3.5.7—line 2 below the statement	quaters	quarters
62	1st statement—Total	Totsl	Total
66	Sub-para (c) (i)—line 1	departrmental	departmental
67	Heading of the 2nd table	vancancy	vacancy
68	Sub-para (f) statement—closing balance—Col. for “Number”— 1969-70	61	67

Page No.	Reference to para, line, etc.	For	Read
68	Col. for "cases filed—Number"—1971-72	87	84
	Para 3.5.9—last line of the paragraph	Rs. 0'26 lakhs	Rs. 0'26 lakh
70	Para 3.6.3—sub-para 3 line 4	of lands	on lands
77	Para 3.12—heading	Misappropriation	Misappropriation
79	Para 4.1.2—line 5	canal	canals
88	Sub-para III—Line 3	Bharavi	Bhargavi
92	Para 4.1.20—Statement—col. 1 line 8	Not-special	Net special
98	Sub-para (ii)—line 2	agregate	aggregate
99	para 4.1.32—sub-para 2 line 7	intreruption	interruption
101	Sub-para 3 line 1	10 feat	10 feet
102	Para 4.1.35—5th sub-para—line 4	Delete the word 'river' after the words 'waters of the'	
103	5th sub-para—line 4	across	across
105	Para 4.1.40—Sub-para 2—line 5	he earth work	the earth work
106	Para 4.1.41—Sub-para (ii)—line 3	cl ssified	classified
107	Sub-para 4—line 2	avove	above
109	Line 5—Serial No.	(vi)	(iv)
113	Para 4.5.14—statement Total—last col.	3'99	1'99
121	Para 4.10.9—line 5	ncw	new
	line 15	expenditurre	expenditure
	line 23	acress	acres
122	Para 4.10.10—last sub-para—last line	Rs. 88'00 lakhs	Rs. 83'00 lakhs
126	Line 19	ingformation	information
127	Line 8 from bottom	contracoter	contractor
128	Para 4.10.20—last sub-para—penultimate line	surve	serve
	Para 4.10.20—3rd sub-para—line 9	sanctoned	sanctioned
139	Section B—heading	DEPARTMENTALY	DEPARTMENTALLY
141	Table—Sl. No. 1	Item numbers to be renumbered from (viii) to (xi)	
142	3rd sub-para—line 3	ot	of
143	Line 7	ot	of

Page No.	Reference to para, line, etc.	For	Read
144	Para 6.3—2nd sub-para—line 1	(5'28 lakhs)	(Rs. 5'28 lakhs)
	Last sub-para—line 6	treasuty	treasury
	Para 6.4.1—sub-para 2—line 1	Factory compiled	Factory has compiled
	Last sub-para—last line	Powers	powers
145	Para 6.4.3—Statement—Item (iii)—col. for 1968-69	7'78	0'78
	Sub-para on "Sundry debtors"—line 1	amounted	amounted
146	Para 6.4.4—line 11	supply	supplies
149	Sub-para (c)—3rd line below the table	account	accounts
150	Line 2	(6'3 lakhs)	(Rs, 6'30 lakhs)
160	Sub-para (iv)—statement—Tenements col. for "Actuals"	1049 number	104 number
162	1st statement—Serial No. 4—col. 4	Insert the figure "771'77"	
164	Para 8.2—Last sub-para—Serial No. (iv)	3'45	3'46
168	Appendix I col. for Amount invested Total	40,23'09	49,23'09
172	Appendix III—Serial No. 34		
	Col. 6—line 2	Reporte	Reported
	Col. 2—line 2	Co-opera-	Co-operative
173	Serial No. 43—col. 6—line 2	Insert "of" after the word "recovery"	
174	Appendix IV—Serial No. 9—1970-71 Col. 4	26	265
177	Appendix IV—Sl. No. 10—col. 13—line 1	1,93'7	1,93'76
180	Major-head 39—col. 2	Organisation	Organisations
181	Q—Loans, etc.—col. 2—lines 2-3	Government	Governments
182	Serial No. 17—col. 5	1,17'12	1,17'42
183	Serial No. 30—col. 7	7'31	7'32
188	Serial No. 3—col. 4—line 4	Insert "of" before the woed	"insufficient"
189	Foot note (c)—line 2	written of	written off

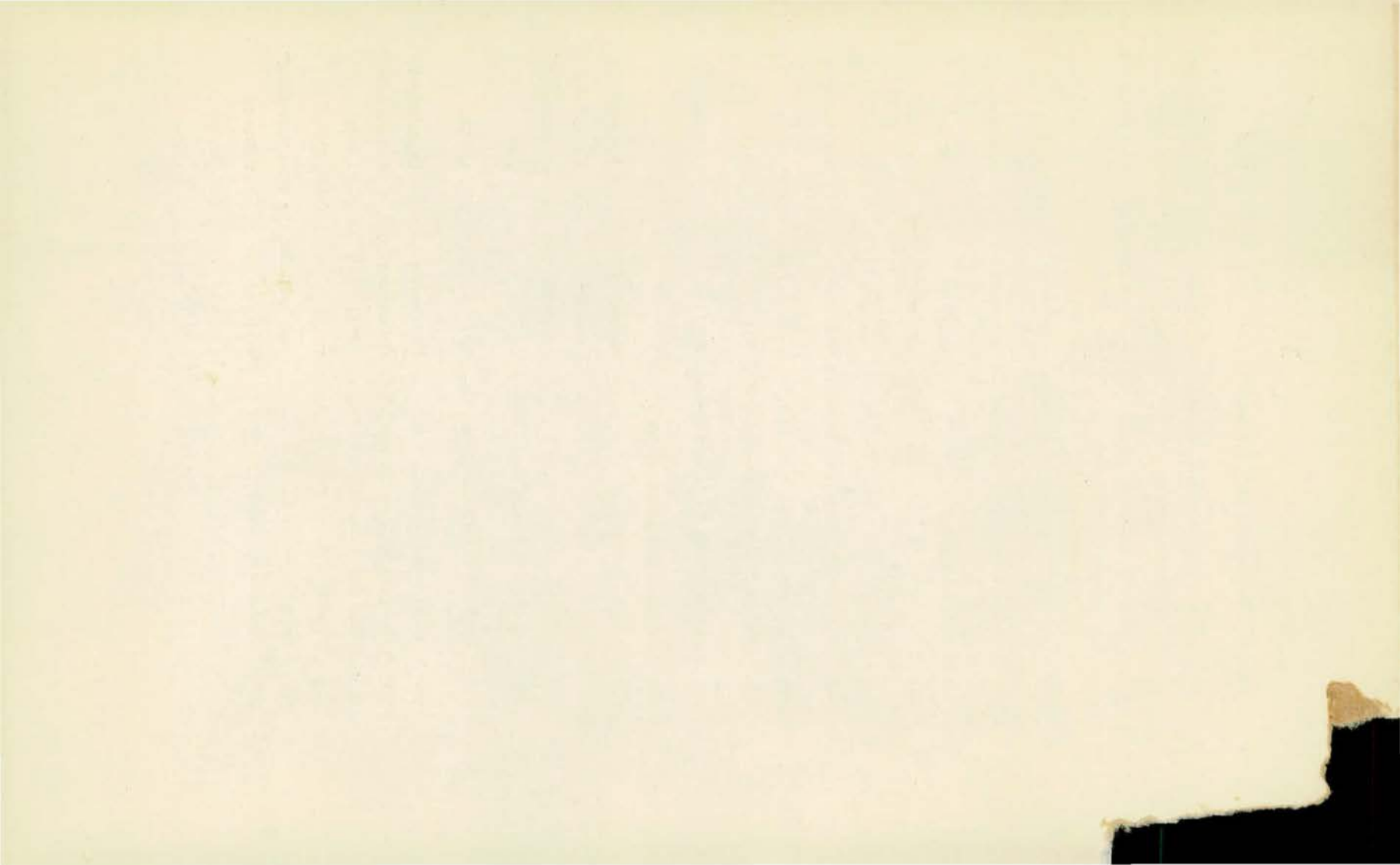


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PREFATORY REMARKS

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 1973-74 together with other points arising from audit of financial transactions of the Government of Orissa. It also includes :—

- (i) certain points of interest arising from the Finance Accounts for the year 1973-74 ; and
- (ii) comments on Distribution of Chemical Fertilisers, Rural Industries Project, Mahanadi Delta Irrigation Project and Minor Irrigation (Flow) Programme.

2. The Report containing the observations of Audit on Statutory Corporations, Government Companies and the Orissa State Electricity Board and the Report containing the observations of Audit on Revenue Receipts are being 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 1973-74 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 1973-74 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. *Financial review*—The receipts and expenditure for 1973-74 and the preceding two years as also the surplus/deficit for these years were as follows :—

		1971-72	1972-73	1973-74
(In crores of rupees)				
<i>(i) Revenue —</i>				
Revenue receipts	..	1,51·32	1,68·13	1,74·62
Revenue expenditure	..	<u>1,75·08</u>	<u>1,92·79</u>	<u>2,12·46</u>
Revenue surplus (+)	..	<u>(—)23·76</u>	<u>(—)24·65</u>	<u>(—)37·84</u>
Revenue deficit (—)	..			
<i>(ii) Public debt (other than Floating debt) (net)—</i>				
increase (+)	..	(+40·31	(+59·70	(+53·02
decrease (—)	..			
Floating debt (net)				
increase (+)	..	<u>(+)5·22</u>	<u>(—)7·10</u>	<u>(+)4·00</u>
decrease (—)	..			
Total debt (net)				
increase (+)	..	<u>(+)45·53</u>	<u>(+)52·60</u>	<u>(+)57·02</u>
decrease (—)	..			
<i>(iii) Loans and Advances by the State Government (net)—</i>				
increase (—)	..	(—)13·61	(—) 6·00	(—)0·13
decrease (+)	..			
<i>(iv) Contingency Fund (net)—</i>				
increase (+)	..	(+0·11	(—)0·24	(—)0·14
decrease (—)	..			

1971-72 1972-73 1973-74

(In crores of rupees)

(v) Public Account (net)—

<u>increase (+)</u>	..	(+)7·93	(-)5·05	(+)26·72
<u>decrease (-)</u>				

(vi) Capital expenditure outside the Revenue Account (net)—

<u>increase (-)</u>	..	(-)29·87	(-)32·07	(-)38·22
<u>decrease (+)</u>				

<u>Net surplus (+)</u>	..	(-)13·67	(-)15·41	(+) 7·41
<u>Net deficit (-)</u>				

Opening cash balance	..	(+)7·44	(-)6·23	(-)21·64*
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<u>Net surplus (+)</u>	..	(-)13·67	(-)15·41	(+)7·41
<u>Net deficit (-)</u>				

Closing cash balance	..	(-)6·23	(-)21·64	(-)14·23‡
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The closing cash balance of *minus* Rs. 14·23 crores comprises a *minus* balance of Rs. 20·12 crores with the Reserve Bank of India and *plus* balance of Rs. 5·89 crores with treasuries.

Compared to 1972-73 the revenue receipts of the State increased by Rs. 6·49 crores while the expenditure on revenue account increased by Rs. 19·68 crores during the year. Compared to Budget estimates the revenue was less by Rs. 1·17 crores and the expenditure on revenue account was more by Rs. 5·67 crores.

The revenue deficit for the year was Rs. 37·84 crores against Rs. 31 crores as estimated in the Budget ; the revenue deficit for 1972-73 was Rs. 24·65 crores. The accumulated revenue deficit of the State at the end

* There are differences between the figures reflected in the accounts and those intimated by the Reserve Bank regarding "Deposits with the Reserve Bank" (included in the cash balances). The discrepancies are under reconciliation.

of the year was Rs. 1,59.92 crores ; it increased by Rs. 90.18 crores over the Fourth Five Year Plan period. The revenue deficit for and at the end of each year of the Fourth Plan period is given below :—

Year	Revenue surplus (+)/ deficit (—) for the year	Revenue surplus (+)/ deficit (—) at the end of the year
(In crores of rupees)		
1969-70	.. (+) 0.12	(—) 69.62
1970-71	.. (—) 4.05	(—) 73.67
1971-72	.. (—) 23.76	(—) 97.43
1972-73	.. (—) 24.65	(—) 1,22.08
1973-74	.. (—) 37.84	(—) 1,59.92

The Budget Estimates for 1973-74 envisaged an over all deficit of Rs. 2.03 crores. The year, however, ended with a surplus of Rs. 7.41 crores as against the deficit of Rs. 15.41 crores at the end of 1972-73. This was mainly due to increased borrowing of the State and surplus in the Public Account. This improvement in the financial position reduced the *minus* cash balance from Rs. 21.64 crores at the beginning of the year to Rs. 14.23 crores at the end of the year.

1.2. *Revenue receipts* — (a) The actuals of revenue receipts of the State Government for 1973-74 as compared with the budget estimates of the year along with the corresponding figures for 1971-72 and 1972-73 are shown below :—

Year	Budget	Actuals	Variation	
			Amount of increase (+)/ decrease (—)	Percentage
(In crores of rupees)				
1971-72	.. 1,51.89	1,51.32	(—) 0.57	..
1972-73	.. 1,63.57	1,68.13	(+) 4.56	3
1973-74	.. 1,75.79	1,74.62	(—) 1.17	1

No additional tax measure was introduced in any of these years after the budget.

The principal variation between budget and actual during 1973-74 was mainly in grants from the Central Government (—Rs. 7.74 crores). The decrease was partly offset by increases in receipts from Public Works (+Rs. 2.08 crores), Sales Tax (+Rs. 1.77 crores) and Multipurpose River Schemes (+Rs. 0.99 crores).

(b) *Arrears in collection of revenue, interest and receipts*—According to the information furnished by some of the departments, arrears on collection of revenue, interest and other receipts at the end of March 1974 were Rs. 45.32 crores as compared to Rs. 42.91 crores at the end of March 1973.

Arrears were heavy under Interest (Rs. 10.68 crores), Sales tax (Rs. 7.87 crores), Taxes on Motor Vehicles (Rs. 7.44 crores), Forest (Rs. 5.98 crores), Land Revenue (Rs. 3.15 crores), Electricity Schemes (Rs. 1.96 crores), Electricity duties (Rs. 1.25 crores), Police (Rs. 1.10 crores), Mineral concession fees and royalties (Rs. 1.05 crores) and Guarantee fees (Rs. 1.03 crores).

1.3. *Expenditure on revenue account — (a) Budget and actuals*—The expenditure on revenue accounts as compared with (i) the budget estimates and (ii) the budget estimates plus supplementary provision with corresponding figures of 1971-72 and 1972-73 is shown below :—

Year	Budget	Budget plus supplementary	Actuals	Variation between columns (4) and (3)	
				Amount of decrease	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
(In crores of rupees)					
1971-72 ..	1,61.97	1,86.80	1,75.08	11.72	6
1972-73 ..	1,77.26	2,05.71	1,92.78	12.93	6
1973-74 ..	2,06.79	2,29.94	2,12.46	17.48	8

The principal variations between the budget (including supplementary provision) and the actuals during 1973-74 are given in paragraphs 2.2 to 2.5.

(b) Expenditure on revenue account in 1973-74 (Rs. 2,12.46 crores) increased by Rs. 19.68 crores (10 per cent) over that in 1972-73 (Rs. 1,92.78 crores) and by Rs. 37.38 crores (21 per cent) over that in 1971-72 (Rs. 1,75.08 crores).

The increase of Rs. 19.68 crores during 1973-74 over 1972-73 was the net result of increase under certain heads partly offset by decrease under other heads. A comparative analysis of the expenditure figures for 1973-74 and the previous year by broad groups of Government activity showing the variations and the reasons therefor is given below :—

1972-73	1973-74	Increase (+)/decrease(—) with reference to 1972-73
		Amount Percentage

(In crores of rupees)

Collection of taxes, Duties and other Principal Revenue —

Land Revenue ..	4.65	5.76	+1.11	24
-----------------	------	------	-------	----

Increase was mainly under management of Government estates due to re-organisation of Tahsils and implementation of land reforms.

	1972-73	1973-74	Increase (+)/decrease (-) with reference to 1972-73	
			Amount	Percentage

(In crores of rupees)

Debt Services —

Interest on Debts and other obligations	25.35	28.87	+3.52	14
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Increase was mainly due to larger payment of interest on new loans obtained from the Government of India and from open market.

Administrative Services —

Police	8.24	10.18	+1.94	24
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Increase was mainly due to strengthening of police set up at various levels for ensuring maintenance of law and order.

Social and Developmental Services—

Education	30.56	33.32	+2.96	10
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Increase was mainly due to larger grants to non-Government secondary schools and other non-Government bodies and institutions for payment of additional dearness allowance to teachers.

Public Health	4.58	6.08	+1.50	33
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Increase was mainly on account of expenditure in connection with eradication of epidemic diseases.

Agriculture	12.37	9.63	- 2.74	22
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Decrease was mainly due to discontinuance of Emergency Agricultural Production Programme.

Miscellaneous Social and Developmental Organisations	6.90	8.95	+2.05	30
--	------	------	-------	----

Increase was mainly on execution of special welfare schemes and tribal welfare works.

Multipurpose River Schemes, Irrigation and Electricity Schemes—

Multipurpose River Schemes	6.26	7.29	+1.03	16
----------------------------	------	------	-------	----

Increase was mainly due to enhanced expenditure on interest charged on increased capital expenditure in respect of Hirakud Stage I, Balimela Dam and Power Projects, Bhimakund and Rengali Projects.

Electricity Schemes	0.79	2.28	+1.49	190
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The credits to works and the recoveries for tools and plant were less in 1973-74 in comparison to those in previous year.

	1972-73	1973-74	Increase(+)/decrease(-) with reference to 1972-73	
			Amount	Percentage
(In crores of rupees)				
<i>Public Works (including Roads) and schemes of Miscellaneous Public Improvements—</i>				
Public Works ..	11.44	13.63	+2.19	19
The increase was mainly due to higher expenditure on repair works and excess of net debits under "Suspense".				
<i>Miscellaneous—</i>				
Famine Relief ..	14.60	12.57	-2.03	14
Decrease was mainly on relief works.				
Forest ..	2.83	4.34	+1.51	53
Increase was mainly under "conservancy and works" due to execution of various forestry schemes.				

1.4. *Public debt*—(a) The public debt of the Government increased by Rs. 57.02 crores during 1973-74 as shown below:—

	Loans raised	Loans discharged	Net increase
(In crores of rupees)			
Permanent debt ..	6.65	0.19	6.46
Floating debt ..	18.42	14.42	4.00
Loans from the Government of India ..	83.47	38.55	44.92
Loans from autonomous bodies ..	2.71	1.07	1.64
Total ..	1,11.25	54.23	57.02

(i) *Permanent debt*—In 1973-74 the Government raised a loan of Rs. 6.65 crores. The loan bears 5½ per cent interest and is repayable at par in 1985. The entire loan was subscribed in cash. No loan was due for discharge during 1973-74. Rupees 0.19 crore were paid on account of discharge of expired loan tendered for discharge during the year.

(ii) *Other loans*—These represent loans taken from autonomous bodies. Details of loans obtained during the year and the purpose of these loans are shown below:—

	Amount (Rs. in crores)	
(1) Loans from Reserve Bank of India	0.89	For contribution to the share capital of land development and co-operative banks and agriculture credit societies for development of agriculture.

Amount
(Rs. in crores)

- (2) Loans from the National Co-operative Development Corporation 0.72 For contribution to the share capital of co-operative institutions.
- (3) Loans from the Life Insurance Corporation of India 1.10 For housing schemes.

(b) The outstanding public debt of the State at the end of March 1974 was Rs. 6,19.96 crores. An analysis of the debt, with corresponding figures at the end of the preceding two years, is given below :—

	Public debt on the 31st March		
	1972	1973	1974
	(In crores of rupees)		
Permanent debt ..	70.33	74.10	80.56(a)
Floating debt—			
(a) Ways and means advances from the Reserve Bank	5.30	..	..
(b) Overdrafts from the Reserve Bank ..	1.80	..	..
(c) Cash credit advance from the State Bank of India	..	..	4.00
Loans from the Government of India ..	4,17.67	4,69.73	5,14.65
Loans from autonomous bodies ..	15.32	19.11	20.75
Total ..	5,10.42	5,62.94	6,19.96

No law under Article 293 of the Constitution has been passed by the Legislature of the State laying down the limit within which Government may borrow on the security of the Consolidated Fund of the State. The Budget estimates contemplated raising fresh loans of Rs. 95.47 crores during 1973-74; the loans actually raised during the year, however, amounted to Rs. 1,11.25 crores.

1.5. *Advances and overdrafts*—(a) Under an agreement with the Reserve Bank of India, the Government has to maintain with the Bank a minimum balance of Rs. 30 lakhs on all working days. If the balance falls below this minimum on any day, the Bank gives ways and means advances to make good the deficiency. The limit for normal ways and means advances (clean advance) for the year 1973-74 was fixed as Rs. 3.60 crores. In addition to the ways and means advances, special ways and means advances (secured advances) not exceeding Rs. 4.40 crores are made available by the Bank against the Government of India securities held by the State Government. Both the advances carry interest at one per cent below the Bank rate in force; during 1973-74 the rate was 5 per cent. If, after the maximum advances are given,

(a) Includes Rs. 0.04 crore lying under deposit head pending transfer to this head on issue of scrips.

the cash balance falls below the prescribed minimum, the deficiency is left uncovered, but the Bank charges interest at the Bank rate on these overdrafts ; during 1973-74 the rate was 6 per cent.

(b) How far the State Government was able to maintain the minimum balance with the Reserve Bank of India during the three years ending 1973-74 is shown below :—

	During the year		
	1971-72	1972-73	1973-74
Number of days on which the minimum balance was maintained—			
(i) Without obtaining any advance ..	357	282	301
(ii) By taking normal and special ways and means advances	2	57	64
(iii) By taking overdrafts ..	6	26	Nil

(c) *Treasury bills*—Treasury bills of the Government of India of Rs. 1,05.04 crores were also rediscounted on 163 occasions during the year to make up the deficiency in the cash balance.

(d) *Ways and means advances*—During the year 1973-74, normal ways and means advances of Rs. 10.28 crores and special ways and means advances of Rs. 4.14 crores were obtained by the Government from the Reserve Bank and were repaid during the year. Interest of Rs. 1.24 lakhs was paid on these advances during the year.

(e) *Overdrafts*—No overdraft was taken by Government during 1973-74. The Government, however, paid Rs. 0.18 lakh as interest on the overdrafts obtained for the year 1972-73.

(f) *Cash credit advances*—On the 30th March 1974, the Government availed of cash credit accommodation of Rs. 4.00 crores from the State Bank of India on payment of interest at the rate of 8½ per cent for operation of State Trading Scheme in foodgrains ; the amount was outstanding at the end of the year.

1.6. *Loans from the Government of India*—(a) Loans received from the Government of India and outstanding at the end of 1973-74 (Rs. 5,14.65 crores) formed 83 per cent of the total public debt of the Government (Rs. 6,19.96 crores).

During 1973-74 Rs. 4.72 crores were received from the Government of India as ways and means advances for Centrally sponsored Plan schemes. Out of these, Rs. 4.05 crores were adjusted as grants and Rs. 0.67 crore were converted as loans during the year. Besides, Rs. 22.69 crores were received as loans during 1973-74 for State Plan schemes.

(b) *Rehabilitation loans*—*Loans to displaced persons from erstwhile East Pakistan (now Bangladesh)*—To end of March 1972, the Government of India paid Rs. 1,26.46 lakhs as loans for rehabilitation of displaced persons from erstwhile East Pakistan (now Bangladesh); no fresh loan was sanctioned

thereafter. According to the terms and conditions for the repayment of the loans, Rs. 53.17 lakhs on account of principal and Rs. 25.53 lakhs on account of interest were due for repayment on the 31st March 1974. The State Government is, however, paying to the Government of India only the sums actually realised from the displaced persons. No amount was repaid on account of these loans during 1973-74 although Rs. 0.23 lakh were realised on this account from the displaced persons.

In June 1964 the Government of India decided that the State Government should be absolved of the responsibility of sharing any portion of losses on these loans granted prior to the 31st March 1964 to displaced persons who migrated up to the 31st December 1963. Rupees 4.63 lakhs worked out by the State Government as loss on a portion of these loans were remitted by the Government of India during 1973-74; such remissions to end of 1973-74 were Rs. 30.89 lakhs. The balance of the loans outstanding as at the end of 1973-74, after adjustment of the amount remitted during the year, was Rs. 85.11 lakhs.

(c) *Loans to re-patriates from Burma*—Between December 1965 and March 1974 the Government of India paid Rs. 92.94 lakhs as loan for the rehabilitation of repatriates from Burma, of which Rs. 0.72 lakh were repaid (along with interest) by the Government up to 1968-69 as per original terms and conditions. According to the revised terms decided (August 1959) by the Government of India, Rs. 24.11 lakhs towards principal and Rs. 18.64 lakhs towards interest were due for repayment upto the 31st March 1974. The State Government, however, decided in May 1969 to pay to the Government of India only the sums realised from the Burma repatriates. No amount was repaid to the Government of India during 1973-74 although Rs. 0.76 lakh were realised from the repatriates on this account. The balance of these loans outstanding for repayment to the Government of India at the end of 1973-74 was Rs. 92.22 lakhs.

1.7. *Other debt and obligations*—In addition to public debt, the net balance at the credit of State Provident Funds, local funds, civil deposits and earmarked funds such as sinking funds, reserve funds and deposit accounts, to the extent to which these have not been invested but are merged with the general cash balance of the Government, also constitute liability of the Government. Taking into account regular debt and these liabilities together, the debt position of the Government at the end of each of the three years ending 1973-74 was as follows :—

	Total debt on the 31st March		
	1972	1973	1974
	(In crores of rupees)		
Public debt ..	5,10.42	5,62.94	6,19.96
State provident funds ...	23.58	27.39	33.33
Sinking funds, reserve funds and deposit accounts.	32.04	32.92	39.78
Deposit of local funds and civil deposit (excluding balances of market loans)	25.77	28.50	32.33
Total ..	5,91.81	6,51.75	7,25.40

1.8. *Arrangement for amortisation of public debt*—The Government were making annually a lump sum contribution up to 1971-72 from revenue to the depreciation fund at the rate of $1\frac{1}{2}$ per cent of the total nominal amount of the open market loans raised up to 1970-71; this has been discontinued thereafter. The Government are, however, continuing annual contribution at varying rates to the sinking funds already created for amortisation of open market loans (Rs. 78.04 crores), loans from the Government of India for Industrial housing scheme (Rs. 0.15 crore), loan in lieu of open market loan, 1975 (Rs. 8.00 crores), and loans from the Life Insurance Corporation of India for housing schemes (Rs. 13.36 crores). The balances in these sinking funds for amortisation of loans and depreciation funds for loans at the commencement and close of 1973-74 are shown below :—

	Balance as on the 1st April 1973	Addition during 1973-74		Total	With-drawals during the year	Closing balance as on the 31st March 1974
		Contri-bution from revenue	Interest from invest-ments, etc.			
(In crores of rupees)						
Permanent debt ..	35.19	4.84	0.65	40.68	..	40.68
Loans from the Government of India—						
(i) Industrial Housing Scheme	0.16	..	0.01	0.17	..	0.17
(ii) Loans in lieu of open market loans, 1975	4.65	1.16	..	5.81	..	5.81
Loans from Life Insurance Corporation of India Ltd. for housing scheme	0.48	0.07	..	0.55	..	0.55
Total ..	40.48	6.07	0.66	47.21	..	47.21

Of the total accumulation of Rs. 47.21 crores, Rs. 13.81 crores were invested by the Government and the balance of Rs. 33.40 crores was merged with the general cash balance of the State.

1.9. *Interest on debt and other obligations*—The net burden of interest charges on public debt and other interest bearing obligations of the State on the revenue during 1973-74 and the preceding two years was as follows :—

	1971-72	1972-73	1973-74
(In crores of rupees)			
Outstanding gross debt and other obligations	5,91.81	6,51.75	7,25.40
(1) Interest paid by the Government on debt and other obligations—	..	..	..
(a) Permanent debt ..	3.77	4.05	4.48
(b) Loans from the Government of India	19.59	18.96	21.67
(c) Other debt and obligations ..	1.79	2.34	2.72
Total ..	25.15	25.35	28.87

	1971-72	1972-73	1973-74
	(In crores of rupees)		
(2) <i>Deduct</i> —Interest received on loans and advances given by the State Government, investment of cash balances and recoveries from Zamindari Abolition Fund	3.61	3.08	2.39
(3) Net burden of interest charges on revenue	21.54	22.27	26.48
(4) Percentage of gross interest to total revenue receipts	17	15	17

In addition, there were book adjustments of interest charges shown as interest receipts by charges to Commercial departments (Rs. 11.61 crores), interest on arrears of revenue (Rs. 0.09 crore) and miscellaneous interest (Rs. 0.06 crore). If these also are taken into account the net burden of interest on revenue will be Rs. 14.72 crores (8 per cent of the revenue).

1.10. *Expenditure outside the revenue account*—(a) Expenditure outside the revenue account includes, besides capital expenditure, amounts disbursed by the Government as loans and advances.

Capital expenditure during the three years ending 1973-74 as compared with (i) the budget estimates and (ii) the budget estimates *plus* supplementary provision is shown below (loans and advances are dealt with in paragraph 1.17.) :—

Year	Budget	Budget <i>plus</i> supple- mentary	Actuals	Variation between columns (4) and (3)	
				Amount of decrease	percen- tage
(In crores of rupees)					
1971-72	.. 27.89	33.43	29.87	3.56	11
1972-73	.. 29.22	36.92	32.07	4.85	13
1973-74	.. 39.71	52.22	38.22	14.00	27

The principal variations between the budget including supplementary grants (total grant) and the actuals during 1973-74 have been given in paragraphs 2.2. to 2.5.

(b) An analysis of expenditure outside the revenue account is given below :—

	During 1971-72	During 1972-73	During 1973-74	Progres- sive outlay up to 1973-74
(In crores of rupees)				
I. Capital expenditure on—				
(i) Irrigation schemes	.. 4.32	5.92	7.43	93.00
(ii) Multipurpose river schemes	.. 10.76	9.77	11.03	1,33.50

	During 1971-72	During 1972-73	During 1973-74	Progressive outlay up to 1973-74
(In crores of rupees)				
(iii) Electricity schemes ..	-0.51(a)	-0.39(a)	-0.01(a)	3.97
(iv) Agriculture ..	3.94	4.97	6.34	32.28
(v) Public Works ..	4.99	5.86	6.92	94.39
(vi) Schemes of industrial and economic development	4.40	4.62	4.52	53.99
(vii) Other items (such as Public Health, other works, ports, road and water transport, forest and Government trading)	1.97	1.32	1.99	33.28
(viii) Appropriation to the Contingency Fund	..	..	..	2.00
II. Net outgo under loans and advances by State Government (after taking into account recoveries of loans)	13.61	6.00	0.13	1,31.11
Total—Expenditure outside the Revenue Account	43.48	38.07	38.33	5,77.52
III. Add—Revenue deficit ..	23.76	24.65	37.64	1,59.92
IV. Total resources required for expenditure outside the revenue account and for meeting revenue deficit	67.24	62.72	76.19	7,37.44

The sources from which expenditure outside the revenue account (including that on loans and advances) during 1971-72 to 1973-74 and up to 1973-74 was met were as follows :—

	During 1971-72	During 1972-73	During 1973-74	Progressive up to 1973-74
(In crores of rupees)				
I. Net addition to—				
(i) Permanent debt ..	4.97	3.85	6.46	80.52
(ii) Floating debt ..	5.22	-7.10	4.00	4.00
(iii) Loans from the Government of India	33.26	52.06	44.92	5,14.65
(iv) Loans from other sources and provident fund balances	5.49	7.60	7.58	54.08
II. Miscellaneous (excess of deposit, etc., received by the Government over payment on that account excluding investment of cash balances)	4.60	7.04	6.63	72.98
III. Increase(-)/decrease(+) in cash balance and investment of cash balances	+13.70	-0.73	+6.60	11.21
IV. Total resources available for expenditure outside the revenue account and for meeting revenue deficit.	67.24	62.72	76.19	7,37.44

(a) Minus expenditure was under Talcher Thermal Scheme and was due to credits to the scheme being more than the expenditure during the year.

1.11. *Investment of Government—(a) Investment in Government Commercial and Trading Activities—*

Investment in statutory corporations/boards, Government companies, joint-stock companies and co-operative institutions—(i) In 1973-74 the Government invested Rs. 3,88.81 lakhs on the shares of statutory corporations (Rs. 1.00 lakh), Government companies (Rs. 2,34.10 lakhs), joint-stock companies (Rs. 17.50 lakhs) and co-operatives (Rs. 1,36.21 lakhs). The details of investment in the joint-stock companies are as follows :—

	Amount (Rupees in lakhs)
(1) East Coast Breweries and Distillery Ltd., Cuttack ..	14.00
(2) Cifoods Ltd., Cuttack ..	3.50
Total ..	<u>17.50</u>

In addition Rs. 39.85 lakhs were invested in the debentures of co-operatives. Details of these investments are given in statement No. 14 of the Finance Accounts for 1973-74.

(ii) The total investment of the Government in the share capital and debentures of statutory corporations/boards, Government companies, joint-stock companies and co-operatives at the end of 1971-72, 1972-73 and 1973-74 were Rs. 49.23 crores, Rs. 53.62 crores and Rs. 57.88 crores respectively. Dividend and interest received therefrom during 1971-72, 1972-73 and 1973-74 were Rs. 0.34 crore, Rs. 0.47 crore and Rs. 0.30 crore respectively; these formed 0.7 per cent, 0.9 per cent and 0.5 per cent of the total investment of the Government at the end of these years. Further details are given in Appendix I.

(iii) According to the information furnished by the Government, eleven companies in which Government invested Rs. 17.66 lakhs have been liquidated and fourteen other companies in which Government invested Rs. 25.16 lakhs are under liquidation; some co-operative societies are also stated to be under liquidation, details of which are awaited from the department. Information about realisation or write off of Government investment in those companies and societies is awaited (March 1975).

(b) *Other investments—(i)* By the end of 1973-74 the Government had invested Rs. 13.81 crores from the balance of earmarked funds in (i) securities of the Government of India (Rs. 4.62 crores) and ten other State Governments (Rs. 5.65 crores) and (ii) debentures and bonds of Orissa State Electricity Board (Rs. 2.64 crores), three State Electricity Boards of other States (Rs. 0.56 crore), Orissa State Co-operative Land Development Bank (Rs. 0.29 crore) and Ahmedabad Municipal Corporation (Rs. 0.05 crore).

Interest realised during 1973-74 on these investments was Rs. 66.07 lakhs forming 4.8 per cent of the investment made during the year.

(ii) In addition Rs. 3.02 crores were held in the cash balance investment account at the end of 1973-74, of which Rs. 2.70 crores were invested in securities of the Government of India. The balance of Rs. 0.32 crore represents

investments made by *ex-princely* States of Orissa brought to Government account. Interest realised on these investments during 1973-74 was Rs. 3·92 lakhs.

(iii) Investments in Government of India treasury bills are also made from the cash balance investment account. The State Government held treasury bills of the Government of India of Rs. 16·14 crores at the beginning of the year. During 1973-74 treasury bills of Rs. 90·95 crores were purchased on 22 occasions, of which treasury bills of Rs. 1,05·04 crores were rediscounted on 163 occasions leaving a balance of Rs. 2·05 crores at the end of the year. The rate of interest on these treasury bills during the year varied from 3·5 to 4 per cent. Interest realised from the treasury bills rediscounted during the year was Rs. 0·42 crore. All the treasury bills were rediscounted to meet the deficiency in the cash balance of the Government and the interest lost for premature rediscounting during the year was Rs. 2·67 crores (face value : Rs. 1,08·13 crores *less* rediscounted value : Rs. 1,05·46 crores).

1.12. *Multipurpose River Schemes*—(a) The capital outlay of the Government in Multipurpose River Schemes to end of 1973-74 comprised outlay of Rs. 69·50 crores on Hirakud Dam Project—Stages I and II (exclusive of the assets of the Power Project transferred to the Orissa State Electricity Board as loan), which have become revenue earning, Rs. 60·49 crores on Balimela Dam Project, which has also become revenue earning and Rs. 2·70 crores on Rengali Irrigation Project, Rs. 0·69 crore on Potteru Irrigation Scheme and Rs. 0·12 crore on Bhimkund Irrigation Project which are under construction.

(b) *Hirakud Dam Project*—Construction of Hirakud Dam Project, Stage I over Mahanadi commenced in 1948 was completed in 1959-60. Against the project estimate of Rs. 68·35 crores administratively approved by the Government, the total expenditure incurred on the Project to end of 1973-74 was Rs. 86·74 crores (Rs. 17·24 crores transferred provisionally to the Orissa State Electricity Board and treated as loan and Rs. 69·50 crores booked in Government Account). Water was let out from the project for irrigation in 1957. Revenue Account for the project was opened from 1960-61. The irrigation potential stated to have been created and utilised during 1973-74 was as follows :—

		Kharif	Rabi
		(In thousands of hectares)	
Irrigation potential anticipated	..	163·89	89·84
Irrigation potential stated to have been created	..	163·89	89·84
Irrigation potential stated to have been utilised	..	157·83	89·84

Stage I provides irrigation in Sambalpur and Bolangir districts; rice is the principal crop grown in these areas.

Hirakud Dam Project, Stage II is a power project undertaken in 1956. The revenue account of the project was opened in 1964-65 for the generation system of the project. The electricity generating assets of the Hirakud system provisionally valued at Rs. 17·24 crores (Hirakud Dam Project, Stage I : Rs. 4·44 crores and Stage II : Rs. 12·80 crores) were transferred to the Orissa

State Electricity Board during 1969-70 and the amount was treated as loan to the Board. Both the stages of the Hirakud system have been classed as productive from 1966-67.

The allocation of capital expenditure on the Hirakud Dam Project between irrigation, flood control and power has not been finalised so far (December 1974) with the result that the financial results of the working of the two stages of the system could not be worked out separately. The working results of the Hirakud Dam Project Stages I and II together for 1973-74 and the preceding two years are given below :—

	1971-72	1972-73	1973-74
	(In lakhs of rupees)		
Gross revenue	4.21	23.65	4.04
Working expenses	84.80	82.11	20.20
Net revenue (+)/loss(-) before charging interest	-80.59	-58.46	-16.16
Interest on capital	2,37.47	1,93.49	2,82.05
Net revenue (+)/loss (-) after charging interest	-3,18.06	-2,51.95	-2,98.21

Allocation of a portion of capital expenditure to Delta Irrigation Scheme, which is benefited by the Hirakud Dam Project, is pending for decision (July 1975) with the Government.

(c) *Balimela Dam and Power Project*—The Balimela Dam and Power Project comprises two sub-projects: (i) a Dam Project involving construction of a dam across river Sileru at Chitrakonda which is a joint venture of Orissa and Andhra Pradesh (originally estimated to cost Rs. 24 crores), the expenditure on which is to be shared by the two Governments equally and (ii) a Power Project on Orissa side to utilise 50 per cent water of Balimela reservoir. The entire project is under execution by the Government of Orissa under the general supervision of a Control Board constituted (October 1962) for the purpose; the execution of the project was taken up during 1961-62. The total expenditure incurred on the project to the end of 1973-74 was Rs. 72.49 crores, (Balimela Dam : Rs. 41.35 crores and Balimela Power Project : Rs. 31.14 crores) of which the Government of Andhra Pradesh have paid Rs. 12 crores being 50 per cent of the original estimated cost and the excess has been borne in full by the Government of Orissa pending final settlement with the Andhra Pradesh Government regarding sharing of increased cost.

Two units of the Power House of the Balimela Power Project were commissioned during 1973-74. The transmission and distribution of the power generated was entrusted to the Orissa State Electricity Board. As there was delay in the completion of the transmission lines connecting the power house with the Hirakud-Talcher grid the power generated was sold to Andhra Pradesh Electricity Board through Orissa State Electricity Board. The Orissa State Electricity Board raised bills against the Andhra Pradesh State Electricity Board for Rs. 7,25.35 lakhs for power transferred to them up to August 1974, of which Rs. 2,95.34 lakhs were paid by the Andhra Pradesh Board up to January 1975. The project authorities have not billed the Orissa State Electricity Board so far (February 1975) for the power transferred to the Andhra Pradesh grid, as the rate at which the State Government

should charge the Board and the procedure for billing have not been finalised by the Government (February 1975). The Orissa State Electricity Board has, however, paid Rs. 1,18.00 lakhs to the State Government on this account. The working results of the Balimela Power Project for the year 1973-74 are given below :—

	Amount (Rs. in lakhs)
Gross revenue ..	1,18.00
Working expenses ..	3.32
Net revenue before charging interest ..	1,14.68
Interest on capital ..	1,73.15(a)
Net loss (—) after charging interest ..	—58.47

(d) *Potteru Irrigation Project*—The Government undertook the Potteru irrigation Project during 1972-73 at an estimated cost of Rs. 14.81 crores to utilise the tail race water of Balimela Power Project conveyed through a 1,847 metre long open channel to nearby Potteru river ; this is expected to irrigate land measuring 61,000 hectares in Malkangiri plains of Koraput district. The project is financed by the Government of India. The project contemplates construction of a barrage across the Potteru and a distribution system on both sides of the barrage. The project when completed is expected to benefit the local adivasis and refugees who may be resettled in the area by the Dandakaranya Development Authority. The total expenditure incurred on the project to end of 1973-74 was Rs. 0.69 crore which included Rs. 28.51 lakhs incurred during the year 1972-73.

1.13. *Financial results of irrigation schemes*—(a) To end of 1973-74 the Government had undertaken three major and 22 medium and other irrigation projects. Of these 7 projects were completed by 1973-74 and the remaining 18 projects were under construction. The total capital expenditure on these projects up to end of March 1974 was Rs. 82.65 crores.

The following table shows the particulars of projects on which Rs. 1 crore or more have been invested :—

	Amount (Rs. in crores)
(1) Mahanadi Delta Irrigation Project ..	41.94
(2) Salandi Irrigation Project ..	14.41
(3) Buddha Budhiani Irrigation Project ..	1.56
(4) Salia Irrigation Project ..	3.75
(5) Dhanai Irrigation Project ..	1.64
(6) Salki Irrigation Project ..	1.86
(7) Darjang Irrigation Project ..	4.04

(a) Represents interest on capital invested on the Power Project only and does not include the proportionate interest on the Dam Project allocable to Power as the allocation has not been made so far (February 1975).

Amount
(Rs. in crores)

(8) Godahada Irrigation Project	..	3.44
(9) Bahuda Irrigation Project	..	1.27
(10) Pitamahal Irrigation Project	..	1.59
(11) Orissa Canal Project	..	2.76

(b) Of the 25 irrigation projects taken up 12 projects were opened for service by end of 1973-74. Of these, the Mahanadi Delta Irrigation Project has been classified as productive and the others as unproductive. The financial results of eleven of these projects, except those relating to Orissa Canal Project could not be worked out for non-supply of relevant information by the Irrigation Department (February 1975). Some details of these Irrigation projects, on which the capital invested is Rs. 1 crore or more, furnished by the department are given below :—

Name of the Project	Estimated cost as per latest estimate administratively approved by Government	Year of commencement Year of completion	Date when water was let out for irrigation	Irrigation potential anticipated Kharif Rabi	Irrigation potential created Extent to which the created potential has been utilised		District in which irrigation land is situated	Principal crops grown
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	(Rs. in crores)			(In thousands of hectares)				
<i>Productive—</i>								
1. Mahanadi Delta Irrigation Project	34.34 41.94	1955 Under construction	1959-60	408.32 275.19	283.55 259.50	188.85 147.86	Cuttack and Puri	Rice Jute Mung and Potato
<i>Unproductive—</i>								
2. Orissa Canal Project	2.72 2.76	1865 1895	1895	27.60 7.00	27.60 27.60	7.00 7.00	Cuttack and Balasore	Rice, Jute Mung and Potato
3. Salandi Irrigation Project	13.07 14.41	1961-62 Under construction	1967-68	45.72 16.18	45.72 40.47	16.18 14.16	Balasore	Rice
4. Bahuda Irrigation Project	1.59 1.27	1962 1973-74	1965-66	8.54 0.61	8.54 6.14	0.61 0.61	Ganjam	Rice
5. Budha-Budhani Irrigation Project	1.49 1.56	1961 1973-74	1966-67	2.95 1.09	2.95 2.95	1.09 1.09	Puri	Rice
6. Salki Irrigation Project	1.66 1.86	1958-59 1973-74	1961-62	19.87 2.02	19.87 19.53	2.02 2.02	Phulbani	Rice
7. Darjang Irrigation Project	0.82 4.04	1960 Under construction	1965-66	6.47 3.24	6.47 6.47	3.24 3.24	Dhenkanal	Rice
8. Dhanai Irrigation Project	1.32 1.64	1959 1973-74	1965-66	3.85 1.42	3.85 3.85	1.42 1.42	Ganjam	Rice
9. Salia Irrigation Project	0.70 3.75	1960 1973-74	1971-72	8.09 2.73	8.09 6.37	2.73 1.61	Puri and Ganjam	Rice

(c) The following table shows the working results of the Orissa canal project during 1973-74 and the preceding two years :—

	1971-72	1972-73	1973-74
	(In lakhs of rupees)		
Gross revenue ..	55.70	60.40	52.78
Working expenses ..	36.28	31.60	42.95
Net revenue (+)/loss (—) before charging interest	+19.42	+28.80	+9.83
Interest on capital ..	9.03	9.03	9.03
Net revenue (+)/loss (—) after charging interest	+10.39	+19.77	+0.80

(d) *Bhaskal Dam Project*—The Bhaskal Dam Project, executed by Government of India in the district of Koraput at a cost of Rs. 1,35.06 lakhs as a part of Dandakaranya Project, was transferred to the Government of Orissa on the 1st May 1973. The Government of India have agreed to treat the entire capital cost of the project as grant to the State Government. The State Government have taken up the maintenance of the Bhaskal Dam as a medium irrigation project. The designed ayacut of this project is 11,000 acres kharif and 5,500 acres rabi.

(e) *Orissa Lift Irrigation Corporation*—The Orissa Lift Irrigation Corporation, a wholly owned Government Company, was formed with effect from the 1st October 1973 to take over the completed lift irrigation projects for maintenance and operation, to complete the lift irrigation projects under execution and to take up new lift irrigation projects with institutional finance. On the formation of the Corporation, the Government transferred 1,236 completed projects with an irrigation potential of 72,830 acres for operation and maintenance. Besides, 1,180 pumps under the hiring scheme previously under the department were also transferred to the Corporation for its continued operation. The value of the assets transferred to the Corporation and the treatment thereof in account as loan or as share capital contribution has not been decided so far (February 1975). The Government decided to provide subsidy to the Corporation for operation and maintenance of the completed projects and the pumps and the Corporation is to deposit the water rates and hire charges realised into the Government account. In addition to the assets transferred to the Corporation, the Government invested Rs. 78.53 lakhs (Rs. 48.53 lakhs from the Consolidated Fund and Rs. 30.00 lakhs from the Contingency Fund) during 1973-74 in the equity shares of the Corporation.

1.14. *Financial results of electricity schemes*—(a) After the formation of Orissa State Electricity Board in March, 1961, all completed transmission and distribution systems and generating assets of Hirakud system and Talcher Thermal Scheme are transferred to the Board. To end of March 1974 assets provisionally valued at Rs. 65.50 crores had been transferred to the Board and the amount treated as loan to the Board in the Government Accounts.

In addition, the Government has given Rs. 13.84 crores as cash loans to the Board for financing power schemes. The Government has also invested Rs. 2.64 crores in the debentures floated by the Board. Besides, the

Government has guaranteed the loan raised by the Board to the extent of Rs. 45.57 crores. As on the 31st March 1974 the Board had utilised the guarantee in full.

(b) The Machkund Hydro-Electric (Joint) Scheme was undertaken jointly with the Government of Andhra Pradesh which is operating the scheme. The Capital invested by the Government on the scheme to end of 1958-59 was Rs. 4.63 crores. Debits raised by the Government of Andhra Pradesh during 1959-60 to 1973-74 to the extent of Rs. 66.09 lakhs representing Orissa's share of the Capital expenditure have not been accepted by the Government of Orissa. The Government stated in March 1974 that the matter was still under their consideration. The right to the share of power in the scheme rests with the Orissa Government. The power is drawn by the Orissa State Electricity Board directly for distribution to consumers; the cost of power so drawn is payable by the Board to the State Government.

A summary of the financial results of Machkund Hydro-Electric (Joint) Scheme during 1973-74 compared with the preceding two years is given below :—

	1971-72	1972-73	1973-74
	(In lakhs of rupees)		
Gross receipts ..	50.74	1,56.06	65.12
Working expenses ..	44.54	-10.64	1,02.73
Net revenue (+)/Loss (-) before charging interest	+6.20	+1,66.70	-37.61
Interest on capital ..	17.60	17.60	17.60
Net revenue (+)/Loss (-) after charging interest	-11.40	+1,49.10	-55.21

1.15. *State Trading Schemes*—The Government took up schemes of State Trading in food grains, seeds, iron ore, kendu leaves and certain other commodities. These schemes are in the nature of departmentally managed commercial and quasi-commercial undertakings. Personal ledger accounts for 13 schemes of Government trading have been opened within the Consolidated Fund of the State to end of 1973-74; of these 5 schemes have been declared as commercial. *Pro forma* accounts of these five schemes are in arrears for 4 to 11 years. Four of these schemes have become inoperative and there were no significant transactions under three more schemes. Some details of these schemes are given in Appendix II.

1.16. *Guarantees*—(a) Under section 6 (1) 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. Again, under section 7 (1) of the above Act, the bonds and debentures of the State Financial Corporations are to be guaranteed by the State Government as to the repayment of principal and payment of interest. The actual amounts guaranteed on behalf of Orissa State Financial Corporation by the State Government on the 31st March, 1974 under sections 6 (1) and 7 (1) *ibid* were Rs. 1 crore and Rs. 3.50 crores respectively.

Under section 66 of the Electricity (Supply) Act 1948, the State Government may guarantee in such manner as it thinks fit the payment of the principal and interest of any loans proposed to be raised by the State Electricity Board

or of either the principal or the interest. The actual amount covered by the guarantee given on behalf of the Orissa State Electricity Board by the State Government as on the 31st March 1974 under this section was Rs. 45.57 crores.

Apart from the above, the State Government had guaranteed (to third parties) to the end of 1973-74 the repayment of loans/bonds and payment of interest thereon, repayment of share capital and payment of minimum dividend thereon, cash credits, etc., on behalf of 15 Government Companies, 7 Joint Stock Companies, 112 Co-operative banks and Institutions and 17 Municipalities and Notified Area Councils and 2 private parties. The maximum amount guaranteed on their behalf to the end of 1973-74 was Rs. 68.32 crores against which loans, etc., actually raised by them were for Rs. 45.76 crores.

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.

Further details of the guarantees are given in Statement No. 6 of Finance Accounts, 1973-74.

(b) The Government charges from the parties a guarantee commission at rate ranging from $\frac{1}{4}$ per cent to $1\frac{1}{2}$ per cent of the amount of guarantee given. The outstanding guarantee commission due as on the 31st March 1974 was Rs. 36.33 lakhs from the Orissa State Electricity Board (Rs. 0.65 lakh), the Industrial Development Corporation (Rs. 22.22 lakhs), the Orissa Mining Corporation (Rs. 5.85 lakhs), thirteen other Government companies (Rs. 1.22 lakhs), six joint stock companies (Rs. 2.89 lakhs), one hundred and twelve co-operative institutions (Rs. 1.07 lakhs), seventeen Municipalities and Notified Area Councils (Rs. 2.35 lakhs) and two private parties (Rs. 0.08 lakh).

(c) In 1969-70 the Government constituted a Guarantee Reserve Fund to meet the liability arising out of the guarantees given by it. Contributions to the fund are made from revenue annually from the Consolidated Fund. Guarantee commission realised, interest on investments made out of the balances in the fund and recoveries from the parties are credited to this fund. During 1973-74, Rs. 10.00 lakhs were contributed from revenue and Rs. 3.19 lakhs were paid from the fund in discharging the guarantee obligations. The balance at the credit of the fund at the end of 1973-74 was Rs. 7.75 lakhs. The total payments made by the Government to end of 1973-74 in discharging the guarantee obligation in respect of loans raised by third parties were Rs. 81.22 lakhs; of these Rs. 12.33 lakhs were paid from revenue prior to the constitution of the Guarantee Reserve Fund and Rs. 68.87 lakhs were paid from the Fund. Information about recoveries made from the principal debtors has not been received from the Industries Department (March 1975).

Further details of the amount paid by the Government in discharge of guarantee liabilities on behalf of the principal debtors to end of 1973-74 are given in Appendix III.

(d) Guarantees given by Government include guarantees for repayment of capital raised by Orissa State Financial Corporation and for payment of minimum dividend at 3.5 per cent on initial share capital of Rs. 50 lakhs

and at 4 per cent on the additional capital of Rs. 50 lakhs. In order to fulfil the guarantee under Section 6 (1) of the State Financial Corporations Act, 1951, Government paid Rs. 14.87 lakhs to end of 1971-72. No amount has been paid on this account during 1972-73 and 1973-74. The subventions paid are to be repaid by the Corporation out of its future profits; no amount has been repaid by the Corporation so far (December 1974).

1.17. *Loans and advances by Government*—(a) The actual disbursement of loans and advances by State Government for 1973-74 as compared with (i) the budget estimates and (ii) the budget estimates plus supplementary provision, along with the corresponding figures for 1971-72 and 1972-73, are shown below:—

Year	Budget	Budget plus supplementary	Actuals	Variation		
				Amount of decrease(-)	Percentage	
(1)	(2)	(3)	(4)	(5)	(6)	
(In crores of rupees)						
1971-72	..	7.46	19.30	17.79	(-)1.51	8
1972-73	..	4.04	12.80	11.62	(-)1.18	9
1973-74	..	8.41	10.20	8.28	(-)1.92	19

(b) The budget and actuals of recoveries of loans and advances for three years ending 1973-74 are given below:—

Year	Budget	Actuals	Variation		
			Amount of decrease(-)	Percentage	
(In crores of rupees)					
1971-72	..	5.91	4.18	(-)1.73	30
1972-73	..	7.22	5.62	(-)1.60	22
1973-74	..	13.63	8.15	(-)5.48	40

(c) The outstanding balances under loans and advances at the end of 1973-74 and the preceding two years together with the increase/decrease in the outstanding balances during 1973-74 as compared to 1972-73, are analysed below:—

	Outstanding on the 31st March			Increase(+)/ decrease(-) over 1972-73
	1972	1973	1974	
(In crores of rupees))				
Loans to Statutory Boards and Government Companies—Loans to Orissa State Electricity Board—				
(a) For financing power schemes (cash loans)	10.88	12.64	13.84	(+)1.20
(b) Value of assets transferred as loan	65.50	65.50	65.50	..

	Outstanding on the 31st March			Increase (+)/ decrease (-) over 1972-73
	1972	1973	1974	
	(In crores of rupees)			
Loans to Industrial Development Corporation	9.05	9.05	9.05	..
Loans to State Commercial Transport Corporation	2.10	2.10	2.10	..
Loans to Orissa Mining Corporation	1.26	1.26	1.26	..
Loans to other statutory Boards and Government Companies	1.94	2.35	2.94	(+)0.59
Advances to cultivators ..	9.68	10.27	9.64	(-)0.63
Loans to Local bodies ..	2.14	2.26	2.25	(-)0.01
Loans to displaced persons ..	2.02	2.03	2.08	(+)0.05
Loans under various housing schemes	3.35	5.40	5.25	(-)0.15
Loans to Co-operative institutions and banks	5.85	8.49	8.81	(+)0.32
Loans to Government servants ..	7.94	6.81	5.65	(-)1.16
Other loans and advances ..	3.27	2.82	2.74	(-)0.08
Total	1,24.98	1,30.98	1,31.11	(+) 0.13

The detailed accounts of loans and advances to Municipal corporations and Municipalities, district and other local fund committees, land holders and other notabilities, Government servants and of those under the State-aid to Industries Act (balance of these loans on the 31st March 1974: Rs. 7.74 crores) are maintained by the Audit Office and all other classes of loans and advances (balance of these loans on the 31st March 1974: Rs. 1,23.37 crores) by officers of the State Government.

1.18. *Arrears in recovery of loans*—(a) *Cases in which detailed accounts are kept in Audit office*—Of the loans and advances detailed accounts of which are kept in the Audit Office, recovery of Rs. 1,32.87 lakhs towards principal and Rs. 46.61 lakhs towards interest was overdue at the end of March 1974 as shown below :—

	Principal	Interest
	(In lakhs of rupees)	
(i) Borrowers under State aid to Industries Act ..	29.97	18.43
(ii) Municipal Corporations and Municipalities ..	95.73	23.98
(iii) District and local fund committees ..	7.17	4.20
Total ..	1,32.87	46.61

Out of the arrears of Rs. 1,79.48 lakhs, recovery of Rs. 42.85 lakhs towards principal (Rs. 19.35 lakhs) and interest (Rs. 23.50 lakhs) was in arrears for three years or more.

(b) *Loans of which detailed accounts are maintained by Officers of State Government*—According to the standing instructions of the Government, departmental officers are required to intimate to Audit by the 31st May each year the arrears (as on the 31st March) in recovery of principal and interest of loans and advances the detailed account of which are maintained by them. Such information for the period ending the 31st March 1974 has been received from fifteen departments (out of twenty two departments) so far (February 1975) ; the information received shows that recovery of Rs. 12,63.40 lakhs (principal : Rs. 3,21.10 lakhs, interest : Rs. 9,42.30 lakhs) was in arrears. A brief analysis of the arrears is given below :—

	Arrears on the 31st March 1974	
	Principal	Interest
	(In lakhs of rupees)	
(1) Loans to Co-operative institutions and Banks ..	17.65	0.02
(2) Loans to Statutory Corporations, Boards and Government Companies ..	2,45.52	9,10.19
(3) Loans and advances under Community Development Programme ..	15.44	12.15
(4) Miscellaneous loans and advances ..	42.49	19.94
Total ..	3,21.10	9,42.30

Of the above, Rs. 6,69.90 lakhs were outstanding against the Orissa State Electricity Board and Rs. 3,69.40 lakhs against the Industrial Development Corporation.

1.19. *Acceptances of balances of loans*—(a) The balance of loans, the detailed accounts of which are kept in the Audit Office are communicated to the concerned Departmental Officers every year for verification and acceptance. The acceptance of such balances on the 31st March 1974 of loans was not received in 1,264 cases (total balance of Rs. 2.64 crores) ; the earliest of these outstanding acceptances dates back to 1966-67.

(b) In cases where detailed accounts of loans are maintained by departmental officers, these officers are required 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 ; for this purpose they are required to reconcile the transactions recorded in their books with those appearing in the books of Audit Office. Reconciliation has not been done in several cases and consequently acceptances of balances worked out in Audit Office have not been received in 173 cases for Rs. 11.58 crores ; some of these relate to 1962-63.

1.20. *Grants*—(a) In 1973-74 Rs. 31.13 crores were paid as grants to non-government bodies, institutions and individuals against Rs. 27.13 crores paid during 1972-73 ; this formed 15 per cent of Government's total expenditure on revenue account. An analysis of the grants paid is given below :—

Department	Amount (In crores of rupees)
Education ..	22.80
Community Development and Panchayati Raj ..	1.64
Public Health ..	1.26
Urban Development ..	1.23
Other departments ..	4.20
Total ..	31.13

Some of the important points noticed in the course of audit of these bodies etc., by Audit as well as by the Examiner, Local Accounts, an officer of the State Government, are mentioned in Chapter 7.

(b) The chief beneficiaries of the grants were Panchayati Raj institutions which received Rs. 16.13 crores (52 per cent) during 1973-74 for the purposes as shown below :—

Department and purpose of grant	Amount (Rs. in crores)
Education—	
Primary and Secondary Education	.. 12.56
Community Development and Panchayati Raj—	
(i) Rural Development	.. 0.89
(ii) Community Development	.. 0.75
(iii) Other grants	.. 0.03
Tribal and Rural Welfare—	
Development of tribal blocks	.. 0.59
Urban Development—	
For payment of emoluments to the employees of local bodies	0.90
Forest and Animal Husbandry—	
Grant from proceeds of kendu leaves	.. 0.41
Total	.. <u>16.13</u>

In addition to grants, the Government paid during 1973-74 Rs. 0.46 crore to panchayat organisations on account of rates and cess on land and Rs. 0.15 crore towards compensation for loss of income from tolls and taxation of motor vehicles.

Further, Rs. 14.38 crores were spent by the Government in 1973-74 for panchayat organisations on rural and community development (Rs. 10.15 crores) and development of tribal areas (Rs. 4.23 crores).

In addition, loans were advanced to Panchayati Raj institutions for carrying out rural development works. Balance of these loans outstanding at the end of March 1974 against those institutions was Rs. 54.62 lakhs.

(c) *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 purposes 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 1974, 71,057 certificates for Rs. 1,09.40 crores were awaited for grants paid upto the 31st March, 1973. Of these, 45,148 certificates (Rs. 68.40 crores) relate to grants paid upto the 31st March 1971. The remaining 25,909 certificates (Rs. 41.09 crores) relate to grants paid during the period from the 1st April 1971 to the 31st March 1973 as shown below :—

	Utilisation certificates					
	Due		Received		Outstanding	
	Number	Amount (Rupees in crores)	Number	Amount (Rupees in crores)	Number	Amount (Rupees in crores)
1st April 1971 to 31st March 1972	12,020(a)	13.69(a)	2,452	2.15	9,568	11.54
1st April 1972 to 31st March 1973	16,856	30.92	515	1.37	16,341	29.55
Total	28,876	44.61	2,967	3.52	25,909	41.09

Department-wise and year-wise details of certificates outstanding as on the 30th September 1974 are given in Appendix IV.

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 possible to state whether and to what extent the recipients spent the grants for the purpose or purposes for which these were given and that no misappropriation, fraud, etc., took place.

1.21. *Plan outlay*—The following table shows the approved Plan outlay for the year 1973-74, the provision made for State Plan schemes (Budget Estimate *plus* Supplementary) and the actual expenditure thereon during the year :—

	Amount (Rupees in crores)
Total Plan outlay approved	57.35
Estimate for Plan schemes (budget <i>plus</i> supplementary)	64.51
Actual expenditure	46.45

(a) Includes certificates not included in the Report for 1972-73.

An analysis of the variations between the estimates and actuals is given below :—

	Estimate	Actual	Variation decrease (-) increase (+)
(In crores of rupees)			
<i>Expenditure on revenue Account —</i>			
Education ..	4.71	4.25	(-)0.46
Agriculture ..	4.94	3.76	(-)1.18
Other services ..	11.76	9.69	(-)2.07
Total ..	21.41	17.70	(-)3.71
<i>Expenditure on Capital Account—</i>			
Agricultural Improvement and Research	3.84	3.15	(-)0.69
Industrial and Economic Development	4.58	4.00	(-)0.58
Multipurpose River Schemes ..	12.71	8.39	(-)4.32
Irrigation, Navigation, Embankment and Drainage Works (Commercial)	10.90	2.20	(-)8.70
Public Works ..	5.96	5.81	(-)0.15
Other services ..	3.57	2.90	(-)0.67
Total ..	41.56	26.45	(-)15.11
Loans and advances ..	1.54	2.30	(+)0.76
Grand Total ..	64.51	46.45	(-)18.06

The estimates and actuals for 1973-74 for the State Plan schemes under the different major heads of account are given in Appendix V.

The shortfall was mainly under "Irrigation, Navigation, Embankment and Drainage works (Commercial)" (Rs. 8.70 crores) owing to less capital outlay on Balimela Dam (joint) Project, Delta Irrigation Scheme and on medium irrigation projects chiefly due to post-budget decision to reduce Plan outlay and receipt of less Central assistance, and under "Multipurpose River Schemes" (Rs. 4.32 crores) owing to lesser outlay on flood control works of Bhimkund and Rengali Irrigation Projects due to receipt of less Central assistance.

During 1973-74 the State Government received from the Government of India grants totalling Rs. 9'21 crores and loans totalling Rs. 22'89 crores for implementation of State Plan schemes.

The Budget estimates for 1973-74 also included Rs. 21'80 crores for schemes forming part of the Central sector of the Plan outlay in the State chiefly on special employment programmes designed to relieve unemployment among small and marginal farmers and agricultural labour as well as the educated unemployed. The total expenditure on the Central sector schemes during the year was Rs. 11'06 crores. The shortfall was mainly due to less expenditure on various multipurpose projects under Community Development Programme, Drought Prone Area Programme, Crash Scheme for Rural Employment, Accelerated Rural Water-Supply Programme, agricultural schemes and non-payment of loan to Orissa State Electricity Board for the expansion of Talcher Thermal Project.

1.22. *Orissa Contingency Fund* — The corpus of the Orissa Contingency Fund (established under the Orissa Contingency Fund Act, 1967) for the year 1973-74 was Rs. 2 crores. At the commencement of the year 1973-74, the balance at the credit of the Fund was Rs. 1,74'02 lakhs. The unrecovered amount of Rs. 25'98 lakhs during the year 1972-73 was refunded to the Fund in 1973-74. During the year 1973-74 fresh advances of Rs. 2,51'75 lakhs were obtained out of which Rs. 2,12'25 lakhs were recovered during the year; Rs. 39'50 lakhs thus remained unrecovered under five major heads at the end of the year. The year ended with a credit balance of Rs. 1,60'50 lakhs in the Orissa Contingency Fund.

1.23. *Public Account* — (a) The following table shows a summary of the net transactions of the Government in the Public Account excluding transactions and balances closed to Government account during 1973-74 with the corresponding figures for the preceding two years and the balances at the beginning and close of the three year period :—

		Opening balance (the 1st April 1971)	1971-72	1972-73	1973-74	Closing balance (the 31st March 1975)
(In crores of rupees)						
State Provident Funds ..	Cr.	20'17	3'41	3'81	5'94	Cr. 33'33
Depreciation Reserve Funds —						
(a) Electricity ..	Cr.	4'82	..	..	..	Cr. 4'82
(b) State Transport Service ..	Cr.	0'49	(-)0'11	(-)0'28	(-)0'01	Cr. 0'09
Sinking Funds ..	Cr.	23'75	1'53	1'38	6'74	Cr. 33'40
Reserve Funds ..	Cr.	1'29	(-)0'38	(-)0'09	0'14	Cr. 0'96
Other Deposit Accounts	Cr.	25'94	0'98	2'52	3'82	Cr. 33'26
Advance ..	Dr.	6'32	0'31	0'54	(-)1'40	Dr. 6'87
Suspense ..	Dr.	8'49	(-)1'25	(-)11'29	11'20	Dr. 9'83
Remittances ..	Dr.	13'25	(-)1'35	(-)8'85	(-)0'76	Dr. 24'21
Total ..	Cr.	48'40	3'14	(-)12'26	25'67	Cr. 64'95

(b) The increase of Rs. 16.55 crores in the Public Account during the three year period ending 1973-74 was chiefly due to increase in State Provident Fund balances of Government servants (Rs. 13.16 crores), increase in the sinking fund balances (Rs. 9.65 crores) and increase in the balances of other Deposit Accounts (Rs. 7.32 crores); partly offset by increase in the debit balances under Remittances (Rs. 10.96 crores) and Suspense (Rs. 1.34 crores). The increase in the debit balances under Remittances (Rs. 10.96 crores) was mainly under Public Works Remittances (Rs. 8.23 crores). Of the debit balance of Rs. 24.21 crores under Remittances at the end of the 31st March 1974, Rs. 18.32 crores was under "Public Works Remittances", Rs. 3.63 crores under "Transfer between Public Works Officers" and Rs. 1.87 crores under "Cash Remittances between Treasuries".

The outstanding debit balances under Suspense (Rs. 9.83 crores) was chiefly under "Cash Settlement Suspense Account" (Rs. 4.90 crores), "Cash balance Investment Account" (Rs. 3.02 crores) and "Suspense Account" (Rs. 0.97 crore).

(c) *Depreciation Reserve Fund*—(i) *Electricity*—The Fund has been created out of State revenues for renewal and replacements of machines, etc., of various electricity schemes. Of the balances of Rs. 4.82 crores in the Fund as on the 31st March 1974, Rs. 3.20 crores relate to Hirakud Dam Project—Stages I and II and Rs. 1.62 crores relate to other electricity schemes. No contribution is being made to the Depreciation Reserve Fund of Hirakud Dam Project from 1969-70 and of other electricity schemes from 1971-72 onwards. The schemes have been transferred to the Orissa State Electricity Board; decision for closing the funds has not been taken by the Government so far (February 1975).

(ii) *Reserve Funds—State Transport Service*—Three Funds have been created out of the State revenues for creating reserves for (i) renewals and replacement of motor parts, (ii) accidents and (iii) providing amenities to employees. The total balance in these funds which was Rs. 0.64 crore at the end of 1968-69 came down to Rs. 0.09 crore at the end of 1973-74.

(d) *Advances*—The balance under this head includes Rs. 6.96 crores under "Special Advances" granted under special orders of the Government and represents advances made, mainly to Orissa State Co-operative Marketing Society, Ltd. for the encouragement and improvement of agriculture, including purchase, sale and distribution of seeds, implements, chemical fertilisers, etc. The following table shows the value of transactions under this head during the three years ending March 1974 :—

Year		Opening balance	Receipts	Disbursements	Closing balance
(In crores of Rupees)					
1971-72	..	Dr. 5.00	1.84	1.71	Dr. 4.87
1972-73	..	Dr. 4.87	0.66	1.54	Dr. 5.75
1973-74	..	Dr. 5.75	0.09	1.30	Dr. 6.96

One of these schemes "Distribution of Chemical Fertilisers" has been reviewed in paragraph 3.1.

CHAPTER 2

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

SECTION A

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

		Grants/ appropriations	Expendi- ture	Saving(-)	Percentage	
(In crores of rupees)						
Voted —						
Original	..	2,62.17	3,10.74	2,81.70	-29.04	9
Supplementary	..	48.57				
Charged						
Original	..	84.02	92.50	92.04	-0.46	..
Supplementary	..	8.48				
Total	..		4,03.24	373.74	-29.50	7

The supplementary provision of Rs. 57.05 crores represented 16 per cent of the original provision (Rs. 3,46.19 crores).

The overall saving of Rs. 29.50 crores was the result of saving of Rs. 39.87 crores in 59 grants (Rs. 38.27 crores) and 24 charged appropriations (Rs. 1.60 crores) partly offset by excess of Rs. 10.37 crores in 8 grants (Rs. 9.23 crores) and 7 charged appropriations (Rs. 1.14 crores).

The expenditure during 1973-74 (Rs. 3,73.74 crores) excludes Rs. 0.39 crore spent out of advances from the Contingency Fund which remained unrecouped to the Fund to end of 1973-74.

(b) The expenditure met from the Consolidated Fund during 1973-74 and the preceding two years with the total (original plus supplementary) grants and appropriations was as follows:—

Year	Total provision	Expenditure	Variation		
			Excess (+)/Saving(-) Amount	Percentage	
(In crores of rupees)					
1971-72	..	3,43.78	3,32.06	-11.72	3
1972-73	..	4,14.05	4,18.86	+4.81	1
1973-74	..	4,03.24	3,73.74	-29.50	7

(e) Further details for 1973-74 are given below :—

	Revenue	Capital	Loans and advances	Public Debt	Total
(In crores of rupees)					
Authorised to be spent (grants and charged appropriations)—					
Original ..	2,25.11	66.05	8.65	46.38	3,46.19
Supplementary (September 1973, December 1973 and March 1974)	24.55	22.58	1.80	8.12	57.05
Total ..	2,49.66	88.63	10.45	54.50	4,03.24
Actual expenditure (Grants and charged appropriations)	2,38.71	72.33	8.47	54.23	3,73.74
Shortfall (—)	—10.95	—16.30	—1.98	—0.27	—29.50

2.2. Excess over grants/charged appropriations requiring regularisation—

(a) Grants—Excess of Rs. 9.23 crores in the following eight grants requires regularisation under Article 205 of the Constitution.

Sl. no.	Number and name of grant	Total grant Rs.	Expenditure Rs.	Excess Rs.
(1)	4-A—Expenditure relating to Rural Development Department—			
	Original ..	6,51,90,000	9,70,68,000	10,48,65,373
	Supplementary ..	3,18,78,000		
				77,97,373

Excess occurred mainly under two group heads which was partly offset by savings under some other group heads. The reasons for excess have not been intimated (March 1975).

(2)	19—Government press and other expenditure relating to the Commerce Department—			
	Original ..	1,43,25,000	1,50,16,000	1,57,48,321
	Supplementary ..	6,91,000		
				7,32,321

Excess occurred mainly under two group heads Orissa Secretariat Press (Rs. 11.70 lakhs) and Government Press-Forms Department (Rs. 4.66 lakhs) which was partly offset by savings under other group heads.

The excess occurred owing to adjustment of debits relating to previous years.

Sl. no.	Number and name of grant	Total grant	Expenditure	Excess
		Rs.	Rs.	Rs.
(3)	25—Public Works—			
	Original .. 15,23,77,000	} 17,44,86,000	25,23,49,413	7,78,63,413
	Supplementary .. 2,21,09,000			
	Excess occurred mainly under 7 group heads which was partly offset by savings under 12 group heads.			
	The reasons for excess have not been intimated (March 1975).			
	Excess of Rs. 3.32 crores and Rs. 5.96 crores occurred under this group head during 1971-72 and 1972-73 also.			
(4)	36—Public Relations and Tourism—			
	Original .. 51,70,000	} 54,38,000	57,62,332	3,24,332
	Supplementary .. 2,68,000			
	Excess occurred mainly under two group heads which was partly offset by saving under other group heads.			
	The reasons for excess have not been intimated (March 1975).			
(5)	53—Capital Expenditure relating to Home Department—			
	Original .. 5,00,000	} 5,00,000	5,00,100	100
	Supplementary			
(6)	56—Capital Expenditure relating to Rural Development Department—			
	Original .. 2,99,40,000	} 6,17,40,000	6,17,51,187	11,187
	Supplementary .. 3,18,00,000			
(7)	59—Capital Expenditure relating to the Health Department—			
	Original	} 25,98,000	71,87,498	45,89,498
	Supplementary .. 25,98,000			

Excess occurred under three group heads which was partly offset by saving under one group head.

Excess was mainly due to adjustment of materials and equipment received under the Technical Co-operation Assistance Programme for National Malaria Eradication Programme (Rs. 31.80 lakhs) and Family Planning (Rs. 14.01 lakhs) during the previous year.

Sl. no.	Number and name of grant	Total grant Rs.	Expenditure Rs.
(8)	62—Capital Expenditure relating to the Tribal and Rural Welfare Department—		
	Original .. 2,00,000	4,56,000	14,13,702
	Supplementary .. 2,56,000		

Excess was mainly on account of the operation of the Personal Account (Debit) of the scheme "Purchase, sale and fair price shop" (Rs. 10.93 lakhs) provision for which was not made during the year.

(b) *Charged appropriations*—The excess over charged appropriations following seven cases amounting to Rs. 1.14 crores also require attention :—

Sl. no.	Number and name of appropriation	Total Appropriation Rs.	Expenditure Rs.
(1)	24—Irrigation—		
	Original .. 5,000	54,000	56,04
	Supplementary .. 49,000		
(2)	30—Transport Schemes—		
	Original .. 20,000	20,000	24,25
	Supplementary		
(3)	31—Forest—		
	Original .. ..	..	13,1
	Supplementary		
(4)	34—Expenditure relating to the Urban Development Department—		
	Original	16,000	77,6
	Supplementary .. 16,000		

Excess occurred under "Repairs and maintenance of external and sanitary installations" for which no provision was made. The reasons for the excess have not been intimated (March 1975).

(5)	Appropriation for Reduction or Avoidance of Debt—		
	Original .. 7,06,71,000	7,13,89,000	7,13,89,
	Supplementary .. 7,18,000		
(6)	Floating Debt (Repayment)—		
	Original .. 5,40,00,000	13,29,00,000	14,42,00,000
	Supplementary .. 7,89,00,000		

Excess was on account of ways and means advances obtained from the Reserve Bank of India. The reasons for the excess have not been intimated (March 1975).

Sl. no.	Number and name of grant	Total grant	Expenditure	Excess
		Rs.	Rs.	Rs.
(3)	25—Public Works—			
	Original .. 15,23,77,000	} 17,44,86,000	25,23,49,413	7,78,63,413
	Supplementary .. 2,21,09,000			

Excess occurred mainly under 7 group heads which was partly offset by savings under 12 group heads.

The reasons for excess have not been intimated (March 1975).

Excess of Rs. 3.32 crores and Rs. 5.96 crores occurred under this group head during 1971-72 and 1972-73 also.

(4)	36—Public Relations and Tourism—			
	Original .. 51,70,000	} 54,38,000	57,62,332	3,24,332
	Supplementary .. 2,68,000			

Excess occurred mainly under two group heads which was partly offset by saving under other group heads.

The reasons for excess have not been intimated (March 1975).

(5)	53—Capital Expenditure relating to Home Department—			
	Original .. 5,00,000	} 5,00,000	5,00,100	100
	Supplementary			

(6)	56—Capital Expenditure relating to Rural Development Department—			
	Original .. 2,99,40,000	} 6,17,40,000	6,17,51,187	11,187
	Supplementary .. 3,18,00,000			

(7)	59—Capital Expenditure relating to the Health Department—			
	Original	} 25,98,000	71,87,498	45,89,498
	Supplementary .. 25,98,000			

Excess occurred under three group heads which was partly offset by saving under one group head.

Excess was mainly due to adjustment of materials and equipment received under the Technical Co-operation Assistance Programme for National Malaria Eradication Programme (Rs. 31.80 lakhs) and Family Planning (Rs. 14.01 lakhs) during the previous year.

Sl. no.	Number and name of grant	Total grant Rs.	Expenditure Rs.	Excess Rs.
(8)	62—Capital Expenditure relating to the Tribal and Rural Welfare Department—			
	Original .. 2,00,000	4,56,000	14,13,702	9,57,702
	Supplementary .. 2,56,000			

Excess was mainly on account of the operation of the Personal Deposit Account (Debit) of the scheme "Purchase, sale and fair price shop scheme" (Rs. 10.93 lakhs) provision for which was not made during the year.

(b) *Charged appropriations*—The excess over charged appropriation in the following seven cases amounting to Rs. 1.14 crores also requires regularisation :—

Sl. no.	Number and name of appropriation	Total Appropriation Rs.	Expenditure Rs.	Excess Rs.
(1)	24—Irrigation—			
	Original .. 5,000	54,000	56,041	2,041
	Supplementary .. 49,000			
(2)	30—Transport Schemes—			
	Original .. 20,000	20,000	24,290	4,290
	Supplementary			
(3)	31—Forest—			
	Original .. ..	..	13,128	13,128
	Supplementary			
(4)	34—Expenditure relating to the Urban Development Department—			
	Original	16,000	77,674	61,674
	Supplementary .. 16,000			

Excess occurred under "Repairs and maintenance of external water supply and sanitary installations" for which no provision was made. The reasons for the excess have not been intimated (March 1975).

(5)	Appropriation for Reduction or Avoidance of Debt—			
	Original .. 7,06,71,000	7,13,89,000	7,13,89,219	219
	Supplementary .. 7,18,000			
(6)	Floating Debt (Repayment)—			
	Original .. 5,40,00,000	13,29,00,000	14,42,00,000	1,13,00,000
	Supplementary .. 7,89,00,000			

Excess was on account of ways and means advances obtained from the Reserve Bank of India. The reasons for the excess have not been intimated (March 1975).

Sl. no.	Name and number of appropriation	Total appropriation		Expenditure		Excess
		Rs.	Rs.	Rs.	Rs.	
(7) Other Loans (Repayment)—						
	<i>Original</i> ..	89,76,000	1,06,56,000	1,06,93,719		37,719
	<i>Supplementary</i> ..	16,80,000				

Excess occurred mainly on account of repayment of loans obtained from the National Agricultural Credit (Long term operation) Fund of the Reserve Bank of India.

2.3. *Supplementary grants/appropriations*—Supplementary provisions of Rs. 57.05 crores (14 percent of the total provision) was obtained under 52 grants (Rs. 48.57 crores) and 23 charged appropriations (Rs. 8.48 crores). The supplementary provisions were obtained in September 1973 (Rs. 2.98 crores), December 1973 (Rs. 18.98 crores) and March 1974 (Rs. 35.09 crores).

(i) *Unnecessary supplementary grants*—Supplementary grants obtained in 15 cases (exceeding Rs. 5 lakhs each) amounting to Rs. 8,00.62 lakhs remained wholly unutilised as the expenditure did not come even upto the original provision. Important cases are given below :—

Sl. no.	Number and name of grant	Original grant	Supplementary grant (In lakhs of rupees)	Expenditure	Saving	Percentage
(1)	23—Public Health ..	7,47.88	72.23	5,26.76	2,93.35	36
Out of the supplementary provision of Rs. 72.23 lakhs, Rs. 32.29 lakhs were surrendered on the 30th March 1974. The saving was due to less requirement of funds for the scheme for financial assistance for self-employment of unemployed medical graduates (Rs. 27.61 lakhs) and non-operation of the scheme for the establishment of co-operative dispensaries in the State (Rs. 4.68 lakhs) as the doctors who were expected to set up dispensaries did not set them up.						
(2)	37—Agriculture ..	9,18.05	29.09	7,46.64	2,00.50	21
Of the supplementary provision of Rs. 29.09 lakhs, Rs. 29.00 lakhs was obtained in December 1973 for epidemic plant protection measures in the areas effected by natural calamities, of which Rs. 17.45 lakhs were surrendered on the 31st March 1974 ; the reasons for the saving have not been intimated (March 1975).						
(3)	43—Multipurpose River, Irrigation and Electricity Schemes	31,01.13	3,32.08	24,29.75	10,03.46	29

Out of the supplementary provision of Rs. 3,32.01 lakhs obtained in December 1973 for the execution of medium irrigation schemes Rs. 127.08 lakhs remained unutilised. Of these, saving of Rs. 45.00 lakhs was due to non-availability of building materials ; the reasons for the balance saving of Rs. 82.08 lakhs have not been intimated (March 1975).

(ii) *Supplementary grants which proved excessive*—In 15 cases supplementary grants (exceeding Rs. 5 lakhs each) proved excessive ; against supplementary provision of Rs. 31,37.54 lakhs, there was a saving of Rs. 7,48.61 lakhs under these grants. Important cases are analysed below :—

Sl. no.	Number and name of grant	Original grant	Supplementary grant	Expenditure	Saving	Percentage
(In lakhs of rupees)						
(1)	11—Expenditure relating to the Education Department	33,66.92	2,68.85	33,78.49	2,57.28	7

Saving of Rs. 1,06.60 lakhs out of the supplementary provision occurred mainly under (i) construction of class rooms in primary schools and supply of teaching equipment (Rs. 39.00 lakhs), (ii) grants to local bodies for primary education (Rs. 20.48 lakhs), (iii) opening of new secondary schools (Rs. 16.59 lakhs), (iv) relief of natural calamities, remission of tuition and examination fees, repairs of educational buildings damaged by floods (Rs. 17.46 lakhs), (v) direct grants to non-Government secondary schools for boys (Rs. 9.16 lakhs) and (vi) grants to Indian primary schools (Rs. 3.91 lakhs). The reasons for the saving have not been intimated (March 1975).

(2)	16—District Administration and other expenditure relating to the Revenue Department	4,02.85	2,90.48	6,54.64	38.69	6
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Rupees 1,34.91 lakhs proved surplus to the requirement owing to less expenditure on (i) transportation of goods in connection with relief works (Rs. 94.00 lakhs), (ii) repair of houses damaged by flood (Rs. 21.51 lakhs) and (iii) test relief works (Rs. 19.40 lakhs) ; reasons for the saving have not been intimated. The saving was partly offset by excesses under other group heads.

(3)	24—Irrigation ..	15,04.95	6,69.25	21,22.07	52.13	2
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Out of the supplementary provision of Rs. 3,03.49 crores, obtained in March 1974 for repairs of damages caused to embankment, canals and other flood protective works, Rs. 60.75 lakhs remained unutilised. Besides, Rs. 48.85 lakhs out of Rs. 2,07.98 lakhs obtained in March 1974 for adjustment of interest charges of Hirakud Dam Project Stages I and II, remained unutilised. The reasons for the savings have not been intimated (March 1975). The saving was partly offset by excesses under other group heads.

(4)	24-A—Lift Irrigation ..	1,08.79	41.96	1,38.02	12.73	8
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The supplementary grant of Rs. 14.58 lakhs obtained for the scheme for intensification of groundwater survey and investigation in September 1973 proved surplus due to reduction in the Central allocation (Rs. 6.58 lakhs) and transfer of the scheme to Orissa Lift Irrigation Corporation (Rs. 8.00 lakhs).

(5)	45—Government Trading Schemes	7,00.00	13,00.76	17,82.94	2,17.82	11
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The shortfall was mainly due to less procurement of rice and paddy under the departmentally operated Grain Purchase Scheme.

Reference may please be made to Appendix VI for details of all cases where supplementary provision exceeding Rs. 5 lakhs was obtained and the final saving in grants was Rs. 1 lakh and more.

2.4. *Unutilised provision*—(i) Rupees 39·87 crores remained unutilised in 59 grants (Rs. 38·27 crores) and 24 appropriations (Rs. 1·60 crores).

(ii) In 29 grants and 4 appropriations, total savings (more than Rs. 1 lakh in each case) were more than 10 per cent of the total provision. Details of these grants and appropriations are given in Appendix VII.

2.5. *Savings under major schemes*—Some of the major schemes and other cases where provision remained wholly or substantially unutilised are shown below :—

Sl. no.	Grant no.	Group-head/Scheme	Provision	Saving	Percentage
			(In lakhs of rupees)		
(1)	5	Local Development Works—			
		(i) Drought prone area programme	1,29·38	58·13	45

The scheme is intended to provide adequate employment in the chronically drought affected areas of Kalahandi and Phulbani and to create community assets in selected rural areas.

The saving was due to reduction in Central allocation.

(ii)	Crash Scheme for rural employment	1,83·00	33·58	18
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The scheme was intended to generate additional employment through a network of labour intensive rural projects to provide employment. The saving was due to reduction in Central allocation.

(iii)	Special nutrition programme	2,11·70	74·55	35
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The scheme was intended for undertaking special nutrition feeding programme for children up to 5 years in tribal development blocks and urban slum areas. The saving was due to reduction in Central allocation.

(2) 11 (a) Government Arts Colleges—

	Provision for library equipment, furniture, etc., for the schemes assisted by University Grants Commission	16·57	16·23	98
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The reasons for the savings have not been intimated (March 1975).

(b)	Direct grants to non-Government Secondary schools for promotion of Hindi teaching	39·08	16·63	43
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The reasons for the savings have not been intimated (March 1975).

(c)	General—Miscellaneous — Grants-in-aid to Orissa State Bureau of Text Book Preparation and Production	20·00	16·00	80
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The reasons for the saving have not been intimated (March 1975).

(3)	13 Transfer to the Zamindari Abolition Fund	75·00	50·00	67
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Payments of compensation are initially accounted for under the Service head and are finally debited to the Zamindari Abolition Fund through this group head. Saving was due to less transfer to the Fund during the year, reasons for which have not been intimated (March 1975).

Sl. no.	Grant no.	Group-head/Scheme	Provision (In lakhs of rupees)	Saving	Percentage
(4)	23	(i) Rural Family Welfare Planning Centre	2,05.14	99.31	48

The group head was intended to accommodate expenditure on establishment and other expenditure on rural family planning scheme and construction of family planning sub-centre buildings in rural areas. The reasons for the saving have not been intimated (March 1975).

		(ii) Compensation for sterilisation operation	94.50	73.77	78
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The scheme is intended for payment of compensation and motivational charges for family planning operations. The reasons for the savings have not been intimated (March 1975).

		(iii) Purchase of Vehicles	57.00	57.00	100
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The group head was intended to accommodate expenditure on cost of vehicles for rural family welfare centres. The reasons for the saving have not been intimated (March 1975).

(5)	31	(i) Grants from proceeds of Kendu leaves	1,41.00	99.93	71
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Fifty per cent of the profits from Kendu leaf trade is paid as grants to local bodies for development works; such payments are recorded under this head. The reasons for less payment during the year have not been intimated (March 1975).

		(ii) Conservancy and Works—Kendu leaves	1,61.21	42.40	26
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The group head accommodates expenditure on Kendu leaves trade. Smaller expenditure was mainly on field establishment (Rs. 32.70 lakhs) and was due to transfer of the Kendu leaves trade to the capital account.

(6)	34	Accelerated Rural Water Supply Programme	1,20.83	39.36	33
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The scheme was intended for supply of drinking water in drought affected areas. The saving was due to reduction of allocation by Government of India.

(7)	42	Payment of compensation to land holders, etc., on the Abolition of Zamindari System-Compensations	79.23	64.66	82
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The group head accommodates transactions pertaining to payment of compensations to land holders under the Orissa Estate Abolition Act, 1951.

Saving occurred mainly due to non-finalisation of claims of some major estates in the districts of Sundargarh, Ganjam, Balangir and Cuttack owing to legal and technical handicaps.

Sl. no.	Grant no.	Group-head/Scheme	Provision	Saving	Percentage
(In lakhs of rupees)					
(8)	43	(i) Bhimkund Irrigation Project—Flood Control Scheme	2,06.72	1,97.39	96

The scheme accommodates expenditure on flood control works of the Project. Saving was due to non-receipt of Central assistance owing to non-sanction of the Project as anticipated at the budget stage.

		(ii) Rengali Irrigation project—Flood Control Scheme—Works	4,28.23	3,13.78	73
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The scheme accommodates expenditure on flood control works of the Project. Saving was due to less receipt of Central assistance than anticipated at the budget stage and vacancies.

		(iii) Balimela Dam (Joint) Project—Dam and Appurtenant Works—Works	5,51.12	1,88.72	34
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The group-head accommodates expenditure on the Balimela Dam Project. Saving of Rs. 79.08 lakhs was mainly due to slow progress of work and post-budget decision to reduce the Plan outlay. Reasons for the balance saving of Rs. 1,09.64 lakhs have not been intimated (March 1975).

		(iv) Delta Irrigation Scheme—Works	3,18.47	1,43.58	45
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The scheme is intended for establishing a network of canals in the Delta areas of the Mahanadi. The saving was due to post-budget decision to reduce the Plan outlay and due to less requirement of funds than anticipated.

(9)	44	Loans to Orissa State Co-operative Bank and Land Development Bank	1,00.00	1,00.00	100
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The scheme was intended for providing loans to co-operative institutions based on the assistance received from the Government of India. The non-utilisation of the provision was due to non-sanction of short-term loan by the Government of India.

(10)	47	Municipal Water Supply and Drainage Schemes	1,51.01	32.55	22
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The scheme is intended for supplying drinking water and providing drainage in Urban areas. The saving was mainly due to revision of the Plan ceiling and non-finalisation of Choudwar water supply scheme.

(11)	54	Trading in Kendu leaves—Suspense (Personal Deposits) Debit	9,60.00	9,57.48	100
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The group-head accommodates transactions on trading in Kendu leaves under Government Trading Scheme. The reasons for the savings have not been intimated (March 1975).

Sl. no.	Grant no.	Group-head/Scheme	Provision	Saving	Percentage
(In lakhs of rupees)					
(12)	55	(a) Share capital contribution to Co-operative Institutions	1,20'00	80'62	67

The group head is intended to accommodate expenditure on share capital contribution to Co-operative institutions for encouraging co-operative development in the State.

Saving was due to non-release of funds by the Reserve Bank of India.

(b) Share capital contribution to Apex Marketing Societies	30'00	15'00	50
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Saving was due to less sanction of share capital by Government to Apex marketing societies.

(13)	60	Buildings—Public Works—Education	90'46	62'59	69
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The group head was intended to accommodate expenditure on execution of buildings in different colleges approved by the University Grants Commission. The saving was due to non-receipt of full assistance from the University Grants Commission during the year.

2.6. *Advances from the Contingency Fund*—The *Corpus* of the Orissa Contingency Fund (established under the Orissa Contingency Fund Act 1967) at the commencement of the year 1973-74 was Rs. 2 crores.

In all 104 sanctions were issued by Government during 1973-74 involving advance of Rs. 3,50'50 lakhs from the Contingency Fund.

The important points arising out of the operation of the Contingency Fund during the year are mentioned below :—

(i) Out of Rs. 3,50'50 lakhs sanctioned from the Contingency Fund only Rs. 2,51'75 lakhs were drawn and availed of during the year. Some instances wherein amounts sanctioned were considerably in excess of actual requirements are given below :—

Head of Account	Amount of advance		Month of sanction	Month of Drawal
	Sanctioned	Drawn		
	Rs.	Rs.		
(1) Grant no. 37—64— Famine Relief	7,84,500	7,07,423	April, 1973	October, 1973 to March, 1974
(2) Grant no. 5—64— Famine Relief	8,00,000	3,67,742	May, 1973	March, 1974
(3) Grant no. 23—64— Famine Relief	2,40,000	31,855	June, 1973	March, 1974
(4) Grant no. 43—98— Capital outlay, etc.	2,52,900	1,67,728	June, 1973	March, 1974
(5) Grant no. 5—39— Miscellaneous Social and Developmental Organisations	2,45,800	87	July, 1973	March, 1974
(6) Grant no. 1—18— Parliament, etc.	20,00,000	2,93,244	February, 1974	March, 1974

(ii) Although advances from the Contingency Fund are intended to be sanctioned for expenditure of emergent nature it was noticed in eighteen cases the sums were not immediately required as the withdrawals from the Contingency Fund were made four to ten months after the sanction of the advances. Five of these cases have been mentioned in sub-para (i) above and thirteen more are given below :—

Head of Account	Amount of advance Rs.	Date of sanction	Date of drawal
(1) Grant No. 55-96- Capital outlay, etc.	1,02,000	May, 1973	October, 1973
(2) Grant No. 39-53-Ports and Pilotage	7,000	May, 1973	March, 1974
(3) Grant No. 16-71- Miscellaneous ..	5,00,000	May, 1973	March, 1974
(4) Grant No. 16-64-Famine Relief ..	5,00,000	May, 1973	March, 1974
(5) Grant No. 16-71-Miscellaneous ..	5,00,000	June, 1973	March, 1974
(6) Grant No. 16-64-Famine Relief ..	10,00,000	June, 1973	February, 1974
(7) Grant No. 16-64-Famine Relief ..	1,00,000	July, 1973	March, 1974
(8) Grant No. 16-64-Famine Relief ..	1,60,000	July, 1973	March, 1974
(9) Grant No. 42-Payment of compensation for abolition of Zamindari system, etc.—Q. Loans and Advances	8,00,000	July, 1973	March, 1974
(10) Grant No. 16-64-Famine Relief ..	6,50,000	August, 1973	March, 1974
(11) Grant No. 48-96-Capital outlay, etc.	15,00,000	September, 1973	March, 1974
(12) Grant No. 55-96-Capital outlay, etc.	10,00,000	September, 1973	March, 1974
(13) Grant No. 16-64-Famine Relief ..	12,50,000	November, 1973	March, 1974

SECTION B

2.7. Control over works expenditure—Letter of credit system—

2.7.1. The Public Works accounting procedure envisages drawal of funds by the Divisional Officers by means of cheques for works expenditure and submission of bills to treasuries for establishment expenditure. It also envisages adjustments through certain suspense and remittance heads. In the past, due to operation of various means open to Divisional Officers to draw funds, the expenditure on public works tended to exceed the budget grants. With a view, therefore, to controlling the public works expenditure and limiting it to the funds available, a system of issuing letter of credit was introduced in the State with effect from April, 1968. A letter of credit is the Divisional Officer's authority to draw and the Treasury Officer/State Bank of India's authority to cash cheques limited to the amount specified in the letter of credit; the system of letter of credit is not applicable to the amounts that may be drawn directly on presentation of bills at the Treasury.

2.7.2. According to the prescribed procedure the Finance Department fixes the annual and periodical limits upto which letters of credit may be issued by the Chief Engineers; the limits are determined on the basis of the proportionate amount of the budget grants reduced by amounts set apart for book adjustments, keeping in view at the same time the ways and means position of the Government. Separate limits are also fixed by the Finance Department for settlement of transactions relating to cash settlement suspense for which also payment is required to be made by cheques by the divisions receiving the debits. Within such limits the Chief Engineers issue letters of credit in favour of Divisional Officers on the basis of requisitions received from them and at times on their own, for payments to contractors, etc. This system is applicable to all the Engineering Departments of the Government (Irrigation, Roads and Buildings, Public Health, Electricity Departments and Rural Engineering Organisation) with the exception of a few projects, viz., Balimela Dam Project, the Aero-Engine Project and the Salandi Project.

2.7.3. The following table shows the amounts for which letters of credit were issued and the actual expenditure incurred under various heads :—

	1971-72	1972-73	1973-74
	(In lakhs of rupees)		
1. Total amount of budget grant ..	38,06.05	45,04.55	51,55.23
2. (i) Expenditure booked against the final heads	41,54.54	51,80.19	57,85.64
(ii) Net expenditure booked under suspense and remittance heads—			
(a) Transfer Divisional ..	(—)82.83	..	(—)10.70
(b) Cash Settlement Suspense Account	(—)15.82	(—)0.02	(—)21.10
(c) Items adjustable by Public Works Division	2,61.67	56.95	3,05.31
(iii) Total of (i) and (ii) ..	43,17.56	52,37.12	60,59.15
3. Total amount fixed by the Finance Department for issue of the letters of credit	25,30.85 (A)	31,11.25 (B)	30,76.00 (C)
4. Amount of letters of credit issued by the Chief Engineer	26,97.92 (D)	33,10.87 (D)	34,83.85 (D)
5. Net expenditure incurred in excess of the budget grant	5,11.51	7,32.57	9,03.92

(A) Excludes 280 lakhs for deposit works.

(B) Excludes 299 lakhs for deposit works.

(C) Excludes 441 lakhs for deposit works.

(D) Includes fund for deposit works, the exact amount not worked out separately.

NOTE—The figures given above relate to the Roads and Buildings (including projects), the Public Health and the Rural Engineering Organisation. They do not include the value of works done for which payment is due but not made to the contractors.

During the period of three years, the expenditure incurred by various departments concerned with Public Works was Rs. 1,56,13.83 lakhs, the excess over the budget grants (Rs. 21,48.00 lakhs) representing 16 per cent of the grants.

2.7.4. As stated earlier, the letters of credit are issued periodically by the Finance Department keeping in view the ways and means position of the Government. Strictly, therefore, no expenditure should be incurred during any period in excess of the amount for which the letters of credit have been issued for that period. The following table shows the value of letters of credit issued by the Finance Department during the last two months, February and March, of the years 1972-73 and 1973-74 and the amount distributed by the Chief Engineers and the amounts for which cheques were drawn by the Executive Engineers concerned.

Department	Amount released by Government	Amount released by the Chief Engineers	Amount of cheques drawn
	1972-73 1973-74	1972-73 1973-74	1972-73 1973-74
(In lakhs of rupees)			
Works and Transport—	292	406	586
(Chief Engineer, Roads and Buildings)	316	431	470
Rural Development—	288	327	391
(Chief Engineer, Rural Engineering Organisation)	302	307	527
Irrigation and Power—	332	369	413
(Chief Engineer, Irrigation)	450	497	516
Urban Development—	118	128	137
(Chief Engineer, Public Health)	130	123	140

The foregoing table would indicate that during the last two months of each year the Chief Engineers issued letters of credit in favour of the Executive Engineers in excess of the amounts for which they were authorised by the Finance Department and the Divisional Officers in their turn issued cheques in excess of the amounts for which they had received authority.

2.7.5. During the period from 1968-69 to 1973-74, special letters of credit for Rs. 4,07.78 lakhs were issued by the Government for the clearance of items outstanding under suspense heads. Of these Rs. 1,73.61 lakhs were utilised for that purpose; the department-wise details are given below :—

Department	Year	Amount of special letters of credit	Actual utilisation	Balance not utilised
(In lakhs of rupees)				
Works and Transport—				
(Chief Engineer, Roads and Buildings)	1969-70	60.00	42.20	17.80
	1970-71	40.00	23.25	16.75
	1971-72	40.00	3.23	36.77

Department	Year	Amount of special letters of credit	Actual Utilisation	Balance not utilised
(In lakhs of rupees)				
Irrigation and Power—				
(Chief Engineer, Irrigation)	.. 1969-70	75.78	14.20	61.58
	1970-71	77.00	10.10	66.90
Urban Development—				
(Chief Engineer, Public Health)	.. 1969-70	30.00	25.18	4.82
	1970-71	20.00	19.58	0.42
Rural Development—				
(Chief Engineer, Rural Engineering Organisation)	1969-70	40.00	33.45	6.55
	1971-72	25.00	2.42	22.58
Total	..	4,07.78	1,73.61	2,34.17

2.7.6. The position of the balances outstanding under various suspense and remittance heads is discussed below :—

(i) *Public Works Remittance—Items adjustable by Public Works*—It was decided that with a view to carrying out book adjustments in respect of debits for the supplies obtained through Director General, Supplies and Disposals, the value of orders placed through the Director General, Supplies and Disposal should be deducted from the total amount of grants while fixing the limits of the letters of credit.

The following table shows the amounts deducted from the grants for this purpose and the value of debits actually received :—

Year	Amount deducted from the total allotment	Value of materials actually received
(In lakhs of rupees)		
Roads and Buildings—		
1970-71	.. 1,00.00	1,04.79
1972-73	.. 1,00.00	2,64.78
1973-74	.. 2,00.00	3,39.86
Rural Engineering Organisation—		
1971-72	.. 15.00	70.52
1972-73	.. 15.00	70.20
1973-74	.. 50.00	90.83
Public Health—		
1970-71	.. 5.49	10.36
1972-73	.. 55.00	96.83
1973-74	.. 50.00	68.05
National Highway—		
1972-73	.. 50.00	1,06.09
1973-74	.. 20.00	1,69.24

From the foregoing table it would appear that the amounts required for book adjustments on account of supplies received through Director General Supplies and Disposal were not assessed properly with the result the funds provided for the purpose were not adequate.

In February 1974 the Finance Department issued orders that 50 per cent of the amount outstanding under the head "III (b)—Items adjustable by Public Works" should be cleared in the accounts for 1973-74 and that monthly reports of such clearance should be submitted to them by the Chief Engineer. The actual amount of the old outstandings cleared in the accounts for 1973-74 was only 17.70 per cent as shown below :—

	Amount (Rupees in lakhs)
Balance as on the 1st April 1973	.. 10,49.80
Addition during the year	.. 8,50.64
Clearance during the year	.. 5,27.17 (includes old balance of Rs. 185.92 lakhs)
Balance as on the 31st March 1974	.. 13,73.27

No report was sent by any of the Chief Engineers to the Finance Department.

(ii) *Inter-divisional transfers* :— (a) *Transfer Divisional*—The operation of remittance head "Transfer Divisional" for effecting adjustment of inter-divisional transfers for the materials supplied/services rendered has been replaced by a system of settlement in cash through the suspense head "Cash Settlement Suspense" from the 1st April 1965 and restricted to the clearance of outstanding debits under the head as at the end of March 1965. A balance of Rs. 5,07.49 lakhs was outstanding under this head as on the 1st April 1968 when the letter of credit system was introduced. During the course of 6 years ending March 1974 the clearance under the head has been to the extent of Rs. 1,44.15 lakhs only leaving a balance of Rs. 3,63.34 lakhs. The Finance Department ordered in February 1974 that at least 50 per cent of the outstandings should be cleared during the year 1973-74 *i. e.*, Rs. 1,82.56 lakhs out of Rs. 3,65.12 lakhs at the end of March 1973. The actual clearance made during 1973-74 is only Rs. 9.63 lakhs.

(b) *Cash Settlement Suspense Account*—The suspense head was introduced from the 1st April 1965 for settlement of the inter-divisional transactions by cheques/bank drafts. In view of increased accumulation of balances under the head, it was decided by the Government that with effect from April 1968, no Divisional Officer shall transfer any stock or render any service to another division without receipt of payment in advance and this head should not be operated upon for the purpose.

Despite the above decision the operation of this suspense head in the divisional accounts was not altogether stopped; the fresh debits afforded under this during subsequent years were as follows :—

Year	Amount (Rupees in lakhs)
1968-69	.. 2,31.00
1969-70	.. 62.41
1970-71	.. 80.37
1971-72	.. 22.28
1972-73	.. 13.56
1973-74	.. 20.41
Total	.. 4,30.03

The amount pending settlement on the 31st March 1974 was Rs. 4,90.00 lakhs. The bulk of the outstanding items are pending adjustment due to non-verification of the receipt of materials by the responding divisions and due to non-utilisation by Divisional Officers of letters of credits released for the purpose. With lapse of time the settlement of very old items is likely to become difficult.

(iii) The materials purchased or received for use in the divisions on credit are initially taken into account by credit to a suspense head "Purchases" pending payment for the supplies, either in cash or by book adjustments as the case may be. Balances under the head "purchases" represent undischarged liabilities of the Government and their clearance will require provision of funds. The following table shows that the balance under this head has been growing from year to year :—

Name of Wing	Closing balance at the end of				
	1969-70	1970-71	1971-72	1972-73	1973-74
	(In lakhs of rupees)				
Works and Transport—Chief Engineer, Roads and Buildings (50—Public Works)	4,69.25	5,16.22	6,27.95	8,13.92	8,18.90
Rural Development—Chief Engineer, Rural Engineering Organisation (50—Public Works)	..	..	..	47.96	61.93
Irrigation and Power—Chief Engineer, Irrigation (44—Irrigation, etc.)	22.35	15.01	3.54	18.31	41.69
Additional Chief Engineer, Balimela (98—Capital outlay, etc.) Joint Project	3,01.60	3,29.00	3,18.81	3,19.07	3,19.07
Power Project ..	44.78	74.35	75.01	89.93	56.25
Total ..	8,37.98	9,34.58	10,25.31	12,89.19	12,97.84

2.8. *Delay in refund of undisbursed balance*—The Third Supplementary demand of Government for Rs. 35,08.90 lakhs was voted on the 28th March 1974. On the 29th March 1974 the Government issued orders that in order to avoid lapse of budget grants, all treasuries/sub-treasuries should remain open and function as non-banking treasuries/sub-treasuries on Sunday, the 31st March 1974, and draw assessed requirement of funds from the State Bank of India on the 30th March 1974 to disburse bills presented in the late hours of 30th March 1974 (on Saturday, bank transactions are closed by 12:00 hours) and on the 31st March 1974 (Sunday).

The total amount drawn on the 30th March 1974 by various treasuries/sub-treasuries under these orders was Rs. 7,09.10 lakhs. As against this, the amount disbursed was Rs. 1,42.17 lakh. The receipts of various treasuries on the 31st March 1974 being Rs. 3.57 lakhs, the resultant cash balance with the treasuries was Rs. 5,70.50 lakhs. Of this balance, Rs. 1,45.00 lakhs were refunded to the State Bank of India on the 2nd April 1974, the next working day, and the remaining Rs. 4,25.50 lakhs were refunded on different dates upto the 16th April 1974.

The Government accounts for the year 1973-74 closed with a *minus* balance of Rs. 20,12.36 lakhs in the books of the Reserve Bank ; this could have been reduced to the extent of Rs. 5,70.50 lakhs but for the drawal of funds in excess of actual requirements.

Treasury bills of the face value of Rs. 10,82.75 lakhs were sold by the Reserve Bank between the 8th April 1974 and the 13th April 1974 at a discount of Rs. 10.71 lakhs to meet ways and means requirements of the Government ; the proportionate amount of the discount relating to the amount drawn in excess and not refunded in time was Rs. 3.25 lakhs.

The matter was reported to the Government in January 1975; the Government stated (May 1975) that the Treasury Officers were not in a position to assess the actual amount of cash required for disbursement on 31st March 1974 and attributed the delay in refund of unspent balance to the concerned branches of the State Bank of India being slow in receiving the cash after proper counting every day.

2.9. *Drawal of funds in advance of requirements*—The financial rules of the Government lay down that no money shall be drawn from treasury unless it is required for immediate disbursement and prohibit the drawal of money to prevent the lapse of budget grants. In the following cases amounts totalling Rs. 74.03 lakhs were drawn from treasury by the controlling officers although there was no possibility of immediate disbursement :—

Amount (In lakhs of rupees)	Remarks
INDUSTRIES DEPARTMENT	
(i) 58.00	Drawn for investment in Orissa Tyres Ltd., an undertaking, the creation of which was under the consideration of the Government. The amount remained undisbursed upto February, 1975.
(ii) 10.50	Drawn for payment to the Orissa Small Industries Corporation for the execution of Development Area Project at Bhubaneswar. The amount was not disbursed upto February, 1975.
(iii) 1.00	Drawn for purchase of shares in the Film Industries Corporation of Orissa Ltd.. The amount remains undisbursed as the Corporation has not yet been constituted (February, 1975).
(iv) 4.53	Drawn for various purposes <i>viz.</i> , (a) the preparation of the project profiles and the feasibility reports of industries at Rourkella, Kansabahal, Talcher and Paradeep (Rs. 0.62 lakh), (b) the construction of the approach roads at Bhubaneswar (Rs. 0.40 lakh), (c) repairs to the Industrial Estates (Rs. 0.83 lakh), (d) rent subsidy to the educated unemployed (Rs. 1.94 lakhs) and (e) construction of the Industrial Estate for the educated unemployed (Rs. 0.74 lakh). Out of these, Rs. 0.62 lakh and Rs. 1.94 lakhs drawn for items (a) and (d) have been disbursed (Rs. 2.36 lakhs in October, 1974 and Rs. 0.20 lakh in February, 1975). The balance of Rs. 1.97 lakhs is yet to be disbursed (February, 1975).

The amounts were drawn by the Director of Industries on the 30th March 1974. Rupees 68.50 lakhs covered by items (i) and (ii) were placed in the "Revenue Deposits" on the very date of drawal and have not so far been spent (February 1975). Out of the balance of Rs. 5.53 lakhs, Rs. 2.97 lakhs are still held in the cash chest of the Director of Industries (February 1975).

The matter was reported to the Government in October 1974 ; their reply is awaited (February 1975).

2.10. *Expenditure without allotment*—According to the rules no charges should be debited to the suspense head "Miscellaneous Public Works Advances" on the ground of absence or insufficiency of sanction or appropriation.

In six Rural Engineering Divisions Rs. 1.34 lakhs during 1972-73 and Rs. 14.66 lakhs during 1973-74 were spent on investigation, construction and maintenance and repair of different minor irrigation projects and debited to "Miscellaneous Public Works Advances" in March 1973 and March 1974 respectively on the ground of absence/insufficiency of allotment. The amounts booked in March 1973 were fully withdrawn from "Miscellaneous Public Works Advances" during 1973-74 and out of Rs. 14.66 lakhs booked under this head in March 1974, Rs. 11.79 lakhs were withdrawn during 1974-75 and adjusted against the final heads. The remaining amount of Rs. 2.87 lakhs booked in March 1974 by two Rural Engineering Divisions is still (February 1975) outstanding under "Miscellaneous Public Works Advances" pending regularisation.

Some particulars of these transactions are given in the following table :—

Name of the Division	Number of Minor Irrigation Projects involved			Amounts booked under "Miscellaneous Public Works Advances" Month	Amountt with- drawn/month	Balance out- standing at the end of February 1975
	Investi- gation	Construc- tion	Repair			
(1)	(2)	(3)	(4)	(5)	(6)	(7)
						(Rs. in lakhs)
Rural Engineering Division, Puri	..	1	..	Rs. 2.47 lakhs March 1973 and March 1974	Rs. 2.47 lakhs December 1973 and June 1974	Nil
Rural Engineering Division, Keonjhar	..	4	1	Rs. 4.94 lakhs March 1973 and March 1974 (S)	Rs. 4.94 lakhs March 1974 (S) and September 1974.	Nil
Rural Engineering Division, Balasore	..	3	..	Rs. 1.70 lakhs March 1974 (S)	..	1.70
Minor Irrigation Division, Baripada	..	6	..	Rs. 5.12 lakhs March 1974 (S)	Rs. 5.12 lakhs May 1974	Nil
Rural Engineering Division, Khurda	..	3	46	Rs. 1.17 lakhs March 1974	..	1.17
Rural Engineering Division, Kalahandi	..	3	1	Rs. 0.60 lakh March 1974 (S)	Rs. 0.60 lakh July 1974	Nil
Total	..			Rs. 16.00 lakhs	Rs. 13.13 lakhs	Rs. 2.87 lakhs.

(S) Supplementary Accounts for March

CHAPTER 3

CIVIL DEPARTMENTS

SECTION A

AGRICULTURE AND CO-OPERATION DEPARTMENT

3.1. *Distribution of Chemical Fertilisers—*

3.1.1. *Introductory*—The State Government undertook in 1944-45 a scheme for the distribution of chemical fertilisers at reasonable prices with the object of popularising their use. The procurement and distribution of fertilisers were done departmentally up to 1945-46. In 1946-47 the Government appointed a private company (Company 'A') as their agent for the distribution of fertilisers procured on Government account. This agency functioned till May 1953, when the company expressed difficulty in continuing it. Another private company (Company 'B') was appointed in May 1953 as agent on the same terms. This company did not maintain and render proper accounts of the fertilisers received and distributed. Its agency was, therefore, terminated from the 1st May 1958 without the accounts being settled. A sum of Rs. 2.73 lakhs is due from the company and a civil suit has been filed for the recovery of the amount.

3.1.2. On the termination of the agency of Company 'B' the Government appointed the Orissa State Co-operative Marketing Society Limited (Apex Society) as their agent for the distribution of fertilisers from the 1st May 1958, *inter alia*, on the following conditions :—

(i) Fertilisers procured on Government account would be lifted and stored by the Society.

(ii) Depot and sub-depots as indicated by the Government would be opened for the sale of fertilisers.

(iii) For increasing the sale of fertilisers, necessary propaganda would be carried out.

(iv) Fertilisers would be sold at the rates fixed by the Government.

(v) Proper accounts of receipts, issues and stocks would be maintained and made available for inspection whenever called for ; returns showing the value of sales and stock in hand would be submitted quarterly.

(vi) Cost price of fertiliser sold would be deposited within 60 days of the sale.

(vii) For all these services (including the cost of storage and distribution) the Society would be entitled to a commission equivalent to the margin between the sale price as may be fixed by the Government from time to time and the cost price of fertilisers.

The agency arrangement was intended to be operated through the net work of primary and regional co-operative marketing societies.

3.1.3. During 1968 the working of the agency arrangement was reviewed by the Government. It was found that the system of distribution of fertilisers through the co-operatives had not been efficient due to lack of experience on the part of the co-operatives, inadequate number of depots and sub-depots opened for distribution, moribund condition of a number of societies and lack of a sense of involvement on their part in stepping up fertiliser consumption. It was also found that the Apex Society had accumulated large outstandings (about Rs. 5 crores in May 1968) causing heavy financial burden on the State. The Government, therefore, decided in October 1968 to bring other agencies into the field with a view to strengthening the distribution arrangements. The Government inducted manufacturer-distributors into the business from the 1st January 1969. Since then, while the Society has been continuing as the agent of the Government for distribution of a limited quantity of pool fertilisers procured on Government account, the manufacturer distributors have also been distributing fertilisers. According to the instructions of the Government issued in February 1973 the movement of stock of fertilisers from manufacturer-distributors to whole-salers and from whole-salers to retailers as well as the sale of stock to cultivators are to be intimated to the District Agricultural Officers and Block Development Officers to enable them to exercise proper control over fair distribution of fertilisers among cultivators.

3.1.4. The following table shows the value of fertilisers purchased on Government account and the sale proceeds realised through the agents :—

Agent/Period	Value	Sale proceeds realised in cash and transfers to succeeding agents	Balance outstanding
		(Rs. in lakhs)	
(i) Company 'A' 1946-47 to May 1953	50.83	50.83 (+0.39 Profits)	..
(ii) Company 'B' May 1953 to April 1958.	2,01.84	1,99.95	1.89
(iii) Orissa State Co-operative Marketing Society, Ltd. May 1958 to March 1974.	19,14.07	13,10.00	6,04.07

The following advances were also given by the Government to the Orissa State Co-operative Marketing Society, Ltd., (Apex Society) between May 1968 and March 1974 :—

	Amount (Rupees in lakhs)
For payment of purchase tax on chemical fertilisers during 1963-64 to 1967-68	38.70
For purchase of fertilisers to be supplied to the cultivators of the cyclone affected areas of the State during 1971-72	1,41.08
For purchase of fertilisers during 1972-73	.. 50.00
Total	2,29.78

Of these Rs. 2,00.40 lakhs were repaid by the Society in June 1974

As at the end of June 1974 Rs. 6,33.45 lakhs were due from the Society (Rs. 6,04.07 lakhs on account of fertilisers supplied and Rs. 29.38 lakhs on account of advances paid). Against this, the liability on this account as shown in the Society's accounts for the period ending June 1974 was Rs. 3,05.40 lakhs.

3.1.5. There is a difference of Rs. 2,96.98 lakhs between the value of fertilisers paid for as per the Government accounts and value of the quantities acknowledged by the Society as shown below :—

Period	Value of fertiliser purchased as per Government account	Value of quantities acknowledged by the Apex Society	Difference
(1)	(2)	(3)	(4)
(Rupees in lakhs)			
1958-59 to 1963-64	4,93.02	5,02.20	(-).9.18
1964-65 to 1969-70	11,98.51	11,06.40	92.11
1970-71 to 1972-73	99.23	8.75	90.48
1973-74	1,23.31	0.04	1,23.27
Total	19,14.07	16,17.39	2,96.68

In February 1972 the Government appointed a team of accounts staff drawn from the Directorate of Agriculture and the Apex Society for the reconciliation of this difference but the reconciliation has not been completed so far reportedly due to non-availability of relevant records (February 1975).

3.1.6. The purchase price of pool fertilisers is fixed by the Government of India on *f.o.r.* basis. The selling price of the fertilisers is also fixed by the Government of India with a margin ranging from Rs. 40 to Rs. 150 per tonne to cover the cost of administration and distribution. According to the arrangements subsisting with the Society, the State Government pays for the fertilisers supplied by the Government of India and the fertilisers are delivered to the Society for storage and distribution on consignment basis. The Society is required to pay back the cost price of the fertilisers after sale and retain the margin between selling price and cost price as its commission. The Government does not recover any part of the margin for its own cost of administration and interest on the financial outlay involved though the scheme is intended to be self-financing.

Although according to the agreement the Society has to pay to the Government the value at cost price of the fertilisers sold, in practice it has been paying the sale proceeds after deducting 12 to 20 per cent of the sale price as per instructions of the Registrar of Co-operative Societies (April 1967), without regard to the margins admissible.

3.1.7. According to the agreement with the Society, the Society is required to maintain stock and sale accounts in respect of fertilisers handled by it on behalf of the Government and submit returns to the Director of Agriculture

periodically showing the quantities in stock, the quantities sold, the sale proceeds realised and the amounts remitted to the Government. It was reported by the efficiency audit organisation of the Finance Department in 1969-70 that the Society had not maintained detailed accounts as required nor has it rendered the returns regularly. The returns prescribed had not been received by the Director even subsequently (February 1975).

3.1.8. No verification of the stocks with the co-operatives was done upto 1967. The verification conducted upto June 1973 disclosed a cumulative shortage of 29,568 tonnes valued at Rs. 1,60.44 lakhs (9 per cent of the value of fertilisers purchased) and damaged stocks of 1,383 tonnes valued at Rs. 10.24 lakhs. The shortages were attributed by the Registrar Co-operative Societies in June 1974 to unscientific storage by primary societies and losses in long storage, transport and rebagging. The Government have not yet (May 1975) fixed the admissible percentage of losses in storage, transit, etc.

3.1.9. As the Apex Society has not been periodically rendering the accounts of the quantities sold and in stock it has not been possible for the department to regulate the purchases on the basis of requirements. The stock accounts prepared upto 1966-67 showed heavy stocks as given below :—

Year	Opening stock	Receipts	Sales	Closing stock	Closing stock as percentage of sales
(In tonnes)					
1958-59 to 1962-63 ..	6,761	1,20,862	79,019	48,604	62
1963-64 ..	48,604	17,692	19,062	47,234	248
1964-65 ..	47,234	36,396	16,620	67,010	403
1965-66 ..	67,010	63,347	59,519	69,838	117
1966-67 ..	69,838	77,344	62,446	84,736	136

Stock accounts have not been prepared for the subsequent period so far (February 1975).

In July 1971 the Apex Society reported that the fertilisers in stock had lost their manurial content and suggested to the department an analysis of the stock and fixation of a lower price and disposal of the stock by auction on "as is where is basis" or at reduced rates. No action has been taken on this report so far (February 1975).

The Government of India increased the pool price of chemical fertilisers with effect from 1st June 1974. The value of the stocks on hand on that day was also to be enhanced accordingly. According to the report submitted by the Apex Society, it had 20,400 tonnes of fertilisers in stock as on that date (not physically verified). The original value of the fertilisers in stock was Rs. 2,46.74 lakhs. Consequent on the increase in the pool price, this value was enhanced to Rs. 3,74.83 lakhs. No debit has been raised against the Society for this enhanced value.

3.1.10. According to the agreement with the agent penal interest at 6½ per cent is leviable on the amount of sale proceeds not remitted to the Government within 60 days. No action has been taken to levy penal interest on outstanding dues.

According to reports submitted by the Registrar of Co-operative Societies the saleproceeds of fertilisers had been retained by the subordinate distribution agencies, namely, the primary and regional co-operative marketing societies and also by the Central Co-operative Bank to whom some of the societies had remitted the proceeds for deposit into the Government account. The following table shows the value of the sale proceeds in the possession of various agencies according to the reports of the Registrar of Co-operative Societies :—

Date.	Sale proceeds retained with			Total
	Primary Co-operatives	Regional Co-operatives	Central Co-operative Bank	
	(In lakhs of rupees)			
30th June 1973	6.35	73.84	60.46	1,40.65
30th June 1972	12.91	27.91	21.15	61.97
30th June 1971	15.83	26.17	..	42.00
30th June 1970	22.88	17.66	..	40.54

The Efficiency Audit Organisation of the Finance Department reported in 1970 that the Apex Society itself had misused the sale-proceeds to the extent of Rs. 76 lakhs in purchasing rock phosphate. The amount of sale proceeds outstanding with the Apex Society or its sub-ordinate agencies as on the 30th June 1974 has not been computed so far (February 1975).

3.1.11. In October 1968 the Government decided not to purchase any more fertilisers on Government account. The Government decided to terminate the agency of the Apex Society in view of the heavy outstandings due from the Society. In December 1968 the Government ordered that a Committee of Secretaries should go into the question of disposal of the stocks in possession of the Apex Society so that the distribution of fertilisers thereafter might be entrusted to private agencies. No action was taken by the department to implement the order. On the other hand, more fertiliser (total value : Rs. 4,14.55 lakhs) was entrusted to the Society subsequently (between 1968-69 and 1973-74).

3.1.12. The scheme for the distribution of fertilisers was intended to be self financing. No *proforma* accounts have, however, been drawn up so far (February 1975) in respect of the scheme and the financial results of the scheme have not been worked out. There has been no reconciliation of (a) the quantities of fertilisers paid for and the quantities received and accountable by the Society, (b) the quantities sold and the sale-proceeds remitted, (c) the quantities in stock as per accounts and the physical inventory and (d) the amounts due from the Apex Society and the liability admitted by the Society.

3.1.13. According to the accounts maintained in the office of the Accountant General, Orissa the total amount of advance drawn for the Scheme which remained unadjusted or unrefunded up to the end of March 1974 was Rs.6,35.34 lakhs. Acceptance of this balance has not been communicated by the department (May 1975).

3.1.14. An amount of Rs. 2,90.08 lakhs drawn by the Director of Agriculture and District Agriculture Officers as advance from time to time has remained unadjusted for want of detailed contingent bills, vouchers, etc., for a long period as shown below :—

Period		Amount held under objection (Rupees in lakhs)
1965-66 and earlier years	..	62.72
1966-67	..	20.29
1967-68	..	25.22
1968-69	..	83.07
1969-70	..	48.78
1972-73	..	50.00
Total	..	<u>2,90.08</u>

3.1.15. Audit by the Registrar of Co-operative Societies of the accounts of the various co-operative organisations handling the fertilisers was heavily in arrears as indicated below :—

Year from which audit is in arrear	Apex Society	Regional marketing Co-operative Societies	Primary Co-operative Societies
(Total number of societies)	.. (1)	(58)	(3,208)
Prior to 1967-68	.. ..	7	184
1967-68	.. ..	1	45
1968-69	.. ..	1	39
1969-70	.. ..	7	29
1970-71	.. 1	6	60
1971-72	.. ..	12	134
1972-73	.. ..	12	476

3.1.16. *Purchase and disposal of rock phosphate*—In view of the difficulty experienced in importing sufficient quantity of sulphur and the prevailing shortage of phosphatic fertilisers, the Government of India decided to popularise the use of powdered rock phosphate as a straight fertiliser under suitable agronomic conditions. It was estimated that the cost of rock phosphate would not exceed Rs. 200 per tonne. At the request of the State Government, the Government of India allotted to the State 19,500 tonnes of rock phosphate in

April and June 1966 against the estimated requirement of 35,000 tonnes. Under instructions of the Director of Agriculture and Food Production, the Orissa State Co-operative Marketing Society purchased 11,926 tonnes of rock phosphate at a cost of Rs. 19.19 lakhs between June and December 1966 and powdered it at a further cost of Rs. 21.99 lakhs.

The expenditure was met out of the sale proceeds of nitrogenous fertilisers retained by the Society and a loan of Rs. 27 lakhs given by the Government to the Society in August 1965 for the purpose.

The cost of powdered rock phosphate (having phosphoric acid of 8 to 10 per cent) worked out to Rs. 346 per tonne at the rail head and with the distribution cost added, the selling price became prohibitive in comparison with that of superphosphate (having phosphoric acid of 16 per cent), which was available in plenty in the market at Rs. 350 per tonne. In this context, the State Government approached (July 1966) the Government of India for a grant of Rs. 140 per tonne for subsidising the sales of rock phosphate. This was not agreed to by the Government of India. As it was found difficult to dispose of the stocks, the department purchased 4,004 tonnes at Rs. 345 per tonne from the Co-operative for supplying it to the cultivators for demonstration purposes at a subsidised rate of Rs. 100 per tonne during 1969-70 to 1973-74. Information about the actual quantity distributed is awaited from the department (March 1975). Pending disposal of stocks the net financial result of the programme has not been worked out.

According to the analysis report of the Soil Chemist, Sambalpur (January 1972), rock phosphate did not contain an appreciable quantity of residual acidity that could withstand storage for a long time. According to the Director of Agriculture and Food Production (August 1970), the powdered rock phosphate could have been disposed of long back without loss had the Orissa State Co-operative Marketing Society taken up adequate promotional measures and resorted to linking sale of the powdered rock phosphate with other types of fertilisers in greater demand as per Government instructions.

3.1.17. *Imported calcium ammonium nitrate*—The Government of India allotted to the State 15,000 tonnes of imported calcium ammonium nitrate for the quarter October—December 1970. The procurement and distribution of fertilisers from the Central pool was entrusted to agents. During 1971-72, however, 7,692 tonnes of calcium ammonium nitrate valued at Rs. 39.62 lakhs (at Rs. 515 per tonne) were lifted by the Departmental Officers on specific despatch instructions of the Director of Agriculture. According to the Director of Agriculture (August 1973) the departmental distribution was taken up under compelling conditions; the nature of the compelling conditions has not, however, been intimated to Audit. The stocks were received in heavily damaged condition and the Railway Authorities did not accept the responsibility for the damages. The Director of Agriculture preferred (September 1971) a claim of Rs. 3.53 lakhs against the Food Corporation of India (which had supplied imported Calcium ammonium nitrate) as follows :—

Zonal Manager, F. C. I. Calcutta	..	Rs. 2.52 lakhs
Sr. Deputy Manager F. C. I. Visakhapatnam	..	Rs. 1.01 lakhs
Total	..	<u>Rs. 3.53 lakhs</u>

No amount out of this has been realised from the Food Corporation of India so far (March 1975).

The stocks were distributed by the District Agriculture Officers to the wholesalers at Rs. 521 per tonne and retailers at Rs. 541 per tonne, the sale price fixed by the Government being Rs. 575 per tonne. Some of the stocks were also sold by the District Agriculture Officers to the cultivators. In the absence of complete information in the office of the Director of Agriculture regarding the sales, the stock in hand and the incidental expenditure incurred, the net financial results of the transactions could not be ascertained by Audit.

3.1.18. *Functioning of the distribution system with private parties*—The Fertiliser Control Order, 1957 required that manufacturer, distributors and dealers should maintain accounts relating to the fertiliser transactions and submit monthly reports to the registering authorities, showing the opening stocks, the receipts, the sales and the closing stock. As the parties have not been submitting the prescribed returns, the Directorate is not aware of the quantities received and distributed.

3.1.19. *Quality control of fertilisers*—A special scheme for quality control of fertilisers, which constituted an important aspect of the Fertiliser Control Order 1957, was undertaken from 1967-68. Under the scheme, five soil testing laboratories in the State were to check the quality of the samples of fertilisers drawn by the Fertiliser Inspectors from the buffer, the wholesale and the retail stocks. No norm was fixed as to the number of samples to be taken and checked in the laboratories till March 1972 when the Director of Agriculture and Food Production fixed a norm of 8,760 samples to be checked annually. The performance in this regard was as in the table given below :—

Year	No. of samples collected and analysed	No. of samples found substandard and adulterated
1969-70	.. 460	..
1970-71	.. 489	..
1971-72	.. 1,124	168
1972-73	.. 970	100
1973-74	.. 1,654	40

The number of samples checked was less than 20 per cent of the norm. The number of wholesale and retail points being more than 3,000 it is obvious that no check was done in respect of many points. The expenditure under the scheme 1967-68 to 1973-74 was Rs. 4.75 lakhs.

The matter was reported to the Government in December 1974 ; reply is awaited (May 1975).

3.2. *Loss on wheat seeds*—(a) On the 11th November 1972 the Director of Agriculture ordered diversion of 1,100 quintals of wheat seeds, procured from outside the State, from Sambalpur to Rayagada for use in the Agricultural

Districts of Rayagada, Koraput and Jeypore, without any requisition from these Districts (the Deputy Director, Koraput Range, had intimated the Director of Agriculture in October 1972 that wheat seeds required in his range had been procured locally). On the same date the Deputy Director, Koraput Range, requested the Director of Agriculture not to supply the wheat seeds to his range but to divert it elsewhere. One thousand one hundred quintals of wheat seeds despatched by the District Agriculture Officer, Sambalpur on the 18th November 1972 were received by the District Agriculture Officer, Rayagada on the 29th November 1972 by which time the sowing operations had already commenced and had even been completed in several areas. Of the quantity received, 100 quintals were distributed during that year. The remaining quantity was stored, partly in a local warehouse at Rayagada and partly in a departmental godown.

There was no issue from stock during either 1973-74 or 1974-75. The seeds are still in stock (March 1975).

It has been reported (July 1974) by the District Agriculture Officer, Rayagada that there is a shortage of 12 quintals of seeds in stock held in the departmental godown and the remaining quantity in that stock has been attacked by pests. On an enquiry by Audit from the office of the District Agriculture Officer, Rayagada in July 1974 as to how the seeds were proposed to be disposed of, it was stated by the District Agriculture Officer that the matter was under correspondence. The following table shows the expenditure incurred on the seeds in stock :—

	Amount (Rupees in lakhs)
Cost of procurement of 1,000 quintals at the rate of Rs. 165 per quintal	1.65
Transportation charges	0.31
Warehousing charges (up to March 1975)	0.13
	<hr style="width: 100%; border: 0.5px solid black;"/>
	2.09
	<hr style="width: 100%; border: 0.5px solid black;"/>

(b) In December 1973 the District Agriculture Officer, Bhawanipatna received 160 quintals of Sarbati Sonara wheat seeds from the State Farm Corporation, Suratgarh (cost Rs. 0.27 lakh) against orders placed by the Director of Agriculture and Food Production. The stocks were late for distribution for sowing during the rabi season 1973-74. The seeds on test in September 1974 were found to have lost their germination capacity. Having been treated with pesticides they were also not fit for consumption. The District Agriculture Officer, Bhawanipatna reported to the Director of Agriculture and Food Production that the seeds had been gradually deteriorating due to infestation by pests and that he was awaiting instructions for the disposal of the stock (March 1975).

The matter was reported to the Government in February 1975; their reply is awaited (May 1975).

3.3. *Loss on procurement and disposal of mung seeds*—Under a programme for intensification of rabi crops during 1972-73 the Director of Agriculture assessed the quantity (in August 1972) of Mung seeds required for procurement and distribution to cultivators at 1,500 tonnes and directed the District Agriculture Officer, Khurda (October 1972) to procure the same immediately.

Against the assessment of 1,500 tonnes, the District Agriculture Officer procured only 75 tonnes (4.27 per cent). Of this procurement, only 13.08 tonnes (17.63 per cent) were distributed as seeds.

The balance stock of 61.02 tonnes procured at a cost of Rs. 1.22 lakhs was found to be surplus. Of this, 0.28 tonne were issued in January 1973 as cattle feed to an agricultural farm in the district and 58.54 tonnes were sold in February 1973 by public auction and in the process 2.20 tonnes were accounted for as shortage in handling. The loss on the seeds procured worked out to Rs. 0.59 lakh as shown below :—

Mode of disposal	Quantity	Value at sale price fixed for seeds	Value at which disposed of	Difference loss
	(In tonnes)	(Amount in thousands of rupees)		
Issued for cattle feed	.. 0.28	0.73	0.22	0.51
Sold by Public auction	.. 58.54	1,52.20	99.52	52.68
Shortage	.. 2.20	5.72	Nil	5.72
Total	..	1,58.65	99.74	58.91

The matter was reported to the Government in February 1975; their reply is awaited (May 1975).

3.4. *Pilot project for demonstration in improved agricultural practices*—

3.4.1. On the completion of the Hirakud Dam Project in 1957, when about 6.72 lakh acres of land were brought under irrigation for the first time, the cultivators were found to have no experience of handling large volume of irrigation water and were also not conversant with modern agricultural practices for irrigated land. It was felt that similar problems were likely to arise in the area to be brought under irrigation on the completion of the Salandi Medium Irrigation Project, the construction of which was then in progress. A Centrally sponsored scheme for "demonstration in improved agricultural practices" was, therefore, launched in the year 1963-64 with the object of educating the cultivators in modern agricultural practices. Under the scheme demonstration centres were to be opened in these areas with the following programme of activities:—

- (i) introduction of new crops and demonstration of suitable cropping pattern,
- (ii) demonstration of methods of land preparation and lay out of the irrigation and the drainage channels in the cultivators' fields,
- (iii) popularising the cultivation of vegetables, fodder crops, plantation of green manures, etc.,
- (iv) demonstration of the use of fertilisers and organic manures for increased soil fertility,
- (v) demonstration of the use of improved agricultural implements and
- (vi) demonstration of plant protection measures.

3.4.2. According to the scheme, demonstrations were to be carried out in the cultivators' own fields and by the cultivators themselves under the guidance of departmental staff. The scheme provided for free supply of fertilisers, insecticides, seeds and also free use of implements and water supply. The additional production achieved by introducing the new agricultural practices was also to accrue to the owners of the fields. It was, therefore, envisaged that the fields selected for demonstration should be changed each year so that as large a number of cultivators as possible could derive the benefit therefrom.

3.4.3. There were to be 20 Pilot demonstration centres in Hirakud area and each centre was expected to cover a command area of 200 acres in a period of 5 years. As the Salandi Medium Irrigation Project had not yet been completed, it was decided to start the scheme close to and around the existing tube wells in advance in the district of Balasore which was to be served by this Project. There were to be 10 demonstration centres one for each of 10 out of 16 tube wells existing in the district. They were to cover a total command area of 100 acres in a year at about 10 acres per centre. The scheme was to be operated for a period of 5 years from 1963-64 to 1967-68. The recurring expenditure on the scheme was met upto 1965-66 from grants given by the Government of India. From 1966-67 the scheme is being financed by the State Government from their own resources.

3.4.4. The scheme was approved by the Government of India during 1963-64 and was started in August 1964. In the Hirakud area, two blocks, viz., Dungripalli and Binka were selected for the establishment of the demonstration centres. As, however, no irrigation water could be made available in the Binka block, the scheme was started only in the Dungripalli block with seven centres during the first year of operation of the scheme. In the Salandi area (Balasore District) only three centres were started in the first year (1964-65). Subsequently, thirteen more centres were opened in the Hirakud area (by 1965-66) and in the Salandi area the total number of centres was raised to ten (by 1972-73). After operation of the scheme up to December 1969, the demonstration centres of Hirakud area were shifted to the Pipli, Nimapara, Gop and Satyabadi blocks of the Delta area (Puri District).

3.4.5. The following table shows the acreage covered by the demonstration centres of Hirakud/Delta areas during the period 1965-66 to 1972-73:—

Hirakud Area	Area covered (Acres)
1965-66	4.50
1966-67	3.50
1967-68	4.50
1968-69	6.00
1969-70	6.00
Delta Area	
1970-71	2.40
1971-72	2.50
1972-73	2.40
Total ..	<hr/> 31.80 <hr/>

The total area covered during the period of 8 years was 31·80 acres against the target area of 4,000 acres in the target period of five years. Against the total area of 320 acres to be covered by each centre during the period they functioned, the average area covered was hardly 1·6 acres.

The following table shows the average area covered by each centre in the Delta area during the period 1970-71 to 1972-73:—

	Area covered by each centre		
	1970-71	1971-72	1972-73
	(Area in acres)		
Nimapara block ..	1·20	1·25	0·70
Pipli block ..	1·20	1·25	0·70
Gop block ..	..	..	0·50
Satyabadi block ..	..	..	0·50

Similar information in respect of Salandi area was not available with the department.

3.4.6. Though, as stated earlier, the land selected for demonstration under the scheme was to be changed every year so that as large a number as possible could derive the benefit therefrom, it was seen that in 42 cases out of 63 the same land of the same cultivators was selected for two or more consecutive years and the same cultivators reaped the direct benefit of free supply of seeds, fertilisers, insecticides and free use of improved agricultural implements and water-supply year after year.

3.4.7. No detailed instruction was issued as to how the centres should execute their programme and what records, if any, should be maintained for this purpose. From the records actually maintained it was seen that the centres gave more attention to the first item i.e., the introduction of new crops and demonstration of suitable cropping pattern than to any other activity.

3.4.8. Rupees 16,000 were sanctioned by the Government in September 1963 for expenditure on demonstration of the method of land preparation and proper layout of the irrigation and drainage channels. This amount was deposited with Public Works Department for preparation of plans and estimates. The work was, however, not executed.

No information was available with the Department as to the details of demonstrations carried out with regard to cultivation of vegetables, fodder crops, plantation of green manures, use of fertilisers, use of improved agricultural implements and plant protection units.

3.4.9. The following table shows the expenditure incurred on the scheme:—

		Establishment	Contingencies	Total
		Rs.	Rs.	Rs.
Hirakud area ..	..	2,61,000	1,07,000	3,68,000
Delta area ..	..	2,38,000	48,000	2,86,000
Salandi area ..	..	1,35,000	98,000	2,33,000
Total ..	..	6,34,000	2,53,000	8,87,000

Although the scheme has been in force for ~~more than~~ nearly 10 years, no review has been done as to its efficacy and as to whether the object of the scheme has been fulfilled.

The matter was reported to Government in October 1973; no reply has been received so far (May 1975).

SECTION B

POLITICAL AND SERVICES DEPARTMENT

3.5. *Estate Management in the New Capital of Orissa—*

3.5.1. *Introductory*—On the bifurcation of the erstwhile province of Bihar and Orissa, a separate province of Orissa was formed from the 1st April 1936 with the head quarters at Cuttack. In 1947 it was decided by the Government to construct a new capital at Bhubaneswar. The construction commenced in 1948 and the allotment of residential buildings was first made in 1950.

The Capital Administration Branch of the Political and Services Department performs, *interalia*, the functions of estate management of the land and buildings of the Government in the New Capital at Bhubaneswar.

3.5.2. *Master-Plan*—In 1948 the then Director of Housing in the Government of India was asked to draw up a Master Plan for the Capital. He gave a plan for three neighbourhood units and made certain other general recommendations for the eventual expansion of the township. Since then, 9 units have been constructed on the basis of layout plans proposed by the Government Architect from time to time. In 1968 a draft Master Plan was prepared by the Town Planning Organisation under Section 30 of the Orissa Town Planning and Improvement ~~Trust~~ Act, 1956.

The draft Master Plan prepared in 1968 for greater Bhubaneswar, covers an area of 52,480 acres (212 square kilometres) of which an area of 22,644 acres has so far been brought, by notification issued in January 1954, within the estate boundary for development through the Capital Administration Branch of the Government. The department stated (April 1975) that out of this area 13,071 acres had been developed. Information regarding the cost of development of the land and the extent to which the land developed had been utilised were not available. Information about the extent of land in this area owned by the Government and by private parties was also not available.

3.5.3. *Allotment of land*—Allotment is being made according to orders issued by Government from time to time in respect of individual or groups of cases. A system of leasing of land by public auction was introduced in May 1951. From 1955 allotment of land was made on the basis of applications processed according to a scheme of priorities. In November 1973 the system of allotment by lottery was introduced.

3.5.4. *Premium rates*—The upset price of Rs. 10,000 per acre initially fixed for the disposal of land by auction in May 1951 was later treated as premium in December 1953 and the same continued upto May 1972. These rates had no relevance either to the actual cost of development (Rs. 13,214 per acre) or to the market price of private land (about Rs. 30,000 per acre). Although there was considerable rise in the price of private land in Bhubaneswar (market value of private land in the neighbourhood rose over the years from about Rs. 30,000 per acre in 1947 to a minimum of Rs. 50,000 in May 1972), the premium in respect of the Government land remained unaltered at Rs. 10,000 for a period of 21 years.

The rate of premium was revised to Rs. 15,000 per acre in May 1972 and to Rs. 25,000 in June 1973. In November 1973 it was revised as follows:—

		Other than economically weaker group	Economically weaker group having an annual income of not more than Rs. 4,200
		Rs.	Rs.
Residential Plots	..	50,000	25,000
Shop Plots	..	60,000	35,000
Shop-cum-Residential Plots	..	75,000	50,000

The following table shows the areas of land allotted and the premium earned from time to time:—

		Number of acres	Rate per acre	Amount of Premium
			Rs.	(Rs. in lakhs)
Prior to May 1972	..	634	10,000	63.40
May 1972 to June 1973	..	..	15,000	..
June 1973 to November 1973	..	..	25,000	..
From November 1973	..	260	50,000	1,30.00
		3	75,000	2.25

When compared to the market price of the land sold in the neighbouring areas in 1947 (about Rs. 30,000 per acre), the amount obtained on the lease of the plots by the Government was less by about Rs. 129 lakhs.

3.5.5. *Encroachments*—The following table indicates the number of encroachments over the Government land during the years 1971-72, 1972-73 and 1973-74:—

Year		Opening balance	Cases booked	Total	Number evicted	Closing balance
1971-72	..	93	639	732	131	601
1972-73	..	601	289	890	80	810
1973-74	..	810	4,458	5,268	835	4,433

3.5.6. *Buildings-General*—At the end of Third Five Year Plan the Government had constructed the following residential and commercial buildings:—

		No. of buildings
Residential quarters of various types	..	5,276
M. L. A.s' Quarters	..	122
Bachelors' barracks	..	2
Officer's hostel	..	1
Market buildings	..	2
Shopping centres	..	7
<i>Hat</i>	..	1

3.5.7. *Residential buildings*—(i) *Construction of quarters*—The Fourth Plan provided for the construction of 2,000 quarters. The programme and the number of quarters taken up during each year of the Fourth Plan period is indicated below:—

Year		Programme	Implementation
1969-70	..	150	100
1970-71	..	200	96
1971-72	..	700	324
1972-73	..	700	642
1973-74	..	250	..
Total	..	<u>2,000</u>	<u>1,162</u>

During this period 1,085 quarters were completed including 565 carried forward from the Third Plan. At the end of the Fourth Plan period, 642 quarters taken up in 1972-73 were incomplete awaiting sanitary and electrical installations and were carried forward to the next Plan; of these 88 quarters were completed by March 1975. The total number of quarters available for allotment as at the end of March 1974 was 6,361.

During the First Five Year Plan, the target was to provide accommodation to 70 per cent of the State Government servants located in Bhubaneswar. During the Second Plan it was decided by Government to provide Government accommodation to 50 per cent of the additional number of Government servants expected to be employed in the Capital during the period. No such target was fixed during the Third Plan. In the Fourth Plan target was fixed to reach 55 per cent of the total demand.

The following table shows the classification of residences, typewise demand (irrespective of entitlement) and satisfaction provided from 1971-72 to 1973-74:—

Type	Category as per emoluments	1971-72			1972-73			1973-74		
		Demand	Availability	Percentage of satisfaction	Demand	Availability	Percentage of satisfaction	Demand	Availability	Percentage of satisfaction
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
II	Below Rs. 75 ..	2,604	1,127	43'27	3,064	1,223	39'91	3,260	1,275	39'00
IV-N	From Rs. 75—159 ..	2,833	1,346	47'51	3,195	1,414	44'25	3,430	1,498	43'68
IV	From Rs. 160—299	3,197	1,594	49'89	3,369	1,594	47'31	3,621	1,758	48'55
V	From Rs. 300—599	1,260	1,237	99'74	1,322	1,237	93'57	1,460	1,277	87'47
VI	From Rs. 600—999	318	316	99'37	344	316	91'86	406	325	80'00
VII	From Rs. 1,000—1,499	157	157	100'00	161	161	100'00	162	162	100'00
VIII	Rs. 1,500 and above	65	65	100'00	66	66	100'00	66	66	100'00
	Total ..	10,439	5,842		11,521	6,011		12,405	6,361	

The number of quarters (6,361) available at the end of March 1974 represented 51 per cent of the effective demand; it fell short of the target fixed in the Fourth Plan by 4 per cent.

(ii) *Allotment of quarters*—(a) According to the existing rules, allotment of residences to gazetted Government servants is made on applications directly received by the Estate Officer whereas allotment to non-gazetted Government servants is made on the basis of waiting list received once in two months from the respective Heads of Offices. Allotments are made on the basis of priority date of the application determined in respect of gazetted Government servants separately from that of others subject to prescribed order of preferences.

The following table shows the number of persons in the waiting list according to class of Government servants and types of quarters and the earliest date from which they are waiting:—

Type No.		Gazetted Government servants	Non-gazetted Government Servants			
			Secretariat		Other offices	
			Cl. III	Cl. IV	Cl. III	Cl. IV
VIII	..	Nil	..	..	..	..
VII	..	Nil	..	..	..	..
VI	..	81(a)	..	..	..	..
IV	}	June 1972(b)	1505(a)	..	2290(a)	..
IV-N		..	February 1956(b)	..	July 1963(b)	..
II	..	..	..	844(a)	..	1141(a)
				May 1957(b)		September 1961(b)

(a) Number of applicants.

(b) Earliest date of application.

(b) The following table shows the number of quarters occupied by persons not entitled to those type of quarters:—

Type of quarters	Number of quarters available	Number occupied by entitled persons	Number occupied by non-entitled persons	Number of persons entitled to higher type	Number of persons entitled to lower type
(1)	(2)	(3)	(4)	(5)	(6)
II and equivalent ..	1,510	1,270	240	240	..
IV-N ..	1,741	1,163	578	573	5
IV ..	2,232	1,256	976	833	143
V ..	575	360	215	209	6
VI ..	184	90	94	88	6
VII ..	82	57	25	23	2
VIII ..	37	37	..	..	..
Total ..	6,361	4,233	2,128	1,966	162

The above table shows that as many as 1,966 Government servants entitled to higher type of quarters are occupying lower type of accommodation. They constitute 31 per cent of the total number of occupants.

The following table shows the analysis of the number of quarters retained for six months and more by persons after they ceased to be entitled consequent on transfer or on quitting the service, according to period of retention as at the end of March 1974 :—

Period	Number
Six months to one year ..	70
More than one year ..	58
Total ..	128

According to rules framed in 1959, no officer who owns a house in Bhubaneswar Notified Area Council whether in his own name or in the name of his wife, parents or children is to be allotted or be allowed to remain in Government quarters unless such house has been required or taken on lease by the Government or given on lease before being posted to new Capital and he is unable for reasons beyond his control to obtain possession of the house within a reasonable time.

According to information received by the Director of Estates up to August 1974 the number of Government servants who own houses and do not fall under the exception mentioned above but are occupying Government quarters (typewise) is as follows :—

Type of quarters	VIII	VII	VI	V	IV	IV-N	II	Total
Number of quarters	2	4	10	54	166	25	11	272

The total number of quarters retained by non-entitled persons comes to 462 which is 7.26 per cent of the total number of available quarters.

The consequences of occupation or retention of Government accommodation by non-entitled persons are that while, the non-entitled persons enjoy the benefits of concessional accommodation, the entitled Government servants are denied the accommodation and have had to be paid house rent allowance. The house rent allowance paid to the Government servants who are so denied accommodation is Rs. 0.46 lakh per annum.

(iii) *Assessment of rent*—According to the Orissa Service Code (Rule 111) the rent recoverable from a Government servant, who is allotted Government accommodation being entitled thereto, is the standard rent or 10 percent of his monthly emoluments, or such lower percentage thereof as the State Government may, for any particular class of Government servants, direct, whichever is less. Municipal and other taxes payable by the Government in respect of the residences not being in the nature of house or property tax are payable extra. The standard rent may be either (1) a percentage of the capital cost equal to such rate of interest as may be fixed by the State Government plus an addition for house or property tax payable by Government and for maintenance and repairs or (2) 6 per cent per annum of the capital cost, whichever is less. The actual capital cost has not been determined in respect of any of the residential buildings so far constructed due to non-finalisation of the accounts of the works. The standard rent was, therefore, fixed from time to time commencing from the year 1950, provisionally, at six per cent of the estimated cost enhanced by an *ad hoc* addition of 5 per cent thereto for likely increase in the cost of construction. The provisional standard rent so fixed has not been finalised in any case as yet (March 1975). The adequacy of the percentage (five) added to the capital cost for likely variation between estimated and actual cost of construction has not been reviewed at any time with reference to any type of quarter constructed so far.

The rules also require that the standard rent should be revised once in every five years taking into account the cost of additions and alterations made to the buildings and the cost of construction of new buildings. This has never been done.

(iv) *Rate of return*—A sample study conducted by audit for the year 1973-74 taking into account the actual rent as per demand, interest at 5.5 percent (average borrowing rate for the year) and the cost of maintenance and repairs at 1.5 percent (the standard fixed by the Government) of the estimated capital cost disclosed that the net return from the various types of quarters was as follows :—

Type	Number of quarters selected for sample study	Estimated capital cost (In lakhs of rupees)	Rent demand (In rupees)	Interest on capital at 5.5 per cent (In rupees)	Cost of maintenance and repairs at 1.5 per cent (In rupees)	Net return (In rupees)	Percentage of return on capital
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
VIII	2	1.48	4,950	8,118	2,214	(—) 5,382	(—)3.63
VII	7	3.50	9,142	19,261	5,253	(—)15,372	(—)4.39
VI	10	3.65	8,608	20,086	5,478	(—)16,956	(—)4.64
V	22	3.88	11,492	21,318	5,814	(—)15,640	(—)4.03
IV	100	10.91	16,675	59,994	16,362	(—)59,681	(—)5.47
IV-N	84	6.17	7,354	33,924	9,252	(—)35,822	(—)5.80
II	75	5.26	3,182	28,914	7,893	(—)33,625	(—)6.39

(v) *Demand and realisation*—The following table shows the demand and realisation of the licence fee for the year 1971-72 to 1973-74 :—

Year	Opening balance	Demand for the year	Amount realised	Closing balance
	(Rupees in lakhs)			
1971-72 ..	11.00	18.00	16.42	12.58
1972-73 ..	12.58	21.64	17.45	16.77
1973-74 ..	16.77	20.42	17.06	20.13

The balance shown above represent the amounts due for recovery but not recovered as per books of the Estate Officer. On test check by Audit in September 1974 it was seen that the heavy outstanding balances were due to the following factors :—

- (i) non-return of the rent demand statement by the disbursing officer;
- (ii) non-accountal of the recoveries effected by the disbursing officer in the books of the Estate Officer although the rent demand statement had been received back from the disbursing officers;
- (iii) non-recovery of the rent dues by the disbursing officer;
- (iv) non-payment by the non-official to whom the rent demands have been issued.

3.5.8. *Government Commercial Premises* —

(a) *General*—There are three markets, eight shopping centres and one *hat* under the control of the Director of Estates.

The number of shop rooms and other commercial premises from the year 1971-72 onwards is shown below :—

	1971-72	1972-73	1973-74	December 1974
(i) Shop rooms ..	308	329	329	509
(ii) Flats ..	528	528	528	836
(iii) Open platforms (canteens, etc.)	15	15	15	15
Total ..	851	872	872	1,360
Number of markets ..	2	2	2	3
Number of shopping centres ..	7	8	8	8
Number of <i>hat</i> ..	1	1	1	1
Total ..	10	11	11	12

(b) *Non-renewal of agreements*—Under the existing rules, a person in whose favour a shop is allotted enters into a registered lease agreement and generally the lease is given for three years and renewed for a maximum period of three years. The table below shows the number of shop rooms in six shopping centres held after the expiry of the period of lease :—

Name of shopping centre	Total number of shop rooms	1971-72	1972-73	1973-74
Unit-I	27	15	12	17
Unit-II	74	35	24	40
Unit-IV	13	4	4	6
Unit-VIII	27	1	1	1
Unit-IX	27	3	2	4
Siripur	41	31	26	26
Total	209	89	69	94

Total number of leases which were not renewed at the end of 1973-74 constituted 45 percent of the total shop rooms of the market under review.

(c) *Rents*—Under rules, rent for commercial premises is payable at standard rent to be fixed by the Government. The principle for determining the standard rent have not been enunciated in the rules. In July 1958 Government issued orders specifying that the rent should be determined and recovered on the following basis—

(i) The cost of land and departmental charges for establishment tools and plant and audit and account charges shall be taken into account in computing capital cost of the building ;

(ii) Without special orders of the Government, the rent charged should not be less than the standard rent calculated in the manner prescribed for the Government servants ;

(iii) the rent should be recovered in advance and at the rate prevailing in the locality for similar accommodation owned by private persons.

As the actual capital cost of the buildings has not been determined, the standard rent has been fixed provisionally since 1954 on the basis of the estimated cost of the buildings with an addition of 5 per cent for the likely increase in the cost of construction thereof. Although all the costs and prices have risen including the cost of borrowing and the cost of maintenance and repairs substantially since then, the basis of fixing provisional standard rent adopted in 1954 has not been revised.

The following table shows the provisional standard rent fixed in respect of the halls and shop rooms in the main market building :—

Number of rooms/halls	Provisional rent
16 halls (shop-cum-residence)	Rs.644
24 tower rooms	Varying between Rs. 32 and Rs. 34
12 tower rooms	Varying between Rs. 44 and Rs. 46
22 tower rooms	Varying between Rs. 66 and Rs. 103

Initially, when the shop rooms were leased out, rent was charged at concessional rate of 50 per cent of the provisional standard rent. Full provisional standard rent is, however, being realised with effect from 1960 in respect of all the tower rooms. In the case of the halls, however, the concessional rates continued. The reasons for allowing the concessional rates continually for such a long period for the tower rooms have neither been placed on record nor has the position been reviewed at any time by the Government. The loss of revenue to the Government in these cases due to levy of rent at concessional rates from the dates of allotment to August 1974 amounted to Rs. 7.03 lakhs.

(d) *Arrears of lease fee*—The table below shows the arrears of lease fee outstanding at the end of the three years ending 1973-74 :—

Year	Opening balance	Demand	Realisation	Closing balance	Percentage of collection
		(In lakhs of rupees)			
1971-72	1.51	1.62	1.02	2.11	32.58
1972-73	2.11	0.96	0.21	1.86	6.84
1973-74	1.86	1.65	1.69	1.82	48.15

On an average annual assessed rent of the shopping centres and markets during the three years ending 1973-74 was Rs. 1.41 lakhs. The average arrears of rent at the end of each of these years were Rs. 1.93 lakhs which was about 137 per cent of the average assessed annual rent. The arrears in Unit-II Market Building, Siripur Shopping Centre, Circular Food market in Unit-I and Saheednagar Shopping Centre accounted for Rs.0.72 lakh, Rs.0.25 lakh, Rs.0.13 lakh and Rs.0.11 lakh respectively (total amount: Rs.1.21 lakhs) i.e., 66 per cent of the total outstandings of Rs.1.82 lakhs on the 31st March 1974.

(e) *Vacant premises*—The following table shows the number of shop rooms and open flats vacant at the end of each year from 1971-72 to 1973-74:—

Particulars of shopping centres	Position of vancancy at the end of		
	1971-72	1972-73	1973-74
Unit I— Rooms	6	..	..
Open flats	19	..	..
Unit VIII— Rooms	3	1	..
Open flats	19	19	19
Unit IX— Open flats	2	12	12
Vanivihar— Rooms	7	7	..
Open flats	19	19	..
Saheed Nagar— Rooms	5	5	..
Siripur— Rooms	13	13	13

During 1973-74, 26 shop rooms and 38 flats meant for commercial purposes were allotted to Government departments. According to the department, non-utilisation of these buildings for business purposes was due to their inconvenient location and defects in the planning and design of the shop rooms. The loss of revenue on this account was Rs.1.35 lakhs by end of March 1974.

(f) *Certificate cases*—Under rules, arrear dues from defaulters are recovered as a public demand under “Orissa Public Demand Recovery Act, 1962”. The table below shows the number of certificate cases instituted and amount recovered against demand during the five years ending 1973-74.

Up to	Opening balance		Cases filed		Recoveries		Closing balance	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
		Rs.		Rs.		Rs.		Rs.
1969-70 ..	16	18,508	51	44,964	..	4,500	67	58,972
1970-71 ..	67	58,972	22	21,149	..	2,010	89	78,111
1971-72 ..	89	78,111	84	53,347	3	2,531	170	1,28,927
1972-73 ..	170	1,28,927	21	1,48,932	2	3,361	189	2,74,498
1973-74 ..	189	2,74,498	12	31,612	3	14,184	198	2,91,926

Of the total outstanding of Rs.2.92 lakhs at the end of 1973-74 relating to 198 cases, Rs.1.10 lakhs (38 per cent) related to 175 lessees of commercial premises and Rs.1.32 lakhs (45 per cent) related to a club.

3.5.9. *Hat premises*—Prior to 1962 the *hat* premises were given to private parties by public auction. From 1962 tollage is being realised direct by the department. The rates of tollage, first prescribed in 1962, were revised in 1971 in respect of use of premises only; the rates of tollage on loaded conveyances carrying goods to *hat* have not so far been revised (March 1975).

The following table presents a comparison between receipt from tollage and expenditure for collection before and after revision of rates of tollage:-

	Actuals		Yearly average	
	Collection	Expenditure	Collection	Expenditure
(Rupees in lakhs)				
Before revision				
(March 1962 to December 1970)	6.16	1.57	0.68	0.17
After revision				
(January 1971 to March 1974)	4.63	1.29	1.54	0.43

The average increase in annual receipts after revision of rates was Rs.0.86 lakh while increase in expenditure on collection was Rs.0.26 lakhs.

3.5.10. *Maintenance of records*—

(a) Register of buildings maintained in the Estate Office does not contain requisite particulars as to the date of handing over of the building by the Construction Division after completion, the date of allotment and reallotment etc.

(b) Rent Ledgers do not exhibit upto-date particulars regarding date of occupation, vacation, present pay, etc.

(c) Regular receipt of occupancy statements is not ensured from the Heads of Offices,

(d) The counterfoils of toll receipts are not thoroughly checked with reference to daily collection sheet and cash book through a system of internal audit.

(e) A system of verification of chalans towards deposit of premium for lease of land with the initial records of treasury is not in vogue.

(f) A manual of procedure for estate management with a view to regulating the system of working in different sections under the Director of Estates has not so far been prescribed.

SECTION C

OTHER DEPARTMENTS

INDUSTRIES DEPARTMENT

3.6. *Rural Industries Project--*

3.6.1. During the Third Five Year Plan the Government of India sanctioned 45 rural industries projects for the various States of which two were allocated to Orissa in 1962-63. The object of these projects was intensive development of small industries in selected rural areas for evolving effective techniques, methods and programmes, which could be later extended to other areas with large incidence of unemployment. The primary object of these projects was to develop industries (including village industries) based on agriculture and other resources available in the rural areas and to develop non-agricultural occupations. Special guidelines were issued for the selection of the sites for the location of the industries. The industries to be developed were to be determined on a careful survey of the needs, resources and possibilities of the area and the personnel selected for the implementation of the programme were to be properly trained.

The funds required for the establishment of the industries were to be found partly from the Plan provision of the State and partly from the resources available with all India Boards like the Khadi and Village Industries Commission, the All India Handicrafts Board, etc. In addition, it was envisaged that loans and credits could be obtained from financial and co-operative credit institutions and also from the State Government under the State Aid to Industries Act.

3.6.2. The State Government selected in August 1962 Jajpur and Barpali areas of Cuttack and Sambalpur Districts for the establishment of the projects. A Project Committee, comprising local leaders and officials and a project Officer were appointed in September 1962 for the execution of each project. A high level Advisory Committee headed by the Chief Minister was also constituted (September 1962).

A preliminary survey of the industrial potential was conducted by a survey team headed by the Survey and Planning Officer between February and June 1963 and it was decided by the Government in July 1963 to establish 34 industrial units (including 20 rice hullers) in the selected areas (15 units in Jajpur area and 19 units in Barpali area). The first unit commenced production

in April 1964. Besides, financial assistance was given by the Government during the year 1963-64 to 1972-73 to a bucket manufacturing unit which had been taken up under Panchayat Industries Programme. In addition, the Barpali Village Service Centre, which was engaged in manufacturing cement products like Barpali latrines, well rings, etc., was taken over from the "American Friends Service Committee". A centre for training boys and girls in golden grass handicrafts was also established by the Government in January 1967 under the scheme.

3.6.3. Up to the end of 1972-73 the Government spent Rs. 82.86 lakhs on the projects which were financed partly from loans (Rs. 58.24 lakhs) and partly from grants (Rs. 25.70 lakhs) from the Government of India. The loans from Government of India carried interest at $5\frac{1}{2}$ per cent per annum.

The management of 20 rice hullers (investment : Rs. 3.05 lakhs) established under the scheme was transferred (between 1964-65 and 1966-67) to the concerned *gram panchayats*. The expenditure incurred on the establishment of the rice hullers was treated in the Government books as loan to the *gram panchayats*. No loan bonds have, however, been executed so far (March 1975). The *gram panchayats* were in default in the payment of interest on the loans to the extent of Rs. 2.07 lakhs up to the end of March 1974. The hullers in Barpali area were reported (June 1973) by the Project Officer to be working with no profit no loss but those in Jajpur area were reported not to be working as they were out of order.

The management of the remaining 14 industrial units was entrusted after their installation (between December 1963 and March 1966) to industrial co-operatives. Rupees 47.63 lakhs were spent on these units prior to the transfer of management (Rs. 16.83 lakhs on lands and buildings, Rs. 13.17 lakhs on plant and machinery and Rs. 17.63 lakhs on working capital). On transfer, only Rs. 24.36 lakhs have been treated as loans to the co-operatives. The assets in the form of lands and buildings (value : Rs. 16.83 lakhs) remain the property of the Government even after the transfer of management. Rupees 6.44 lakhs spent during 1963-64 and 1964-65 on plant and machinery (Rs. 5.22 lakhs), and issue of working capital (Rs. 1.22 lakhs) have not been treated as loans to the Co-operatives so far (February 1975).

3.6.4. On a review of the programme by Audit in May 1974 the following points came to notice:

(1) The following units on the establishment of which work started from 1963-64 have not yet gone into production—

Name of the unit	Year of commencement of work	Amount of investment (Rupees in lakhs)
Rice mill at Katia	.. 1964-65	4.03
Hume pipe factory at Sathipur	.. 1964-65	2.81
Crystal sugar unit at Krishna nagar	.. 1963-64	4.73
Total	..	<hr/> 11.57 <hr/>

(2) The following table shows the financial results of the other units as per accounts available :—

Industrial units	Year of commencement of production	Year up to which accounts available	Total capital employed at the end of the year for which accounts are available	Grants and subsidies paid by Government	Cumulative financial results	
					After subsidy Profit (+) Loss (-)	Before subsidy Profit (+) Loss (-)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(Rs. in lakhs)						
JAJPUR AREA						
Carpentry-cum-saw mill unit at Jajpur	May 1964	1968-69	2.26	0.13	(+)0.13	Nil
Carpentry-cum-saw mill unit at Binjharpur	April 1964	1967-68	1.30	0.07	(-)0.17	(-)0.24
Carpentry-cum-blacksmithy unit at Bainisira	January 1965	1966-67	1.32	0.04	(+)0.02	(-)0.02
Smithy unit at Jajpur	September 1968	1969-70	1.33	0.12	(-)0.08	(-)0.04
Rice huller-cum-oil expeller at Jajpur	May 1967	1972-73	3.38	0.46	(-)0.25	(-)0.71
Umbrella assembly unit at Panikoili	July 1966	1967-68	2.68	0.06	(+)0.20	(+)0.14
BARPALI AREA						
Oil expeller-cum-rice huller at Sohella	November 1965	1972-73	4.62	0.96	(-)0.24	(-)1.20
Oil expeller-cum-rice huller at Bijepur	November 1966	1972-73	3.72	0.82	(-)0.84	(-)1.66
Oil expeller-cum-rice huller at Bhedan	November 1966	1972-73	3.10	0.57	(-)0.50	(-)1.07
Bucket manufacture unit at Barpali	February 1965	1972-73	3.74	0.67	(-)0.51	(-)1.18
Cold storage at Barpali	April 1968	1972-73	7.19	0.37	(-)1.48	(-)1.85
Total ..			34.64	4.27(a)	(-)3.56(a)	(-)7.83(a)

No *pro forma* accounts have been prepared in respect of Barpali village service centre.

(3) The losses have been attributed by the respective Panchayat Industries Officers (December 1973 to March 1974) generally to the following factors :—

- (i) paucity of funds,
- (ii) poor outturn from the labour due to lack of training and also due to non-co-operation from workers,
- (iii) mismanagement due to lack of experience in the management of industrial units,
- (iv) breakdown of machinery and want of repair facilities,
- (v) under-utilisation of capacity due to lack of raw materials or power or for want of demand for the product.

(a) These do not take into account the salary, etc., of the Managing Director provided by Government.

(4) Most of the units were working below capacity as shown below: —

Name of the unit	Rated capacity	Average rate of production	Reasons
(1)	(2)	(3)	(4)
JAJPUR			
Carpentry-cum-saw mill at Jajpur	5,760 cubic feet of wood work per year	3,736 cubic feet	Shortage of working capital and want of demand from the public.
Carpentry-cum-saw mill at Binjharpur	5,760 cubic feet	..	The production work was suspended from December 1968 to July 1972.
Carpentry-cum-B l a c k-smithy unit at Bainisira	4,800 cubic feet	4,003 cubic feet	Shortage of working capital and lack of communication facilities.
Smithy unit at Jajpur	.. 360 tonnes	39 tonnes	Short supply of raw materials
Rice huller-cum-oil expeller at Jajpur	Rice huller 18,000 quintals of paddy per year Oil expeller 3,900 quintals of seeds	1,953 quintals of paddy 2,321 quintals of seeds	For want of demand for hulling Non-procurement of required oil seeds for the whole year at the harvesting season for want of sufficient working capital.
Umbrella assembly unit at Panikotti	3,000 dozens per year	2,407 dozens per year	Shortage of working capital
BARPALI			
Oil expeller-cum-rice huller at Sohella			
Oil expeller	.. 3,600 quintals of seeds per year	4,056 quintals	..
Rice huller	.. 10,800 quintals of paddy	5,653 quintals	For want of demand for hulling
Oil expeller-cum-rice huller at Bijepur			
Oil expeller	.. 3,600 quintals	1,648 quintals	Shortage of working capital
Rice huller	.. 32,400 quintals	6,362 quintals	For want of demand for hulling
Oil expeller-cum-rice huller at Bhedan			
Oil expeller	.. 1,350 quintals	208 quintals	For want of groundnuts in the locality, lack of communication facilities.
Rice huller	.. 18,000 quintals	6,124 quintals	For want of demand for hulling
Bucket manufacturing unit at Barpali	96 tonnes of Cold rolled black plate sheets.	29 tonnes	Inadequate and irregular supply of cold rolled black plate sheets through the agents of the Orissa Small Industries Corporation.
Cold storage at Barpali	.. 8,000 quintals	1,360 quintals	Shortage of working capital

(5) In September 1969 the Government decided to close down the Binjharpur unit of carpentry-cum-saw mills in view of the losses incurred by it and to liquidate the Binjharpur Carpentry Panchayat Industries Co-operative Society which was running the unit. In January 1971, however, it was decided, on the advice of the Project Committee, to revive the unit with a fresh investment of Rs. 0.20 lakh. The unit resumed production in August 1972 but the actual production during 1972-73 was only 1,747 cubic feet of wood work against the rated capacity of 5,760 cubic feet annually. The financial results for the years from 1968-69 to 1973-74 are, however, not known.

(6) In the following cases, plant and machinery purchased for the industrial units were lying idle (March 1974) :—

Name of the unit	Value of the machines remaining idle (Rupees in lakhs)	Reasons
Carpentry-cum-saw mill unit at Binjharpur	0.24	For want of electricity and stoppage of production
Carpentry-cum-smithy unit at Bainisira ..	0.44	For want of electricity in the area
Rice mill at Katia ..	0.93	Due to stoppage of production
Hume pipe factory at Sathipur ..	1.11	Production not started
Crystal sugar unit at Krishna nagar ..	2.58	Production not started
Oil expellers at Sohella and Bijepur ..	0.14	Due to non-utilisation of power ghanis and baby oil expellers
Total ..	5.44	

(7) The following table shows the employment provided in these projects *vis-a-vis* capital labour ratio :—

Area	Population	Total capital investment in the industrial units	No. of persons employed in the industries	Employment provided for one lakh rupee investment
Jajpur ..	3.43 lakhs	13.68 lakhs	148 Nos.	11 persons
Barpali ..	2.53 lakhs	22.37 lakhs	62 Nos.	3 persons

The matter was reported to the Government in December 1974; their reply is awaited (May 1975).

TRIBAL AND RURAL WELFARE DEPARTMENT

3.7. *Colonisation scheme for tribals*—It was estimated by the Conservator of Forests around 1950 that in about 12,770 square miles i.e., about one-fifth of the land surface of the State, shifting (Podu) cultivation was being practised and nearly one million tribal people depended on this method of cultivation. The system was, however, uneconomic for the cultivators and harmful to the soil and the water regime. Consequently certain schemes were undertaken by the Government for the prevention of shifting cultivation and for rationalisation of land use. One such scheme was colonisation scheme for tribals.

The object of the colonisation scheme was to bring the tribal people who practised shifting cultivation on the hill slopes, to the plain areas of the valleys, not very remote from their original habitations, and settle them in compact colonies. The settlers of these colonies were also to be provided with amenities for settled agriculture and better living conditions. The scheme was executed through the District Administration and the Forest Department.

3.7.2. The number of colonies programmed by the Government to be constructed during the First, Second and Fourth Plan periods were 42, 90 and 4 at the estimated cost of Rs. 27.00 lakhs, Rs. 40.87 lakhs and Rs. 10.00 lakhs respectively. The number of colonies actually constructed was 45 against the First Plan provision and 59 against the Second Plan provision at a total cost of Rs. 68.68 lakhs. Two colonies taken up during the Fourth Plan are still under construction (March 1975).

Information regarding the number of families proposed to be settled during the First Plan period is not available. The number of families stated to have been actually settled was 1,448. The number of families proposed to be settled during the Second Plan and those reported to have been settled were 3,500 and 1,951 respectively.

3.7.3. Mention was made in paragraph 27(3) of the Audit Report, 1964 of incomplete and unoccupied houses under the scheme. A further review by Audit in June 1974 of the execution of the scheme disclosed the following:—

(i) According to the scheme tribal people practising shifting cultivation were to be settled in areas not far from their original habitation. Assessment made by the Conservator of Forests around 1950 disclosed the practice to be in vogue in 8 districts and the total number of tribal people practising it was about 9.34 lakhs. On implementation of the scheme, 92 colonies were established in those districts and 3,118 families (approximately 15,000 members) settled. Twelve other colonies established were in districts where shifting cultivation was not in vogue and 281 families were settled therein. The returns and reports of departmental officers disclosed that in several cases non-podu cultivators were also settled in colonies set up under the scheme.

(ii) Normally the colonies were to be set up in places with adequate irrigation facilities. Seventy-nine of the 88 colonies constructed under the District Administration, however, had no irrigation facilities and for two others the facilities were inadequate.

Five out of the 88 colonies constructed under the District Administration remained without settlement. In the remaining 83 colonies, 1,210 settlers deserted and the houses constructed by them were unoccupied (May 1975). An expenditure of Rs. 24 lakhs has been incurred on the settlement of these families.

Information regarding desertions, if any, from 16 colonies under the Forest Department was not available to Audit (May 1975).

The matter was reported to the Government in December 1974; their reply is awaited (April 1975).

EDUCATION DEPARTMENT

3. 8. *Undisbursed scholarships and stipends*—A test check of the records of the Ravenshaw College, Cuttack conducted in November 1974 disclosed that the closing cash balance representing scholarships and stipends lying undisbursed on the 31st October 1974 was Rs. 1.02 lakhs.

This included State Government scholarships (Rs. 0.45 lakh), Government of India National Scholarships (Rs. 0.16 lakh), freeships (Rs. 0.15 lakh), Scheduled Caste and Schedule Tribe stipends (Rs. 0.13 lakh), science talent scholarships (Rs. 0.03 lakh) and other scholarships from the Government of India, the University Grants Commission, Universities of other State Governments and autonomous bodies (Rs. 0.10 lakh). Yearwise breakup of the amounts was not available with the College. On a test check by Audit, it was noticed that in a few cases the amount had remained undisbursed for over fifteen years for the reason that the scholars had abandoned their studies.

The undisbursed amount in such cases should have been refunded to the treasury. As the subsidiary cash book in respect of scholarships had not been closed regularly, no watch was kept over the disposal of undisbursed balances.

The matter was brought to the notice of the Government in February 1975; their reply is awaited (May 1975).

FOREST AND ANIMAL HUSBANDRY DEPARTMENT (FISHERIES)

3.9. *Unfruitful outlay on an Ice Plant*—Mention was made in paragraph 47 of the Audit Report 1966 that equipment for an ice plant to be set up at Hirakud, purchased at a cost of Rs. 0.73 lakh in March 1962, had not been installed as the electric line had not been extended to the site. The ice cum-storage plant was installed in May 1967 at a cost of Rs. 1.49 lakhs inclusive of civil and electrical works and a liability of Rs. 0.17 lakh to be discharged after the commissioning of the equipment.

An agreement was entered into with the Orissa State Electricity Board in August 1966 for the supply of energy to the plant for a period of ten years and the laying of transmission lines and construction of a substation were completed in July 1967 at a cost of Rs. 0.22 lakh. No power was utilised in the plant. As the agreement provided for payment of Rs. 300 per month towards minimum charges, the Board was requested by the Director of Fisheries in April 1971 to cancel the agreement and dismantle the substation and transmission lines. The substation and the transmission lines were dismantled in January 1972. The amount payable to the Electricity Board on account of dismantling charges and energy charges was Rs. 0.29 lakh; of this Rs. 0.19 lakh has been paid and the balance (Rs. 0.10 lakh) is yet to be paid (February 1975).

The plant has not been commissioned so far (February 1975). In May 1974 the Director of Fisheries proposed to the Government shifting of the plant to Damodarpur in Ganjam District on the following grounds:—

- (a) a very small quantity of fish was left after local consumption for export to outside markets,
- (b) ice for even this small quantity was availed from private factories in the locality itself, and
- (c) the plant was located at an out of the way place.

The cost of proposed shifting including the cost of construction of a new building was assessed (in April 1974) by the Refrigeration Engineer Orissa State Co-operative Marketing Society, Ltd., at Rs. 2.21 lakhs. The decision of the Government on the shifting of the plant is awaited (February 1975).

Two other ice and storage plants were installed, one each at Bhawanipatna and Jeypore, in 1969 at the cost of Rs. 2.24 lakhs and Rs. 2.62 lakhs, respectively; the equipment for each unit was acquired in 1965-66 at Rs. 1.09 lakhs. The plants installed have not so far (February 1975) been commissioned. The Director of Fisheries reported to the Government in May 1974 that there was no surplus fish available after meeting the demand for local consumption and as such ice was not required. He proposed the shifting of both the units to Balugaon in Ganjam district. The cost of proposed shifting was assessed to be Rs. 2.20 lakhs. Final decision of the Government in the matter is awaited (February 1975).

The matter was reported to the Government in January 1975 ; their reply is awaited (May 1975).

3.10. *Hiring of refrigerated road vans*—Mention was made in paragraph 39 of the Audit Report 1970 of the purchase in June 1967 of three refrigerated road vans from a foreign country at a cost of Rs. 6.78 lakhs. The vans were purchased for the transportation of marine fish. Two of these vans were allotted to the Fisheries Department and the third to the Agriculture Department. Neither of these departments was able to use the vans. In January 1971 the Fisheries Department decided to hire out its two vans and invited tenders for the purpose. Only one tender was received offering hire charges of Rs. 12,000 per annum per van. The two vans were made over to the tenderer in February 1971 and March 1971 ; the contract laying down the terms and conditions of hire was executed in June 1971.

In September 1971 the Agriculture Department transferred the van lying unused with it to the Fisheries Department. This van was also let out by the Fisheries Department to another firm in April 1972 at Rs. 15,000 per annum on contract for one year.

All the vans were returned by the hirers by November 1973. The total amount of rent realised was Rs. 0.92 lakh. The rent earned did not cover even the interest (Rs. 0.94 lakh) on the investment in the vehicles for the period they were hired.

According to the terms of the contract the lessees were responsible for the proper maintenance of the vehicles including major and minor repairs, and replacement of tyres and all other spare parts. An examination of the vehicles returned by the lessee disclosed that extensive repairs and replacement estimated to cost Rs. 0.56 lakh were necessary to make the vehicles road-worthy. A claim was preferred in January 1974 on the first contractor for Rs. 0.10 lakh on account of the cost of a compressor but the amount has not been paid by him so far (September 1974) ; no claim was preferred for the remaining cost of repairs.

The vehicles are lying unused (May 1975) since their return in 1973.

The matter was reported to the Government in September 1974 ; their reply is awaited (May 1975).

HOME DEPARTMENT

3.11. *Printing of Utkal Prasanga and Orissa Review*—Mention was made in paragraph 32 of Audit Report 1964 and paragraph 52 of Audit Report 1969-70 that copies of two periodicals, "Utkal Prasanga" and "Orissa Review", published by the Government, were being printed in excess of requirements. Despite instructions issued in December 1966 by the Finance Department pursuant to observation contained in paragraph 109 of the Eleventh Report (1965-66) of the Public Accounts Committee to ensure a realistic assessment of the requirements and despite assurance given by the Government to the Committee (in August 1974) that the printing order had been brought down after December 1970, the number of unsold copies continued to be high in 1971-72 and 1973-74 as will be seen from the following.

During the years 1970-71 to 1973-74 3,73,000 copies of these periodicals were printed at a cost of Rs. 9.37 lakhs. Of these, 37,000 copies were distributed free of cost and 2,73,000 copies (printed at proportionate cost of Rs. 8.00 lakhs) were reported by the Directorate of Public Relations to have been sold. The sale value of these copies amounted to Rs. 1.11 lakhs against which Rs. 0.44 lakh only had been credited to the Government account; the department was not in possession of information regarding the disposal of the balance of Rs. 0.67 lakh (February 1975). Out of the copies printed after April 1970, 63,000 copies (cost of printing Rs. 1.37 lakhs; sale value Rs. 0.27 lakh) were lying unsold (February 1975).

The matter was reported to the Government in February 1975; their reply is awaited (May 1975).

HEALTH AND FAMILY PLANNING DEPARTMENT

3.12. *Misappropriation of cash*—In the course of audit of accounts (May 1974) of the Chief District Medical Officer, Phulbani it was noticed that the main cash book had not been written up for the period from the 20th January 1974 to the 4th February 1974. The total receipts and disbursements during the period from the 20th January 1974 to the 4th February 1974 were reported by the Chief District Medical Officer to be Rs. 0.71 lakh and Rs. 0.56 lakh, respectively. After taking into account the closing balance of Rs. 0.44 lakh on the 19th January 1974 and the receipts and disbursements for the above period, there should have been a balance of Rs. 0.59 lakh on the 5th February 1974. But the balance in the cash book opened on the 5th February 1974 was shown as *nil*. A test check of cash book for the period from November 1972 to January 1974 disclosed errors like excess and less payments, fictitious payments, double entries, etc., the cumulative effect of which was a shortage of a further amount of Rs. 0.18 lakh raising the total cash shortage to Rs. 0.77 lakh.

The cashier was placed under suspension by the Chief District Medical Officer with effect from the 11th February 1974. Rupees 0.31 lakh had been recovered by the department from him on the 16th February 1974. The remaining amount (Rs. 0.46 lakh) is yet to be recovered (April 1975).

Audit scrutiny disclosed that the following codal provisions in regard to handling of cash were not followed in the office :—

(i) All monetary transactions should be entered in the cash book as soon as they occur, and attested by the head of the office in token of check.

(ii) The cash book should be closed regularly and completely checked. The head of the office should verify the totalling of the cash book or have this done by some responsible subordinate other than writer of the cash book and initial it as correct.

(iii) At the end of each month the head of the office should verify the cash balance in the cash book.

The matter was reported to the Government in July 1974 and a detailed departmental audit was suggested. The detailed audit conducted by the Internal Audit Organisation of the Government disclosed a total misappropriation of Rs. 0.78 lakh, of which Rs. 0.47 lakh is yet to be recovered. A criminal case has been started by the police against the cashier (April 1975). Departmental proceedings have also been started (August 1974) against the drawing and disbursing officer of the office.

GENERAL

3.13. *Misappropriations, losses, etc.*—Cases of misappropriations, losses, etc., of Government money reported to Audit up to the end of March 1974 and on which final action was pending at the end of September 1974 were as follows :—

	Number	Amount (In lakhs of rupees)
Cases outstanding at the end of September 1973 ..	840	68.94
Cases reported during October 1973 to March 1974 ..	225	22.44
Cases disposed of till September 1974 ..	82	2.40
Cases outstanding at the end of September 1974 ..	<u>983</u>	<u>88.98</u>

Departmentwise and yearwise analysis of outstanding cases are given in Appendix VIII. Number and amounts of cases pending finalisation for over three years are stated below :—

	Number	Amount (In lakhs of rupees)
(i) Over five years (1948-49 to 1968-69) ..	433	44.50
(ii) Between three years and five years (1969-70 and 1970-71)	211	13.10
(iii) Up to three years ..	339	31.38
Total ..	<u>983</u>	<u>88.98</u>

The reasons for which the cases were outstanding are:—

	Number	Amount (Rupees in lakhs)
(i) Awaiting departmental and criminal investigation	270	28.17
(ii) Departmental action having been started has not been finalised	401	41.77
(iii) Departmental proceedings having been finalised recovery is in progress	63	4.31
(iv) Criminal proceedings having been finalised execution/certificate cases for recovery of the amount are pending	41	4.24
(v) Awaiting orders for recovery or write-off ..	151	4.22
(vi) Pending in courts of law ..	57	6.27
Total ..	<u>983</u>	<u>88.98</u>

CHAPTER 4

WORKS EXPENDITURE

SECTION A

IRRIGATION AND POWER DEPARTMENT

MAHANADI DELTA IRRIGATION PROJECT

4.1.1. *Introductory*—The Mahanadi, the main river of Orissa with catchment area of 1.42 lakh square kilometres (0.65 lakh square kilometres in Orissa), has vast potential for irrigation, navigation and generation of electricity.

4.1.2. The first attempt at management of the Mahanadi's resources was made during the last century when Sir Arthur Cotton formulated the principles of irrigation for the Mahanadi valley. In the wake of the Famine of 1866 the construction of two weirs (one at Jobra on the Mahanadi and the other at Jagatpur on the Birupa, a branch of Mahanadi) and four principal canals (Taladanda canal starting from Jobra weir and Kendrapara, Pattamundai and High Level Range I canals starting from Jagatpur weir) was undertaken by the East India Irrigation and Canal Company. The works were subsequently taken over by the Government of India in 1869, and were completed in 1883.

4.1.3. A major development which came many years later, was in 1947 when the construction of a dam at Hirakud across the Mahanadi was undertaken. The dam was completed in 1957. The dam helped to tap the water for irrigation in Sambalpur, Balangir and Cuttack Districts and for generation of electricity at Hirakud. The more fertile delta region in Puri District, however, still remained largely unirrigated and also exposed to recurrent floods. The Mahanadi Delta Irrigation Project was, therefore, drawn up by a Committee, (known as Mazumdar Committee) appointed by the Government of India in 1952. The object of the project was to strengthen the flood control measures, improve the existing canal system and construct a new canal system in Puri District.

The project was for completion in two stages as follows :—

Stage-I—Remodelling of the existing Mahanadi and Birupa Anicuts by replacement of dwarf shutters with tall shutters and renovation of the existing canals with a view to providing irrigation to an additional area of 3.41 lakh acres.

Stage-II—Erection of a diversion weir across the Mahanadi at Mundali and construction of a main canal on the right of Mundali weir with seven branch canals with a view to providing irrigation to an area of 5.36 lakh acres.

The project also envisaged simultaneous execution of flood protection works consisting of an embankment on the right bank of the Kathjuri, a tributary of the Mahanadi, and closing of escapes and spills of the Mahanadi river system at various places.

II. Project Estimates—

4.1.4. The original estimated cost of the project (estimate prepared in 1953-54 and sanctioned by the Government in 1957) was Rs. 14.92 crores. This was revised to Rs. 34.34 crores in 1963 and to Rs. 68.38 crores in 1969 by the Chief Engineer. The second revised estimate also provided for allocation of a portion of the cost of construction of Hirakud Dam Project (Rs. 18.77 crores) to this project for purposes of calculating the financial return of the project. With this addition the gross estimated cost of the project was placed at Rs. 87.15 crores.

4.1.5. The first revised estimate was approved by the State Government in September 1968 but awaits technical clearance of the Central Water and Power Commission (May 1975). The second revised estimate has not yet been approved by the State Government as the detailed project report showing the various works to be executed and the estimates of the various components of the works has not been prepared so far (July 1975).

4.1.6. In the meantime the Additional Chief Engineer, Irrigation has reported to Government (August 1974) that in view of further increase in the cost of materials and wages since the second revised estimate was prepared it is necessary to revise the estimate for the third time. He has also submitted to Government (August 1974) the following alternative proposals in that regard :—

The third revised estimate should be prepared on the basis of current schedule of rates incorporating the following new provisions :—

- (i) construction of gravity channels and sluices in stage-I,
- (ii) providing saline embankment for protecting the ayacut for the kharif irrigation in the tail end of the distribution system of Stages-I and II,
- (iii) lining of the main canals and the sandy reaches of the distributaries, the minors and the extra head regulators etc.,
- (iv) providing more road bridges, jeepable roads, etc.

or

The following areas originally proposed to be irrigated should be excluded in order to restrict the expenditure to the amount of the second revised estimate :—

- (i) Chitrotpala—Mahanadi area,
- (ii) Brahmagiri area,
- (iii) Fringe area in Kushabhadra-Bhargavi Doab and Puri Balia-ghai area,
- (iv) Fringe area of the Devi-Kushabhadra Doab around Kadua basin.

These proposals are under consideration of the Government (July 1975).

4.1.7. The following table shows the estimated cost of the project according to sub-heads as revised from time to time :—

Sub-heads	Original Estimate		1st Revised Estimate		2nd Revised Estimate	
	Stage I	Stage II	Stage I	Stage II	Stage I	Stage II
	(In lakhs of rupees)					
Head Works	50'80	3,56'18	73'10	5,52'36	1,00'12	7,41'93
Main Canals and Branches	77'57	3,62'39	1,77'58	10,71'70	6,75'79	17,32'31
Distributaries and Minors	1,87'25	2,21'27	4,01'09	5,96'40	8,10'77	14,79'15
Drainage and Protective Works	71'57	72'89	1,03'11	2,77'06	2,09'05	5,16'92
Water courses	91'93	71'40	..	..	..	..
Special Tools and Plant	2'54	17'81	4'23	1,60'00	4'73	3,79'76
Less depreciation	-2'29	-16'03	..	-1,44'00	..	-3,63'76
Net Special Tools and Plant	0'25	1'78	4'23	16'00	4'73	16'00
Losses on stock	0'50	0'50	0'50	0'50	0'70	0'50
Unforeseen	2'00	2'00	..	..	0'50	..
Total—Works	4,81'87	10,88'41	7,59'61	25,14'02	18,01'66	44,86'81
Establishment	6'43	36'85	19'58	63'94	1,32'62	3,13'98
Tools and Plant	4'82	10'88	0'72	25'14	14'19	39'46
Receipts and Recoveries on Capital Account	-91'93	-71'40	-0'62	-8'10	-1'12	-43'00
Total—Direct charges	4,01'19	10,64'74	7,79'29	25,95'00	19,47'35	47,97'25
<i>Indirect Charges—</i>						
(i) Capitalisation of abatement of land revenue	4'46	6'20	8'76	18'09	12'92	18'09
(ii) Audit charges	4'82	10'88	7'60	25'14	18'02	44'44
Total Indirect charges	9'28	17'08	16'36	43'23	30'94	62'53
Total Direct and indirect charges	4,10'47	10,81'82	7,95'65	26,38'23	19,78'29	48,59'78
	14,92'29		34,33'88		68,38'07	

4. 1. 8. The increase in the first revised estimate over the original estimate was 130 per cent and in the second revised estimate the increase over the first revised estimate was 99 per cent and that over the original estimate 358 per cent.

4.1.9. The increase in cost of the first revised estimate was attributed by the Chief Engineer (November 1973) to the following :—

	(Rupees in crores)
(i) Increase in the compensation for land	2.90
(ii) Increase due to new provisions	6.30
(iii) Increase due to change in design and increase in the rates of labour and cost of materials	8.90
(iv) Increase in the establishment charges	0.40
(v) Increase in the tools and plant charges	0.10
(vi) Increase in the indirect charges	0.33
(vii) Miscellaneous	0.49
	19.42

The increase in cost of the second revised estimate was attributed by Chief Engineer (September 1969) to increase in the cost of labour and materials and the following factors :—

(i) inclusion of new doab viz., the Mahanadi Chitrotpala Doab for providing irrigation to 70,557 acres (Rs. 6.07 crores),

(ii) increase in the rates of compensation for land (Rs. 4.12 crores),

(iii) increase in the cost of special tools and plant (Rs. 4.20 crores),

(iv) increase in the quantities and the cost of earth works due to irregular execution of the canal embankments and subsequent change in the slopes,

(v) increase in the cost of establishment due to prolongation of work (Rs. 3.63 crores),

(vi) higher tendered rates for burrowing earth due to non-acquisition of land for burrowing earth.

4.1.10. In the course of review by Audit during November 1973 to January 1974 it appeared that the increase in cost could also be attributed to the following :—

(a) Uneconomic execution of certain components of the project due to inadequate preliminary investigation and surveys and other reasons. This is illustrated in Section VI below.

(b) Delay in the execution of work due to delay in finalising the designs and estimates and in acquiring the land. The project which was originally expected to be completed in five years has not been completed even after expiry of seventeen years (July 1975). During this period, there was considerable increase in the cost of labour and materials. According to the proceedings of the meeting of departmental officers held in February 1969 to review

the progress of the project, the delay in acquisition of land affected the work schedule which could not progress in continuous and sequential order. This is dealt with further in paragraph 4.1.16.

(c) *Increase in the cost of establishment*—The following table shows the expenditure incurred up to March 1974 on establishment and works :—

	Original Estimate	Revised Estimate I	Revised Estimate II	Actual
	(Figure in lakhs)			
Works cost	15,70.28	32,73.63	62,88.47	39,93.80
Establishment cost	43.28	83.52	4,46.60	3,81.19

According to the original estimate the cost of the establishment was to be 2.74 per cent of the total estimated cost of the project. This went up to 7.09 per cent in the second revised estimate. In actual execution the expenditure on establishment works out to 9.54 per cent of the works cost up to March 1974. The increase in the cost of establishment was due to delay in the execution of work, creation of more divisions than originally envisaged and upward revision of pay and allowances of the employees.

(d) *Increase in the cost of special tools and plants*—The estimated cost of tools and plants and special tools and plants went up from Rs. 20 lakhs in the original estimate to Rs. 384 lakhs in the second revised estimate. The increase in the estimated cost of special tools and plants was attributed by the Chief Engineer (September 1969) to rise in the cost of machinery and to employment of larger capacity pumps for dewatering than those originally envisaged.

4.1.11. According to the original estimate the project was expected to yield a return of 7.94 per cent on the capital outlay in the tenth year (1973-74) after completion. Consequent upon the revision of the estimate of cost and reduction of the water rates, the estimated financial return from the project was reduced in the second revised estimate to 0.47 per cent in the tenth year after completion (1983-84). In estimating this return it was assumed that a betterment levy would be imposed in the command area of the project. Necessary legislation for the betterment levy has not so far been enacted (March 1975). Besides, in calculating the estimated return the interest on capital outlay was taken at 3.75 per cent. The rates of interest have gone up to 5.75 per cent in 1972-73 and 6.25 per cent in 1974-75. These factors will further reduce the return from the project.

4.1.12. The cost benefit ratio was not worked out in the original estimate. In the second revised estimate it was stated that the cost benefit ratio of the project would be 3.42 but in working out this ratio the cost of field channels was not taken into account. In execution of the project, there were wide variations in costs as well as realisation of benefits; the actual ratio is yet to be worked out.

III. Project Execution—

4.1.13. According to the original estimate the project was to be completed within five years. One more year was allowed for residual work, disposal of plant and machinery and closure of accounts. In the first revised estimate

the project was extended to ten years and in the second revised estimate to 16 years (up to 1973-74). According to the draft Fifth Five Year Plan the project is to be completed by the third year of the Fifth Plan period except certain items.

4.1.14. The survey and investigation in respect of the Project commenced in 1955. Preliminary arrangements such as collection of materials, etc., for the execution of the project started in 1957. The following table shows the subsequent progress of work up to the 31st March 1974 :—

Programme of work under various sub-heads	Date of commencement	Estimated cost—Second Revised Estimate	Expenditure to end of 1973-74	Progress of work to end of 1973-74
(Rupees in lakhs)				
STAGE I				
(a) Head works—Remodelling of Mahanadi and Birupa Anicuts	1959	1,00.12	68.66	In progress
(b) Main canals and branches—Remodelling of the existing canals viz., Taladanda, Machagaon, Kendrapara, Pattamundai, High Level Canal Range-I	1958	6,75.79	2,02.10	In progress
(c) Distributaries and minors—Distributaries and minors of Taladanda and Machagaon Canal—514 miles, distributaries and minors of High Level canal Range I, Pattamundai, Kendrapara and Gobri—784 miles	1958	8,10.77	4,32.75	In progress
(d) Flood protective works	1959	2,09.05	1,44.25	In progress
STAGE II				
(a) Head works—Construction of weir and lock chamber at Mundali	1958	7,41.93	5,87.45	In progress
(b) Main canals and Branches	1958	17,32.31	12,07.25	In progress
(c) Distributaries and Minors	1964	14,79.15	9,56.11	In progress
(d) Flood protective works	1959	5,16.92	2,07.69	In progress

4.1.15. The nature of the work to be done and the progress achieved is briefly indicated below—

A. STAGE-I—

(I) Head Works—

(a) Remodelling of weirs: Mahanadi—

This work consisted of—

- (i) raising the height of crest shutters by two feet;
- (ii) providing solid concrete apron with a cut-out wall;
- (iii) putting cement concrete blocks downstream over rubble packing to withstand increased hydrostatic head created by installation of higher shutters;
- (iv) replacement of plank shutters by screw type shutters;
- (v) remodelling of scouring sluices and upstream aprons; and
- (vi) providing power plough for lifting crest shutters.

The object of the work was to increase the storage capacity of the reservoir so that larger quantity of water could be discharged into the canal system.

Of the items included in the work items (i) and (ii) are reported to have been completed fully and item (iii) partially; the other items have not been taken up (March 1975).

(b) Remodelling of weirs: Birupa—

This work consisted of—

- (i) reconstruction of the body wall;
- (ii) raising the height of the crest shutters;
- (iii) construction of a concrete apron;
- (iv) remodelling of the scouring sluice;
- (v) replacement of plank shutters by screw shutters;
- (vi) providing power plough for lifting the shutters.

The object of the work was to increase the storage capacity of the reservoir so as to let larger quantity of water through the canal system.

Items (i), (ii) and (iii) are stated to have been completed; the other items have not been taken up yet (March 1975).

II. Main Canals—Remodelling of Canals—

This consisted of—

- (i) increasing the length of Taladanda Canal taking off from the Mahanadi weir, by 3 miles with an increased bed width for a distance of 55 miles;

(ii) increasing the length of Machgaon canal taking off from the Taladanda canal, by four miles with increased bed width for a total distance of 36 miles;

(iii) remodelling of Kendrapara, Pattamundai, Gobri and High Level Range Canals by raising and strengthening their banks for a distance of 168 miles.

The object of these works was to enable the system to carry larger volume of water to longer distances and larger areas.

In these works earth-work is reported to have been completed except in the case of Taladanda canal at the head reach. The remodelling of the head reach of Taladanada canal has not been taken up yet (February 1975). The progress in the construction of structures such as regulators, cross drainage works, etc., is indicated below:—

Structure		Targeted number	Completed number
Regulators	..	700	309
Falls	..	161	23
Cross Drainage Works	..	688	303
Bridges	..	709	327
Escapes	..	23	13
Outlets	..	7,752	3,168

III. Distribution system—It was originally envisaged that under the project irrigation would be provided to the following new areas—

(i) Birupa-Genguti Island (culturable command area : 17,157 acres)

(ii) Devi-Biluakhai Island (culturable command area : 7,000 acres)

(iii) Chitrotpala-Nuna Island (culturable command area : 30,053 acres)

During execution, item(i) was dropped and another area between Chitrotpala and Mahanadi (culturable command area:70,557 acres) was substituted in its place. It was also decided to provide irrigation to Debi-Biluakhai Island by lift system drawing water directly from the river instead of the flow system. This latter scheme was carried over to Stage II.

Thus the new areas finally decided to be brought under irrigation in Stage-I were the doabs between Chitrotpala and Nuna and Chitrotpala and Mahanadi. The progress of execution of these works is as follows:—

The area between Chitrotpala and Nuna—The proposal to extend irrigation to this doab envisaged (i) the construction of a syphon on the Nuna so as to draw water from the Kendrapara canal, (ii) the construction of marginal embankments along the Nuna right and the Chitrotpala left and (iii) the construction of a distributary system comprising several outlets and structures.

Of these item (i) has been completed; of item (iii) out of a total length of 73 miles for which minors and sub-minors were to be constructed 48 miles have been completed and of 316 structures, 104 have been constructed, 7 are in progress and the balance 205 structures are yet to be taken up (February 1975). Item (ii) the construction of marginal embankment is in progress (February 1975).

The area between Chitrotpala and Mahanadi—The proposal to provide irrigation to this island comprises the following works:—

- (i) construction of a syphon across Chitrotpala at Raghampur,
- (ii) construction of an embankment around the island and
- (iii) construction of a distributary system.

Of these, item (ii) only was taken up in 1971-72. The total length of embankment to be constructed was 82 miles of which 43 miles were already in existence and required raising and strengthening; a new embankment was to be constructed for 39 miles. Out of this, the raising and strengthening of embankment has been completed for a length of 19.5 miles and the construction of the new embankment completed for a length of 17.5 miles (March 1974).

Apart from the new areas to be irrigated, the project also envisaged extension of the irrigation facilities within the existing canal system to an additional acreage of 2.40 lakhs. This involved extension and remodelling of the distributaries and minors to the extent of 1,298 miles. Of these, work has been completed in respect of 249 miles (March 1974).

Structures—The number of structures to be built and the number actually built are indicated below:—

Structures		Target	Completed
Regulators	..	550	214
Falls	..	100	25
Cross drainage works	..	421	79
Bridges	..	320	38
Escapes	..	1	Nil
Outlets	..	11,000	6,700

B. STAGE II

I-Head works—(a) *Construction of a weir across the Mahanadi at Mundali*—The work was taken up in 1958-59 with the object of diverting 6,000 cusecs of water for providing irrigation to an additional area of 5.36 lakh acres. The construction was completed in 1965-66.

(b) *Construction of a lock channel with a double locking system for boat traffic through the river around the weir*—The construction of lock channel taken up in 1961 was completed in 1963. The construction of upstream lock chamber has also been completed but the construction of the down stream lock chamber has not been completed yet (February 1975).

II. Main canals and Branches—The project envisaged construction of a main canal known as Puri Main canal for a length of 26 miles with seven branches for a total length of 221 miles.

The construction of main canal including the construction of three syphons across the rivers Kuakhai, Khushabhadra and Bhargabi through which it passes, was taken up in 1958-59 and was completed in 1970-71.

The progress in the excavation of branch canals as at the end of March 1974 is as follows:—

Branch Canal	Total length (In miles)	Length completed (In miles)
Kakatpur	.. 50.5	49.3
Gop	.. 38.5	38.5
Nimapara	.. 32.3	31.6
Chandanpur	.. 21.6	21.6
Kanas	.. 27.7	27.7
Sakhigopal	.. 27.2	27.2
Daya West	.. 23.6	15.3
Total	.. 221.4	211.2

III. Distributaries—Minors and Sub-Minors—It was originally contemplated to provide irrigation to the areas between Devi and Kushabhadra, Kushabhadra and Bhargavi, Bhargavi and Daya and West of Daya under Stage II of the project. During execution three new areas were added to areas between Devi and Kandal, Devi and Tanla and Devi and Biluakhai. The distributary system finally adopted under this stage was as follows:—

Territorial limitations	Connected canals system	Areas to be irrigated
1. Doab between Devi and Kushabhadra	} Kakatpur and Gop Branch Canals	1,73,577 acres
Doab between Devi and Tanla		9,500 acres
Doab between Devi and Kandal		13,591 acres
2. Doab between Kushabhadra and Bhargavi river	Nimapara and Chandanpur Branch Canal	1,62,156 acres
3. Doab between Bhargavi and Daya	.. Sakhigopal and Kanas Branch Canal	1,15,190 acres
4. West of Daya	.. Daya West Branch Canal	38,762 acres
5. Doab between Biluakhai and Devi	.. Lift distributary drawing water directly from one river	7,000 acres
Total	..	5,19,776 acres

According to the project estimates distributaries and minors and sub-minors were to be constructed for a total length of 1,559 miles against which construction is stated to have been completed for 1,119 miles as shown below:—

Distribution system	Total mileage	Mileage completed
(i) Distribution system of Kakatpur and Gop Branch Canal (Kathjuri-Khushabhadra Doabs)	656	445
(ii) Distribution system of Nimapara-Chandanpur Branch Canal (Kushabhadra-Bhargavi Doab)	327	260
(iii) Distribution system of Sakhigopal and Kanas Branch Canals (Bhargavi Daya Doab)	425	329
(iv) Distribution system of Daya West Branch Canal ..	151	85
Total	1,559	1,119

The project estimates also envisaged construction of a total number 10,786 structures against which 4,889 structures have been completed as shown below:—

	Target	Completed
Regulators ..	790	592
Falls ..	301	229
Cross Drainage Works ..	877	391
Culverts } ..	1,307	483
Bridges }		
Escapes ..	32	21
Outlets ..	7,479	3,173
Total ..	10,786	4,889

C. Flood protective works—The original project report envisaged complete protection from flood in the Delta region by (i) providing embankments on the right side of Kathjuri, and (ii) closing flood escapes and spills of the Mahanadi river system. In the second revised estimate this programme was modified and it was decided to keep the escapes and spills open and to provide suitable internal drainage system for quick disposal of the spill water to the sea. These changes became necessary because it had originally been assumed that the Hirakud dam would provide adequate flood protection without taking into account the run-off from intermediate catchments below the Hirakud dam. According to the original proposal embankment was to be constructed for 215 miles; this was subsequently increased to 308 miles in 1969. The construction of the embankment has been taken up all along the line, but no completion report has been received yet (March 1975) in respect of any portion of the work.

The following table shows the programme as per master plan approved by the Chief Engineer and the progress in physical terms made in the construction of drainage in the various doabs:—

Name of Doab	Length for which master plan prepared (miles)	Length for which master plan approved (miles)	Length excavated with tentative head width (miles)	Length of which survey is still to be done (miles)
Kathjuri Kushabhadra ..	178.91	178.91	40.65	45.62
Kushabhadra Bhargavi Doab ..	176.72	176.72	16.25	27.32
Bhargavi Daya ..	182.94	182.94	33.62	102.50
Daya West ..	31.69	..	0.81	7.25
	570.26	538.57	91.33	182.69

It has been reported (July 1973) by the Executive Engineer that the width of channels already excavated is not according to approved design. The channels may have to be remodelled after the designs are finalised. It has also been reported that the problem connected with drainage congestion and waterlogging in the delta region remains to be solved.

4.1.16. The following reasons were given by the Chief Engineer in August 1973 for the delay in the completion of the Project.:—

- (a) Want of full technical staff for the construction of the project,
- (b) want of required strength of technical staff for design of the structures,
- (c) non-finalisation of land acquisition cases (619 villages: areas not shown),
- (d) shortage of building materials like cement, steel, etc.,
- (e) dearth of contractors to execute small structures in remote and inaccessible areas, and
- (f) interruptions of construction work due to non-closing of canals for the required period.

During review by Audit in December 1973 it was observed that the department did not appear to have drawn up a detailed construction schedule for the various components of the project and works did not appear to have been executed in a sequential order. There were gaps and missing links with the result that although much work had been done and considerable expenditure incurred the desired benefit could not be realised from them. This is illustrated in the following table which shows some of the canals and distributaries which have not been completed because of the gaps:

Name of the Canal/distributary	Total length (miles)	Length completed (miles)	Number of gaps
Gop Branch Canal ..	38.5	38.5	4 (Gaps due to non-completion of structures)
Kanti distributary ..	9	5	2
Sukal distributary ..	20	19	3
Budhang distributary ..	15	14.5	6
Jaypur distributary ..	4.5	4	4

4.1.17. According to the original estimate, the Project was to be executed by a Circle headed by a Superintending Engineer with five divisions. Actually, the project organisation comprises an Additional Chief Engineer, two Superintending Engineers and nine divisions. The total period for which these divisions have worked up to March 1974 was 107.7 division years as against 23 division years as per the original estimate. (One division-year is equal to the number of divisions multiplied by the number of years for which they have worked).

4.1.18. As regards the delay in acquisition of land, the total area of land required has neither been assessed nor identified. During the period of 16 years of the execution of the Project a total area 28,500 acres of land (cost Rs. 584.37 lakhs, second revised estimate cost Rs. 691.53 lakhs) has been acquired through a full time Land Acquisition Office. The acquisition proceedings generally took from one year to six years. The delay in acquisition of land was attributed by the Land Acquisition Officer (March 1974) to the following factors:—

(a) delay in the receipt of requisitions for land and defects in the requisitions received,

(b) delay in the valuation of the property on the land to be acquired and

(c) changes in the alignment and consequent changes in the land to be acquired.

IV. Progress of expenditure—

4.1.19. The following table shows the provision in the Plans and the actual expenditure incurred up to end of 1973-74:—

Plan period	Plan provision	Actuals of expenditure	
		Direct	Indirect *
(Figures in lakhs of rupees)			
Preliminary expenditure to Second Five Year Plan	..	24.67	0.13
Second Five-Year plan (1956-57 to 1960-61)	12,35.00	9,12.46	7.08
Third Five Year plan (1961-62 to 1965-66)	10,00.00	10,86.76	13.09
Annual Plan 1966-67	.. 3,75.00	3,38.24	3.76
Annual Plan 1967-68	.. 2,70.00	2,73.43	2.88
Annual Plan 1968-69	.. 1,30.00	3,08.09	2.96
Fourth Five Year plan (1969-70 to 1973-74)	14,00.00	12,50.08	10.04
	44,10.00	41,93.73	39.94

As stated earlier it is proposed to complete the project during the Fifth Five Year Plan and a provision of Rs. 15,00 lakhs has been made in the draft Fifth Five Year Plan.

* This represents audit and accounts charges.

4.1.20. The following table shows the actual expenditure *vis-a-vis* the estimates according to sub-heads of the project:—

Sub-heads (1)	Stage I		Stage II		Total	
	Revised Estimate (2)	Actual (3)	Revised Estimate (4)	Actual (5)	Revised Estimate (6)	Actual (7)
	(In lakhs of rupees)					
Head works ..	1,00·12	68·66	7,41·93	5,87·45	8,42·05	6,56·11
Main canals and branches ..	6,75·79	2,02·10	17,32·31	12,07·25	24,08·10	14,09·35
Distributaries and minors ..	8,10·77	4,32·75	14,79·15	9,56·11	22,89·92	13,88·86
Drainage and protective works ..	2,09·05	1,44·25	5,16·92	2,07·69	7,25·97	3,51·94
Water courses ..	..	3·32	..	4·66	..	7·98
Special Tools and Plant ..	4·73	3·07	3,79·76	1,76·49	3,84·49	1,79·56
Less—Depreciation ..	..	..	(—)3,63·76	..	(—)3,63·76	..
Net-Special Tools and Plant ..	4·73	3·07	16·00	1,76·49	20·73	1,79·56
Losses on stock ..	0·70	..	0·50	..	1·20	..
Unforeseen ..	0·50	..	..	..	0·50	..
Total—Works ..	18,01·66	8,54·15	44,86·81	31,39·65	62,88·47	39,93·80
Establishment ..	1,32·62	..	3,13·98	..	4,46·60	3,81·19
Tools and Plant ..	14·19	..	39·46	..	53·65	1,05·48
Receipts and Recoveries on Capital Account ..	(—)1·12	..	(—)43·00	..	(—)44·12	(—)80·88
Total—Direct charges ..	19,47·35	..	47,97·25	..	67,44·60	43,99·59
Suspense ..	..	(A)	..	(A)	..	(—)2,08·41
Interest on Capital ..	..	..	..	..	..	2·55
Total ..	..	..	..	..	..	41,93·73
<i>Indirect Charges</i>						
Capitalisation of abatement of land revenue ..	12·92	..	18·09	..	31·01	..
Audit Charges ..	18·02	..	44·44	..	62·46	39·94
Total—Indirect charges ..	30·94	..	62·53	..	93·47	39·94
Total—Direct and indirect charges ..	19,78·29	..	48,59·78	..	68,38·07	42,33·67

(A) Bifurcation of figures under Stage I and II not worked out

- NOTE—(i) Minus balance under suspense is yet to be reconciled by the divisions. The remarks of Audit on the review of balances are yet to be complied with by the Divisions concerned.
- (ii) The depreciation charges relating to special tools and plant have not been allocated to various works.
- (iii) The abatement of land revenue has not been separately calculated and shown against the distinct sub-head of the estimate. The reply of the Land Acquisition officer in this regard is awaited.

Information regarding outstanding liabilities is awaited from the divisions (March 1975).

4.1.21. The following table shows the value of the spillover items of work. This has been derived by deducting actual expenditure up to the end of 1973-74 from second revised estimate:—

		(Rupees in lakhs)
Head works	..	185.94
Main canals and branches	..	9,98.75
Distributary system	..	9,01.06
Flood protection works	..	3,74.03
Other charges	..	91.09
		<hr/>
Total—Direct charges	..	25,50.87
		<hr/>

The net expenditure yet to be incurred as on the 1st April 1974 as per second revised estimate was Rs. 25,50.87 lakhs.

V. Project Benefits—

4.1.22. *Area brought under irrigation*—According to the original estimate a total area of 10.77 lakh acres (5.41 lakh acres in Stage I including 1.94 lakh acres already under irrigation and 5.36 lakh acres in Stage II) was to be irrigated in the Delta region, the additional area to be brought under irrigation as a result of the scheme being 8.83 lakh acres (3.47 lakh acres in Stage I and 5.36 lakh acres in Stage II). Subsequently, in 1969 the gross acreage to be irrigated was reduced to 10.05 lakh acres of which 8.11 lakh acres were to be additional (2.91 lakh acres in Stage I and 5.20 lakh acres in Stage II). The additional acreage to be provided with irrigation under this scheme was again modified in December 1973 to 7.74 lakh acres on the ground that the area already under irrigation before the project was taken up was 2.31 lakh acres as per revenue records instead of 1.94 lakh acres assumed earlier. According to the information given by the Irrigation Department the total area brought under irrigation by the end of 1973-74 was 4.35 lakh acres (1.78 lakh acres in Stage I and 2.57 lakh acres in Stage II).

4.1.23. The following table shows the areas brought under irrigation doabwise:—

<i>Stage I</i>			
	Additional ayacut	Area achieved to end of 1973-74	
		Kharif	Rabi
		(In acres)	
(i) Chitrotpala through Nuna and Birupa rivers	73,611	69,347	} 78,362
(ii) Birupa-Brahmani rounded by high Level canal, Range-I	10,205	9,216	
(iii) Mahanadi -Kathjuri through Biluakhai and Devi	1,06,784	76,577	65,098
(iv) Nuna and Chitrotpala river ..	30,053	22,806	2,724
	2,20,653	1,77,946	1,46,184

Stage II

Doab	Designed ayacut	Ayacut to be achieved as per latest assessment	Extent of irrigation achieved to end of 1973-74	
			Kharif	Rabi
			(In acres)	
Kathjuri-Kushabhadra Doab	173,577	} 1,78,000	1,04,000	39,593
Devi-Taunla ..	9,500			
Devi-Biluakhai ..	7,000			
Devi-Kandal ..	13,591			
Daya-Bhargavi ..	1,15,190	1,75,000	70,000	25,282
Kushabhadra-Bhargavi ..	1,62,156	1,03,300	71,000	15,000
Daya West ..	38,762	27,655	12,000	2,500
	5,19,776	4,83,955	2,57,000	82,375

The area to be covered by irrigation has gone down from 5.20 lakh acres to 4.84 lakh acres as per latest assessment (March 1975); detailed reasons for reduction are not on record.

4.1.24. The shortfall in the achievement of the target in all these cases was attributed by the Chief Engineer in August 1973 to non-completion of work on the canal and distributary system.

4.1.25. *Idle outlay*—The capital outlay on the following main works was practically idle and little or no benefit had been realised from them; on the other hand, the annual interest charges, amounting to about Rs. 24.12 lakhs (calculated at 5.75 per cent of the capital outlay) were adding to the cost burden of the project without any revenue or other benefit:—

Name of work	Capital invested	Remarks
	(Rupees in lakhs)	
(a) Providing irrigation to Devi-Kandal island	37.16	No irrigation was possible due to defective construction of syphon.
(b) Gobakund Cut ..	20.78	The cut was closed due to defective planning and execution.
(c) Lock Channel ..	1,04.95	Not opened for navigation due to non-finalisation of design for the downstream lock chamber.
(d) Daya West Branch Canal ..	1,95.62(A)	
(e) Sukal distributary with its minor and sub-minors.	32.32	} Full irrigation was not possible because of non-completion of missing links due to non-acquisition of land.
(f) Budhang distributary with its minors and sub-minors.	28.57	
Total ..	4,19.40	

In addition, the outlay on various canals and distributaries which have not been completed because of gaps (see Para. 4.1.16) has also remained idle.

4.1.26. It was expected that after completion of the scheme of remodelling of weirs across the Mahanadi and the Birupa, the discharge of water through the head regulators would go up from 1,542 cusecs to 3,000 cusecs in the case of the Mahanadi and from 2,684 cusecs to 3,923 cusecs in the case of the Birupa. According to Executive Engineer the maximum discharge attained (March 1974) is 2,200 cusecs only in the former and 3,450 cusecs in the latter. Although after remodelling of the weirs additional water was available to the extent of 1,658 cusecs at the Mahanadi weir and 1,239 cusecs at the Birupa weir, the additional water that could be used was only 858 cusecs in respect of the former and 766 cusecs in respect of the latter. This was attributed by the Executive Engineer in April 1974 to the inadequate capacity of the canal system to carry water due to non-construction of cross drainage works etc.

4.1.27. The remodelling of distributary No. 15 Machagaon canal was undertaken with a view to make it navigable. Although it was completed in March 1966 at a cost of Rs. 1.04 lakhs it has not been used for navigation for want of adequate supply of water.

(A) A portion of the canal has been opened for irrigation during 1973-74. As reported by the Executive Engineer (in January 1975) to the Superintending Engineer there was considerable loss of water due to heavy leakage in the canal thereby flooding the neighbourhood.

4.1.28. *Non-realisation of revenue*—According to the Irrigation Department water supply to additional areas was available from 1961-62 in Stage I and from 1966-67 in Stage II. A total area of 3.47 lakh acres (Stage I : 1.67 lakh acres and Stage II : 1.80 lakh acres) is reported to have been brought under kharif irrigation by the end of 1972-73 ; of this the area covered by the end of 1969-70 was 2.49 lakh acres (1.55 lakh acres Stage I and 0.94 lakh acres Stage II). As per the assessment records of the Collectors, the additional area brought under irrigation as a result of the project upto 1969-70 as reported in the proceedings of the meeting of Collectors held on the 14th March 1973 was nil. This was attributed to the fact that verification reports together with cadastral maps showing the details of culturable command area had not been passed on to the Revenue Department by the Irrigation Department as required under Irrigation Rules. No additional irrigated area was, therefore, assessed to water rate upto 1969-70 and loss of revenue on that account with reference to the reports of the Irrigation Department is estimated to be Rs. 28.60 lakhs (for kharif irrigation alone at the rate of Rs. 4.00 per acre). Even in respect of subsequent years (upto 1973-74) these formalities were not completed to enable the Revenue Department to start separate revenue case for each village as per rules. The loss of revenue for the years from 1970-71 to 1972-73 is estimated to be Rs. 32.57 lakhs.

4.1.29. The cropping pattern envisaged in the second revised estimate was as follows :—

	Kharif	Rabi
Paddy	.. 75 per cent	12 per cent
Jute	.. 15 per cent	13 per cent
Sugarcane	.. 10 per cent	40 per cent
Potato	.. ..	2 per cent
	100 per cent	67 per cent

As the distribution system has not been completed, and as a large number of outlets and field channels are yet to be constructed, the method followed for watering the fields is simple flooding from plot to plot as per the report of Agriculture Department. Due to lack of control over the supply of water in such a method no crop other than paddy can be grown. The cropping pattern envisaged in the estimates has, therefore, not been achieved fully. Information as to where and to what extent the proposed cropping pattern has been attained is not available.

VI. Other Points of Interest—

4.1.30. *Damage to the weirs*—A scour occurred downstream the Birupa river during the floods in 1968 ; it washed away the solid apron in an area of 206 feet in length, 42 feet in width and 25 feet in depth. Similar scours also occurred in 1969 and in 1972. The total expenditure incurred on the flood damage and protection works executed since 1968 upto March 1974 was Rs. 9.69 lakhs. The estimated cost of the remaining works in progress is Rs. 12.93 lakhs. (Total estimated cost of repairs Rs. 22.62 lakhs).

In December 1973 the Additional Chief Engineer reported to the Government that the scours were due to the fact that the pond level was raised without strengthening the downstream apron to withstand the pressure of the higher differential head of water and repeated scours were gradually affecting the very stability of the weir. He also reported that the crest of the weir had subsided 3 feet over a length of 150 feet in the middle of the weir and that some of the piers of the sluice were in a collapsible condition. As an immediate measure, the scour holes near the body wall were filled up by dumped boulders and covered by concrete blocks.

Earlier, in February 1973, the Director of Designs had reported that even in the case of the Mahanadi weir there had been large scale deterioration in the down stream apron of the weir and there was a lot of leakage due to bad condition of the sluice shutters on the Cuttack side. He had recommended that both the weirs should be replaced by new barrages. A proposal has been submitted in December 1973 to the Government accordingly. The decision of the Government is awaited (July 1975).

4.1.31. *Construction of lock channel at Mundali*—(a) With a view to keeping the Mahanadi navigable after the construction of the Mundali weir, the Project estimates provided for the construction of a lock channel with two lock chambers, one upstream and the other down stream, for regulating the water level in the channel. The construction of the channel was taken up in February 1961 and was completed in February 1963 at a cost of Rs. 18.04 lakhs. The construction of lock chambers was taken up in March 1965. The upstream lock chamber was completed (date of completion not known) ; the down stream chamber has not been completed yet (July 1975).

The delay in completion of this work has been attributed by the Chief Engineer (March 1973) to non-finalisation of the designs which are stated to be pending with the Central Water and Power Commission.

Pending the construction of the downstream lock chamber it has not been possible to restore navigation on this river beyond the Mundali weir. In the meantime the channel is accumulating silt and may require further excavation and dredging before it can be commissioned for navigation.

The total expenditure incurred on the lock channel including the lock chambers upto March 1973 was Rs. 1,04.95 lakhs against the revised estimate of Rs. 1,16.15 lakhs. The entire investment has remained idle.

(b) (i) The civil engineering work of the lock chambers was given on contract in March 1965. The contract specified a rate of Rs. 1,27.00 per cubic metre for reinforced cement concrete work with hard granite aggregate ; the quantity of the work stipulated was 5,002 cubic metres. During execution the quantity was increased to 11,296 cubic metres due to a change in the design of the structure. According to the terms of contract, extra quantities, which did not involve change in the class of work or specification of the agreed item, were payable at the same rate as specified in the contract. According to the Executive Engineer of the Division the extra quantity in this case did not involve change in class of work or specification of the agreed item. But the Chief Engineer accepted (December 1970) a revised rate of Rs. 156.00 per cubic metre in respect of the extra quantity and payment at

the enhanced rate was made for an extra quantity of 4,590 cubic metres up to July 1971 involving an extra expenditure of Rs. 1.32 lakhs. Payment has not been made for the remaining quantity. The matter was reported by Audit to Government in December 1972. The Government stated (May 1973) that the additional quantity necessitated by change in design was deemed to be work of a class for which no rate existed in the agreement as per legal opinion expressed in November 1969. The legal opinion was to the effect that "while issuing directions for any change in the work or for an additional work, the Engineer-in-charge is to mention as to whether the work is of the same class as one provided for in the contract or it is a work which does not belong to any such class". According to a subsequent legal opinion obtained in May 1971, if there is no change in the class of work after change of the design, the additional work has to be paid for at the same rate as specified in the tender for main work. In the instant case, there was no direction from the Engineer-in-charge mentioning that there was any change in the class of work. On the other hand, it was held by the Executive Engineer in August 1969 on a claim preferred by the contractor in May 1968 that as per the clause of contract, the contractor was to get only extra time but not extra rate, as a rate was already accepted. Thus the Engineer-in-charge had held that there was no change in the class of work for execution of additional quantities of work due to change in design. The matter was, therefore, referred to the Government again in November 1973; final reply is awaited (February 1975).

(ii) The contract provided for the execution of 4,925 cubic metres of cement concrete with hard granite aggregate at a rate of Rs. 77 per cubic metre but the actual payment made was for 16,270 cubic metres; the reasons for execution of the extra quantity were not on record. Rupees 0.73 lakh were paid to the contractor for lifts and delifts in placing foundation concrete at a rate of Rs. 4.50 per cubic metre with the approval of the Chief Engineer although there was no provision for extra payment for lifts and delifts in the contract rate for placing the foundation concrete.

(iii) Although the approved contract rates for excavation was inclusive of all leads and lifts and the Contract Committee had emphasised in February 1965 this point, Rs. 0.20 lakh were paid extra to the contractor for extra leads and lifts for excavation. On this being pointed out by Audit, the Government issued orders in October 1967 to recover the inadmissible amount. The recovery has not been effected so far (February 1975).

(iv) The contract for fixing the gates of the lock chambers was awarded to a contractor in December 1962 for completion by May 1967. Due to delay in fixation of the gates it became necessary to close the mouth of the channel to protect it from floods in 1967. This work was entrusted in June 1967 to the civil engineering contractor as an extra item payable at the schedule of rates. The applicable rate was Rs. 102 per hundred cubic metres. In July 1967 the Additional Chief Engineer allowed a rate of Rs. 515 per 100 cubic metres i. e., the rate specified in the contract for excavation in foundation inclusive of levelling, dressing etc., which were not involved in this case. Payment was made at the enhanced rate for 29,949 cubic metres of earth work. It resulted in extra payment of Rs. 1.24 lakhs with reference to applicable rate as per schedule of rates. On this being pointed out by Audit, the Government ordered (January 1971) recovery of the amount. The recovery has not been effected so far (February 1975).

(v) The contract for the lock chambers provided for 8,961 cubic metres of back filling of sand behind the retaining wall at a rate of Rs. 3.74 per cubic metre including the cost of carriage from the river bed. In the course of execution the quantity was increased to 27,605 cubic metres, for the reason that the original estimate of the quantity of sand filling had been calculated on a rough basis without referring to the drawings and the actual quantity required was more. In November 1970 the Additional Chief Engineer sanctioned an extra expenditure of Rs. 1 lakh at Rs. 9.16 per cubic metre for 18,644 cubic metres of extra quantity on the ground that it had to be carried from a distance of 13 kilometres as the sand bed of the river Mahanadi had been submerged after completion of the weir. The total quantity of sand filling done by the contractor was 19,966 cubic metres, of which 1,322 cubic metres were paid for at the original stipulated rate and 18,644 cubic metres were paid for at enhanced rate.

The contractor had originally demanded the higher rate only for the quantity beyond the stipulated quantity of 8,961 cubic metres. The actual quantity of sand filling in excess of the stipulated quantity payable at the enhanced rate being only 11,005 cubic metres, there was excess payment of Rs. 0.41 lakh (for 7,639 cubic metres paid at Rs. 9.16 per cubic metre instead of Rs. 3.74 per cubic metre).

4.1.32. *Provision of irrigation to the area between Biluakhai and Devi*—According to the original estimate, irrigation to this doab was to be provided from Machgaon canal through a syphon across river Biluakhai. It involved construction of a syphon (estimated cost : Rs. 3.04 lakhs) and an embankment around the island (estimated cost : Rs. 16.12 lakhs). These estimates were sanctioned in January 1959 and December 1960 respectively. After spending Rs. 0.14 lakh construction of the syphon was abandoned on the ground that the barrel was too small to be inspected and repaired, and there was danger of the syphon being choked up in a few years. It was decided to provide irrigation to this doab by lift system drawing water directly from the river instead of through a syphon. The extra expenditure of Rs. 0.14 lakh was commented upon in Para. 59 of Audit Report 1965.

A revised estimate for Rs. 27.87 lakhs was drawn up to provide irrigation to this doab by lift system. Four pumps were installed and distributaries for a length of 13 miles out of 14 miles were also completed by March 1972. Minors and sub-minors were completed for a length of 7 miles out of the estimated 15 miles. The expenditure incurred upto March 1974 was Rs. 35.85 lakhs. While the works were in progress the pumps were put into operation. They broke down frequently resulting in interruption in supply of water. Besides, the distributaries were found to be defective with the result that there was no proper flow of water into the fields. The capacity of the pumps was found insufficient to provide water through the entire length of the distribution system. The construction of the remaining portions of the distributary, the minors and the sub-minors had therefore to be stopped.

In April 1972 the Chief Engineer assessed that if the entire ayacut was to be provided with irrigation by lift system, it would be necessary to instal eight more pumps and construct another pump house and necessary intake wells. The revised estimate of the cost of the works was Rs. 53.03 lakhs. It was also estimated that the annual cost of maintenance of pumps, etc., would be Rs. 6 lakhs against which the estimated revenue from the area was Rs. 2.56 lakhs only.

In November 1972 the Government appointed a committee to advise it on the proposal of the Chief Engineer. The Committee recommended (April 1973) that lift irrigation was uneconomical and that the area should be provided with flow irrigation through a canal syphon as originally contemplated. The Government accepted the recommendation of the committee and decided to revert to flow irrigation. By this time about Rs. 17 lakhs had been invested on the pump house and ancillary works. The Chief Engineer has been asked by the Government to fix responsibility (August 1973) for planning and execution of inefficient lift irrigation system.

The following table shows the acreage understood to have been brought under irrigation in this doab under the Lift Irrigation System:—

	Kharif	Rabi
	(In acres)	
<i>Target</i>	5,588	2,320
<i>Achievement</i>		
1969-70	1,920	358
1970-71	1,060	352
1971-72	..	225
1972-73	1,135	603
1973-74	1,108	410

4.1.33. *Construction of Daya West Branch Canal*—The Daya West Branch Canal was originally designed to provide irrigation to 80,982 acres (flow irrigation 56,864 plus lift irrigation 23,118) at an estimated cost of Rs. 79.84 lakhs. The canal was to be 39 miles long. Subsequently, in March 1960 it was decided by the Government to make this canal navigable up to Chilika lake at an extra cost of Rs. 80.80 lakhs. After excavation had been done in some portion of the canal to make it navigable it was estimated (July, 1962) that the extra cost of making the canal navigable would be about Rs. 2.08 lakhs. It was also felt by the Chief Engineer that in view of the existence of the railway line and the National Highway, which ran parallel to the canal alignment, the utility of the canal for navigation was doubtful. The idea of making the canal navigable was, therefore, dropped. An estimate for Rs. 56.08 lakhs was sanctioned in July 1962 for the canal with a length of 36 miles to provide irrigation to 69,916 acres (flow irrigation 38,466 acres plus lift irrigation 31,450 acres). Later in September 1963 it was decided to reduce the length of the canal further to 23 miles and the target area to be irrigated was also reduced to 66,697 acres (flow 24,347 plus lift 42,350). Again, in April 1967 it was decided to drop the lift irrigation scheme on the ground that the area to be irrigated by the lift system would come under flow irrigation of Manibhadra Project. Up to April 1967 construction of the canal including structures was completed to a length of 14 miles at a cost of Rs. 1,01.40 lakhs with a capacity of 563 cusecs (306 cusecs to be supplied by lift system and 257 cusecs by flow system). With

the dropping of the lift irrigation scheme, the canal capacity required was only 257 cusecs. It has been estimated by the Executive Engineer that had the decisions to drop the proposal of making the canal navigable and using its water for lift irrigation been taken up in time and had the canal been designed for flow irrigation only, with a capacity of 257 cusecs, Rs. 55.11 lakhs representing the cost of additional capacity constructed as per earlier proposal, could have been saved. Besides, the expenditure of Rs. 0.42 lakh incurred on the construction of an aqueduct as a part of the lift irrigation scheme and Rs. 0.64 lakh on the maintenance of a sub-division for the lift irrigation could also have been avoided. (Reference in this connection is invited to paragraph 64 of Audit Report 1969 and paragraph 57 of Audit Report 1967).

During trial flow of water through the canal in May 1971, profuse leakage was noticed throughout the length of the canal. It was attributed by the Chief Engineer in May 1971 to bad construction of the drainage works and the embankments. Rupees 6.17 lakhs were spent in 1971-72 and 1972-73 on restoration of and repairs to the canal. Even after this the seepage could not be stopped and water could not be supplied for irrigation continuously. On a report submitted by the Additional Chief Engineer that unless the leakage was stopped all the expenditure incurred beyond Bhubaneswar was likely to become infructuous, the Government decided (September 1974) to provide concrete lining of the bed. An estimate for Rs. 2.05 lakhs was accordingly sanctioned in January 1975 by the Additional Chief Engineer for providing concrete lining to the bed for a length of 4,070 feet. This work is reported to have been taken up for execution in January 1975 and is in progress (February 1975). Besides this, another estimate for Rs. 11.89 lakhs has been sanctioned in January 1975 for raising and strengthening the canal banks (2M- 2,210 feet) as well as providing concrete lining (1,545 feet). This work has not so far been taken up for execution (March 1975).

The bed width of the canal from 21 miles to 23 miles was 10 feet and the designed discharge was kept at 26.13 cusecs. This portion of the canal was aligned through a ridge at Rathipur with a maximum deep cutting of about 60 feet. In the course of excavation it was found that beyond 20 feet depth the earth consisted of disintegrated rock which became very soft with water and as such when the excavation was made up to 40 feet the bottom portion collapsed. It was, therefore, considered essential to provide suitable berms with an additional earth work of 70.07 lakh cubic feet. Even after providing the berms it was found that the bed was not stable and that there were land slides. It is now considered necessary to provide stone masonry protection to stabilise the canal structure. Up to March 1974 Rs. 47.77 lakhs were spent on this reach of the canal for irrigating 2,376 acres against the original estimated cost of Rs. 15.59 lakhs (based on tender). The estimated cost of additional work of stone masonry protection is Rs. 7.70 lakhs. At this cost the cost of irrigation per acre in this reach comes to Rs. 2.335 as against Rs. 656 estimated earlier.

4.1.34. *Providing irrigation to Devi Kandal Island*—The original project estimate did not provide for irrigation of this island. Subsequently, in April 1968, it was included in the Project (estimated cost: Rs. 62.64 lakhs). Two main distributaries, Devi right and Kandal left, were to be constructed and these distributaries were to be fed with water from Kakatpur

Branch Canal through Kandal syphon. The construction of Kandal syphon was taken up in April 1968 and was completed in March 1971 at a cost of Rs. 27 lakhs. When water was let into the syphon it was found to be leaking at the end of the 39th barrel and it was also found that due to defective construction of barrel no. 40 the syphon was not able to carry water and the entire syphon constructed at a cost of Rs. 27 lakhs became unserviceable. The defective construction was attributed by the Chief Engineer in May 1973 to bad workmanship in the execution of the concreting work by the contractor and lack of departmental supervision. It was decided by the Chief Engineer in May 1973 to dismantle sections 3 and 4 of barrel no. 40 and to reconstruct them. The estimated expenditure on the construction of the barrel is Rs. 1.92 lakhs. Due to the defective construction of syphon it has not been possible to provide irrigation to this area so far (December 1974).

4.1.35. *Gobakund cut*—River Bhargavi flows into the Chilika lake. During rainy season when the level of the lake is high there is difficulty in the discharge of the water of this river into the lake which results in inundation of the banks. Excavation of a cut at Gobakund from the river was therefore taken up in 1962-63 to divert the floods of the river to the Bay of Bengal through the Surlake so as to—

- (i) alleviate the suffering of the people from flood in the lower reaches of the river,
- (ii) to bring 50,000 acres under irrigation in Brahmagiri area and
- (iii) to minimise the expenditure on the maintenance of the net work of embankments.

This involved construction of a channel from the river Bhargavi from Gobakund upto Surlake and another channel from the opposite side of Surlake to the Bay of Bengal.

The work was originally estimated to cost Rs. 23.29 lakhs. According to the latest estimate it is expected to cost Rs. 1.17 lakhs.

This work was not originally part of the Delta Irrigation Project. It was later included in the Project in March 1964 on the consideration that the command area of the Delta Project would be increased.

The earth work for the excavation of the channel from Gobakund to Surlake was taken up in November 1963 and was completed up to village Sundar (3 miles). Before completing the excavation (the remaining distance to be excavated being $1\frac{1}{2}$ miles) upto Surlake, the flood waters of the ~~river~~ Bhargavi were let into the cut in 1966 and 1967. It was found that although the cut was designed to carry, 1,00,000 cusecs of water it could carry only 10,000 cusecs because of some obstructions on the way at village Godamugasira. As the channel was not complete upto Surlake the flood waters could not reach the lake; instead the neighbouring areas got flooded due to over-flow.

According to the original proposal another leading channel was to be excavated starting from the opposite side of Surlake to the sea. On this side there was already a channel known as old Surlake Cut (Nuanoi). It

is not clear whether the intention was to remodel this channel or to construct a new channel for part of the distance and connect it to the old channel. It was, however, decided in December 1963 to dig a channel from Surlake to the Old Surlake Cut with 60 feet wide bed for easy drainage. When water was let into this channel, it was found inadequate for easy drainage and it was found necessary to widen the bed and also to make it deeper.

To complete the excavation of Gobakund cut upto Surlake, to remove the obstructions on the way and to remodel the channel from Surlake to the sea through the Surlake Cut, revised estimates (cost Rs. 48.19 lakhs) were prepared in January 1968.

In the meantime it was observed that although the cut had been excavated at Gobakund with double embankment upto Sundar, it was not possible to keep the cut open due to objections from the people in Brahmagiri area who were deprived of irrigation benefits from the Bhargavi during the kharif season. If the cut was kept open there would practically be no flow or very restricted flow in the bed of the river, not enough to provide inundation irrigation to the lands situated on either bank of the river. On the other hand, since some portion of the flood water was entering Surlake through Gobakund cut the Surlake area was being flooded causing damages.

The Government decided in August 1972 that the cut should be closed temporarily and that no flood water should be allowed to spill into it. The cut was closed in January 1973. Final decision for opening the cut is yet to be taken by the Government (February 1975).

With the closure of the Gobakund cut the expenditure incurred on the scheme Rs. 27.78 lakhs upto September 1973 (including repairs) has been rendered infructuous. The new Surlake cut passes across the Balighai-Puri road but no bridge has been constructed across the cut to connect the two portions of the road.

4.1.36. *Bamra-Godisahi distributaries*—Bamra-Godisahi Lift Distributaries, taking off from Puri Main Canal, were constructed at a cost of Rs. 6.72 lakhs for irrigation of 1,660 acres. It was reported in June 1973 that the distributaries were not able to provide irrigation to the entire ayacut. In the case of Bamra distributary the hume pipes were not able to take the pressure of the water and were leaking, resulting in a loss of 50 per cent to 60 per cent of the water flowing through it. In the case of Godisahi Lift Distributary there was heavy leakage in the open channel on laterite rock as well as in the hume pipes. For repair of the pipes and the canal, an additional expenditure of Rs. 3.40 lakhs is estimated. The reasons for the leakage and responsibility therefor have not been determined.

4.1.37. *Phulnakhara distributary*—Phulanakhara distributary taking off from Kakatpur Branch Canal was taken up in 1964-65. Before the distributary was completed, water was let in during the kharif season 1970. It was noticed that although this distributary was designed to carry 200 cusecs of water it was not possible to release more than 120 cusecs of water due to sub-standard earth work. It was also found that any supply of water in excess of 120 cusecs would result in breaches. In fact the canal section from

R. D. 2M-2970' to 3M-660' deteriorated and the entire length of water course no. 7L collapsed after construction in 1967 and had to be reconstructed at a cost of Rs. 1.37 lakhs and Rs. 0.23 lakh respectively during the period from 1970-71 to 1972-73.

4.1.38. *Nuagaon distributary*—Nauagaon distributary takes off from Chandanpur Branch canal. The original estimate of this distributary for Rs. 34.42 lakhs was sanctioned by the Chief Engineer during 1963-64. The distributary was to provide irrigation to an area of 21,411 acres. The alignment of this distributary was through Banginalla a low lying area and the distributary required 20 feet to 25 feet of earth filling in most of the reaches. The quantity of earthwork was initially estimated to be 13,41,165 cubic metres by taking levels at points 330 feet apart. In the course of execution some discrepancies were noticed in soil levels and therefore fresh levels were taken at points 100 feet apart and as a result the estimate of earthwork was increased to 19,69,676 cubic metres. The estimated cost was also increased to Rs. 67.18 lakhs (July 1966). In May 1968 levels were taken again at points 660 feet apart and the quantity of earthwork was further increased to 28,84,194 cubic metres and the estimated cost was revised to Rs. 1.25 lakhs (July 1968). As there was no change in alignment and the levels taken at points 100 feet apart were considered to be more accurate than those taken at longer intervals it is not clear from the records why fresh levels were taken and how the levels taken at points 660 feet apart could result in an increase in the quantity of work. The increase in the cost due to increase in the quantity from first revised estimate to second revised estimate is Rs. 30.09 lakhs.

The earthwork in the second reach of the distributary was entrusted to a contractor in April 1965 on the basis of the original estimate. Due to subsequent increase in the quantity of earthwork to be done and non-acquisition of the land in some portion the contract was closed in July 1967. Work done upto June 1967 was paid for finally in October 1972.

The balance work was put to tender in April 1968 and the work order was issued in December 1968 to the same contractor at higher rates.

The final level of earthwork done under previous agreement was taken in July 1968 whereas the initial level for the new contract was taken during February 1969 to January 1970. These levels did not agree and 45,426 cubic metres of earth work had to be done again at an extra cost of Rs. 3 lakhs. The increase in the cost due to acceptance of higher rates in the new agreement was Rs. 15.00 lakhs.

The ayacut of the distributary was inspected by the Additional Chief Engineer in January 1970. He reported that nearly 50 per cent of the land in the area was already under irrigation under lift irrigation system. He also reported that in an area of 20,263 acres the level of the subsoil water was very high, being about 5 feet to 6 feet below ground level and therefore the people might not need irrigation through the distributary. On the other hand, there was a danger of the salinity of the soil being increased by continuous irrigation.

4.1.39. *Excavation of Delang distributary*—The estimate for this distributary was sanctioned in February 1963. The estimated quantity of

earth work for the fifth reach (from 16 mile to 20 mile—4620 feet) of the distributary was 3,19,188 cubic metres. This was executed as follows :—

Agreement No. 7F2/65-66	.. 14,624 cubic metres
Agreement No. 36 F2/67-68	.. 37,228 cubic metres
Job workers employed during the period from 1965-66 to 1967-68.	57,072 cubic metres

Total	.. 1,08,924 cubic metres.
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Balance of work to be done (March 1968) was 2,10,264 cubic metres.

The work was discontinued at the end of 1967-68 and resumed only in 1971-72. When it was taken up again, it was estimated that the balance work to be done was 2,41,195 cubic metres instead of 2,10,264 cubic metres. The increase in the quantity was attributed by the Executive Engineer in December 1973 to the fact that due to lapse of time the earthwork done in certain sections without turfing had been washed away. The extra cost due to extra earthwork done for this reason was Rs. 0.41 lakh.

4.1.40. *Begunia distributary*— The work “Excavation of Begunia distributary with its minors” in Puri District was entrusted to contractor ‘A’ in February 1967 at a cost of Rs. 1.71 lakhs. The work was to be completed by August 1967. In July 1967 the contractor applied for extension of time up to August 1968 for the completion of the work on the ground that the department had not acquired the land for the entire length. The extension was granted in November 1967. In June 1968 the contractor requested that the contract be closed on the ground that no tangible work was possible due to non-availability of land. He stopped work in May 1968. The total value of work executed by him up to May 1968 according to the final measurement taken in December 1968 by the Executive Engineer, was Rs. 0.89 lakh (the contractor had not signed the final measurement in spite of repeated reminders) against which on account payment of Rs. 1 lakh had been made by April 1968. The excess payment of Rs. 0.11 lakh, attributed by the Executive Engineer (December 1974) to record of excess measurements at intermediate stages, is yet to be recovered (March 1975).

In certain reaches, the contractor had done banking and bed filling where bed cutting was required and had been paid Rs. 0.29 lakh for the earth work involved. This was attributed by the Executive Engineer (March 1973) to wrong profile based on incorrect ground levels given by the department. Part of the earth work had to be removed at an additional cost of Rs. 0.25 lakh. Seven thousand four hundred and thirty-five cubic metres of earthwork executed by the contractor were reported to have been washed away by the rains during 1968-69; this was attributed to non-execution of turfing by the contractor and want of proper maintenance. The earth work was redone at a cost of Rs. 0.18 lakh. The total avoidable expenditure incurred on the work was Rs. 0.72 lakh.

Responsibility for the excess payment and avoidable expenditure has not been fixed so far. Penalty leviable, if any, against the contractor has also not so far been determined and the contract is yet to be closed (December 1974).

4.1.41. *Accounts* — On a review of the accounts maintained by the divisions of the Project the following points were noticed :—

(i) As the revised estimates have not been approved by the Government the bulk of the expenditure has been incurred without administrative approval and without expenditure sanction of the Government. Besides, expenditure of Rs. 6,21.14 lakhs has been incurred without or in excess of technical sanction to detailed estimates as shown below :—

Want of estimates	.. 2,907 items	Rs. 3,26.95 lakhs
Excess over estimates	.. 790 items	Rs. 2,94.19 lakhs

(ii) In none of the divisions the register of works had been posted in detail with the quantities of work done nor has the cost per unit been classified under sub-head of estimates as required in the Central Public Works Accounts Code.

(iii) In two divisions detailed accounts of materials issued to the works had not been maintained up to-date (March 1975) as required in the Central Public Works Accounts Code, including in the case of major works like construction of syphons at Kuakhai and Kusabhadra and Bhargavi syphons. In the absence of the accounts it was not possible to verify the quantities of stores issued to the works, the quantities received at the site, the quantities consumed in the works and the balance in stock.

(iv) There were heavy balances (Rs. 1,40 lakhs as at the end of March 1974) under Cash settlement suspense which were outstanding for a long time, dating back in some cases to April 1965.

(v) There were heavy balances under other suspense heads as shown below :—

		(Rupees in lakhs)
Transfers Divisional	..	1,65.10
Purchases	..	3,25.48
Miscellaneous Public Works Advance	..	95.83

(vi) The system of stock accounts was changed by the Government with effect from October 1966. The significant changes made were the introduction of priced vocabularly, priced stores ledgers, bincards, etc. The revised system has not been implemented by any division so far (October 1974).

(vii) In a majority of cases there was inordinate delay in posting and closing of stock accounts in the sub-divisions and their incorporation in the monthly and annual accounts by the divisions. For example, the stock accounts of Barang Mechanical Sub division, Mundali Mechanical Sub-division, and Jobra Workshop Sub-divisions for April 1972 onwards had not been adjusted in the divisional accounts till August 1974. The half-yearly registers of stock were in arrears (Nimapara, Mahanadi Central, Mahanadi South, Mahanadi North and Mundali Divisions) ; these registers had not been maintained since inception of the divisions in the case of Prachi, Stores and Mechanical, Embankment and Puri Irrigation divisions.

(viii) The reserve stock limits were not fixed in time and they were often exceeded. For example, the reserve stock limits in respect of Stores and Mechanical Division and Embankment Divisions for the year ending March 1971 were fixed in June 1974 at Rs. 0.25 lakh and Rs. 1.45 lakhs respectively, while the actual value of stores in stock with those divisions as on the 31st March 1971 was Rs. 6.85 lakhs and Rs. 2.45 lakhs respectively.

(ix) Physical verification of stores is required to be conducted by the Sub-divisional Officers concerned twice in a year and the results of such verification are to be reported to the division indicating the surplus/deficit of stock. Though certificate of count of stock was recorded by all the Sub-divisional Officers, the reports of physical verification of stock were not available in the divisions.

Under the rules stock-taking of all stores is to be arranged by the Divisional Officers throughout the division at least once in a year. Stock taking was stated to have been conducted by the Divisional Officers for 7 divisions relating to the year 1972-73 and 6 divisions for the year 1973-74 out of 9 divisions. But the reports of physical verification were not available in the divisions.

Although physical verification was stated to have been undertaken in the manner described above, adjustment of surplus/shortage of stock, if any, was not done by any Sub-division as required under the rules and as such the book balance of stock to the end of March 1974 did not indicate the actual position.

As there was delay in sending stock accounts by sub-division for adjustment in the divisions and there was delay in the divisional offices as well, the value of stock shown in the stores and stock account did not represent the value of stock actually existing in the sub-divisional stores.

Although an issue rate is to be assigned to each new article as it is brought on stock and the issue rate of all articles are to be fixed at the beginning of each year under the rules taking into account the cost of procurement in the previous year, this principle was not followed by any division in any case except controlled articles like cement and steel.

(x) The total value of stores issued by the Stores and Mechanical Division during 1973-74 was Rs. 4.66 lakhs against which the expenditure incurred on the work charged establishment maintained by the division for handling of the stores was Rs. 2.84 lakhs. Of this, the amount recovered by way of storage charges (3 per cent of the value of the stores issued) was Rs. 0.11 lakh only.

(xi) Stores worth Rs. 76.00 lakhs surplus to the requirement were lying in stock in the Central Stores for a long time. Attempts made to dispose them off had not been fruitful.

(xii) A large number of final bills including 24 bills for minus amounts of Rs. 3.98 lakhs, returned by Audit, after pre-audit, with objections had not been reviewed and remained to be settled. Recoveries where due had not been effected. Information with respect to the number of final bills yet to be submitted for pre-audit was not available with the divisions. Pending settlement of final bills and closure of accounts, few completion reports have been issued even in respect of works which are stated to have been completed.

(xiii) No quantity accounts of the special tools and plant were maintained up to 1968 when a physical verification was conducted and the accounts were opened with the ground balances available without reconciliation with the value of accounts.

The accounts were not maintained properly even thereafter. In August 1972 the Secretary, Irrigation and Power Department, stated in a letter addressed to the Additional Chief Engineer that the state of affairs in the Store and Mechanical Division was so disappointing that the store verification parties of the Public Works Department had to abandon verification in the division after working for about 25 months. No progress in reconstructing the accounts since then has been reported (March 1975).

The total expenditure incurred on special tools and plant up to March 1974 was Rs. 1,79.56 lakhs (original estimate Rs. 20.35 lakhs, revised estimate Rs. 3,84.49 lakhs). The depreciation charges in respect of this equipment are to be debited to the works on which they have been used. In the absence of the capital and depreciation accounts, which are required to be maintained, it has not been possible to allocate the depreciation charges to the works or sub-heads of the Project. As the log-books for all the equipment have not been maintained, it was also not possible to examine the extent of their utilisation and efficiency of their operation.

According to a report of the Stores and Mechanical Division, 193 machines (value Rs. 33.45 lakhs) had become surplus to requirement of which 48 machines (value Rs. 14.86 lakhs) were in working order, 48 (value Rs. 8.61 lakhs) were in need of repairs and the remaining 97 (value Rs. 9.98 lakhs) were unserviceable. These surplus machines included those obtained from Hirakud Project between 1957 to 1960 at a cost of Rs. 12.85 lakhs which had not been put to any use since they were acquired. Of these only one (value: Rs. 0.54 lakh) is stated to be in working order and the others are reported not to have been in working condition even at the time of transfer. A Committee was set up in July 1973 to survey the surplus machinery and to fix the reserve price for their disposal. The Committee has not submitted its report yet (March 1975).

Hire charges of machines (Rs. 0.78 lakh) were outstanding for recovery since 1970-71 ; of this, Rs. 0.42 lakh were due from private parties.

4.2. *Extra expenditure due to closure of a contract*—The work “Construction of flood embankment on Mahanadi left from Mahamangala to Expressway” (estimated cost: Rs. 2.68 lakhs) was put to tender in March 1973 and awarded to the second lowest tenderer at his tendered rate of Rs. 2.06 lakhs (5.97 per cent below the estimated cost). The work order was issued in July 1973 and according to the terms of the contract, the work was due to be completed by the 20th January 1974.

The contractor applied for extension of time up to the end of August 1974 first on the 15th October 1973 and later on the 20th December 1973, on the following grounds :—

- (i) the work order was issued in the rainy season and heavy rain and floods continued up to October 1973 ;

- (ii) the alignment and the burrow areas were submerged under water due to continuous flood in river Mahanadi up to October, 1973 ;
- (iii) there were standing crops in the burrow area from which earth could not be excavated till the harvest was over ;
- (iv) some villagers were hostile to the alignment and had filed an injunction suit against the department (the injunction was lifted in March, 1974).

These above grounds were acknowledged by the department to have caused hindrance to the execution of the work but the contractor's request for the grant of extension of time was not considered on the ground of slow progress in execution by him. The value of work done by the contractor by the 20th January 1974 was Rs. 0.24 lakh.

In June 1974 the Superintending Engineer, Eastern Circle recommended to the Additional Chief Engineer, Irrigation the termination of the contract without penalty in preference to grant of extension of time, on the ground that the execution of the work was not possible in the prevailing circumstances of injunction notice, and this was accepted by the Additional Chief Engineer in July, 1974. Even before this, fresh tenders for the execution of the remaining work were invited by the Executive Engineer in March 1974 and the remaining work was awarded to another contractor 'B' in November 1974 for Rs. 2.18 lakhs (12.26 per cent excess over estimated cost) allowing ten months for the completion of the work while the time earlier allowed to contractor 'A' for execution of the whole work was 6 months.

The rejection of the request for the extension of time applied for by the contractor 'A' and the subsequent allotment of the remaining work to the contractor 'B' resulted in extra liability of Rs. 0.36 lakh.

The matter was reported to the Government in January 1975; their reply is awaited (May 1975).

BALIMELA DAM PROJECT

4.3. *Avoidable expenditure due to delay in finalisation of contract*—Tenders were invited by the Executive Engineer, Power House and Tail Race Division, Balimela on the 25th May 1972 for transportation of 8,000 tonnes of materials from Rayagada to Balimela (225 kilometres) over a period of one year from the date of issue of the work order. According to a specific condition in the tender call notice the offers were to remain valid for 90 days ; in this case this date worked out to be the 24th September 1972. The approval of the Additional Chief Engineer, to the allotment of work to two tenderers of 4,000 tonnes each at the lowest rate of 28 paise per tonne per kilometre was communicated on the 22nd September 1972 ; but the tender documents duly approved were not returned till the 18th April 1973.

The acceptance of tender at 28 paise per tonne per kilometre was communicated to the two tenderers on the 1st October 1972 while issuing work orders for the work. According to the terms of the tender call notice, contracts in Form F2 were to be executed with the tenderers. However, pending receipt of the approved documents, the Executive Engineer entered into interim agreements in Form K2.

One of the tenderers, after transporting only 1,220 tonnes of the materials upto April 1973, discontinued further transportation and also declined to execute the contract in Form F-2. The accounts of the contractor were settled, as ordered by the Additional Chief Engineer, without penalty, on the following grounds :-

- (i) the tenders were valid only upto the 24th September 1972, but the work order was issued on the 1st October 1972 and
- (ii) the interim K-2 agreement did not mention the quantity to be transported, that the contractor was bound by conditions as per tender schedule and that the agreement was provisional to be eventually drawn up in F-2 contract form.

The Executive Engineer invited fresh tenders in May 1973 for the transportation of balance materials within 4 months and issued work orders on the 15th June 1973 for the transportation of materials at 40 paise per tonne per kilometre. The carriage of the remaining 2,780 tonnes of materials at the higher rate of 40 paise per tonne per kilometre resulted in an extra expenditure of Rs. 0.75 lakh. This expenditure would have been avoided had the final decision been taken on the original tenders in time.

The matter was reported to the Government (January 1975) ; their reply is awaited (May 1975).

BALIMELA POWER PROJECT

4.4. *Defective construction of quarters*—The work of construction of 70 quarters of two types (30 quarters of type 2 RA/P and 40 quarters type 2 R/P) at Orkel in Koraput district, (estimated cost: Rs. 5.84 lakhs) was awarded (August 1966) to a Labour Co-operative Society at Rs. 3.05 lakhs (excluding items not entrusted to the society) for completion by the 31st July 1967. As the work was not completed by the stipulated date the work of construction of 16 type 2 R/P quarters was withdrawn from the society in August 1967 ; the time for the completion of the remaining work was also extended first upto December 1967 and upto March 1968. In the meantime, in January 1968, cracks developed in 4 quarters in 2 blocks of type 2 RA/P but no notice thereof was taken till February 1968 (by which time 24 type 2 R/P quarters, 6 of the 30 type 2 RA/P quarters were wholly and others partially completed) when the contract was rescinded on payment of Rs. 1.55 lakhs (upto March 1968). The remaining work of 24 quarters was completed departmentally by July 1968.

In August 1968 cracks had appeared in all the 30 quarters and compound walls of quarters of 2RA/P type constructed by Society. The quarters were also left unguarded with the result that door fittings of many buildings were pilfered. Later some of the buildings and compound walls also collapsed.

In his first report to the Additional Chief Engineer (September 1972) the Superintending Engineer attributed the cracks to inadequate load bearing capacity of the soil and declared 26 of the 30 quarters as unfit for human habitation and 4 quarters as repairable at an approximate cost of Rs. 6,000.

The entire expenditure of Rs. 2.43 lakhs on the construction of 30 quarters thus proved infructuous.

The matter was reported to the Government in December 1974 ; their reply is still awaited (May 1975).

4.5. Tube Well Irrigation—

4.5.1. A programme of providing irrigation by means of tube wells in areas where cultivable land was available but flow irrigation was not feasible was started in 1951-52. The object was to exploit the ground water potential of the area for agriculture.

4.5.2. The programme was being executed by the Agriculture Engineering branch of the Directorate of Agriculture up to 1962-63 when a new Directorate of Lift Irrigation was created and the programme transferred to it. The Orissa Lift Irrigation Corporation took over the execution of the programme from the Director of Lift Irrigation in October 1973.

4.5.3. *Programme and performance*—Prior to the Third Plan period 24 tube wells had been installed. During the Third and Fourth Plan periods 633 tube-wells were programmed (137 without administrative approval and 97 without technical sanction) of which 448 were completed by 1973-74 and 72 wells were abandoned during execution. Abandonment of the tube-wells during execution was mainly due to lack of water bearing strata or low discharge of water. The remaining 113 wells are still to be constructed/completed (March 1974).

4.5.4. Out of 126 wells, for which installation details could be obtained by Audit, it was observed that delay in installation occurred in 43 cases ; in 3 cases the delay exceeded one year and in 2 cases, two years. Again, out of 290 cases, for which information on the time lag between installation of tube wells and energisation was available, it was observed that the time lag was up to 6 months in 66 cases, one year in 38 cases and over one year in 96 cases. As at the end of March 1974, 68 tube-wells were still to be energised; the work had been held up mainly due to delay in providing electric connections and in other cases due to non-availability of pumps. In 26 cases even after installation and energisation, the tube-wells were not put into operation for long periods; the time lag in 23 cases was up to one year after energisation, in 2 cases between one to two years and in one case over five years. The delay was attributed by the Executive Engineers mainly to the following factors :—

- (i) absence of demand,
- (ii) low saline water discharge,
- (iii) theft of conductors.

4.5.5. Nine tube-wells which had been put into commission (cost : Rs. 1.34 lakhs) have ceased to be operative due to inadequate or lack of water potential. The average percentage of utilisation of the other wells put into operation for which information was available for the years from 1971-72 to 1973-74 (September 1974) was in terms of working hours 28.5 per cent in Bhubaneswar Division and 23.3 in Kendrapara Division.

4.5.6. The utilisation of tube-wells during kharif season was much less than during rabi season. The percentage of idle tube-wells in the various districts during kharif season ranged from 6 to 100. None of the tube-wells in Balasore Division was working during the kharif seasons of the years 1968-69 to 1971-72.

4.5.7. According to the information obtained from Lift Irrigation Divisions the number of tube-wells not working during 1973-74 were as follows :—

Divisions	Number of tube wells energised prior to 1973-74	Number of tube-wells idle			
		Kharif	Percentage	Rabi	Percentage
Balasure ..	81	66	81.4	20	24.1
Bhubaneswar ..	70	54	77.1	17	24.3
Kendrapara ..	20	16	80.0	8	40.0
Berhampur ..	54	20	37.0	3	5.5

4.5.8. The designed ayacut of 448 tube-wells completed during Third and Fourth Plan periods was 20,135 acres against which the irrigation potential created was 14,625 acres only. The shortfall was attributed by the Executive Engineers concerned to the absence of an adequate distribution system. The total irrigation potential of all the tube-wells completed up to 1973-74 was 15,587 acres against which the potential actually utilised during the year 1973-74 was 1,948 acres in the kharif season and 5,313 acres in the rabi season.

4.5.9. The delay in execution and the under-utilisation of the capacity and of the irrigation potential created were attributed by the Executive Engineers concerned in 1974 to (a) lack of interest on the part of and lack of cooperation among the cultivators, (b) unattractive rate structure, (c) non-payment of water rates on due dates, (d) procedural difficulties, (e) energy problems such as load shedding and/or (f) theft of cables.

4.5.10. A Central team from the Ministry of Agriculture Community Development and Co-operation, which visited Orissa in May 1970, had recommended that lift irrigation should be taken up on priority basis in the backward areas. The recommendations were accepted for implementation by Government in July 1971. Out of 353 tube-wells sanctioned during 1971-72 to 1973-74 only 16 were in the backward areas (Koraput District).

4.5.11. *Financial outlay*—Information regarding the investment made on tube-wells by the Government up to the end of the Second Five Year Plan was not available with the department. During the Third and Fourth Plan periods Rs. 1,65.64 lakhs (inclusive of Central assistance of Rs. 99 lakhs for 162 schemes taken up for relief works) were spent on the installation of tube-wells against the Plan provision of Rs. 1,58.34 lakhs. Of this the amount spent on 53 tube wells which were abandoned was Rs. 2.56 lakhs (expenditure on 19 other abandoned tube wells was not ascertainable), the expenditure incurred without administrative approval was Rs. 11.64 lakhs and without technical sanction was Rs. 16.44 lakhs. The expenditure exceeded the estimated cost in 75 cases by Rs. 6.07 lakhs.

4.5.12. According to the policy of Government the tube-wells are to be run on no profit-no loss basis. It was decided in December 1959 to levy water charges on the basis of Rs. 2 per acre inch of water consumed, rates for different crops being arrived at on the basis of estimated quantity of water required for each crop. The water rates were revised in May 1969 and again in November 1973. The current rates, ranging from Rs. 9.60 to Rs. 120 per

crop acre, have been fixed on the basis of an assumed rate of Rs. 2.40 per acre inch of water consumed. The acre inch rates adopted for fixing the crop acres rates did not have reference to the actual cost of providing the water.

On a review of the working results of tube-wells in five divisions conducted by Audit in 1974 (June to September) it was found that the average revenue per acre during 1973-74 in respect of the tube-wells selected for sample study was Rs. 47.39 against which the average cost of providing irrigation was Rs. 123.61. Four Lift Irrigation divisions worked at a loss during 1972-73 and 1973-74; one division only made profit. The following table shows the cost of operation and maintenance (excluding interest, depreciation and other indirect charges), the revenue earned and the loss suffered/profit made in the various divisions:—

Name of the Lift Irrigation Division	Year	Revenue earned	Cost of operation and maintenance	Amount of profit/loss	
				+	-
(Rupees in lakhs)					
1. Kendrapara	.. 1972-73	0.21	0.71		-0.50
	1973-74	0.20	0.75		-0.55
2. Bhubaneswar	.. 1972-73	0.72	2.11		-1.39
	1973-74	1.02	1.68		-0.66
3. Koraput	.. 1972-73	0.22	0.29		-0.07
	1973-74	0.39	1.00		-0.61
4. Balasore	.. 1972-73	1.06	0.51		+0.55
	1973-74	1.57	1.27		+0.30
5. Berhampur (in respect of Bhanjanagar and Berhampur Lift Irrigation Sub-divisions only)	1972-73	0.44	0.90		-0.46
	1973-74	0.61	1.20		-0.59
Total	..	6.44	10.42		-3.98

The net loss was Rs. 1.87 lakhs for 1972-73 and Rs. 2.11 lakhs for 1973-74.

4.5.14. At the end of March 1974 the overdue revenue was Rs. 2.00 lakhs. The following table shows the division-wise analysis of revenue demand and collections for the years 1968-69 to 1973-74 and arrears at the end of the period:—

Division	Arrears as on the 1st April 1968	Assessments	Collection	Arrears as on the 31st March 1974
(In lakhs of rupees)				
Kendrapara	.. 0.06	0.98	0.83	0.21
Bhubaneswar	.. 0.02	2.83	2.54	0.31
Koraput	.. ..	0.82	0.81	0.01
Balasore	.. 0.10	4.57	3.51	1.16
Berhampur—				
(i) Bhanjanagar and Berhampur Sub-divisions)	0.35	1.74	2.01	0.08
(ii) Other Sub-divisions	.. Not available	..	..	0.22
Total	.. 0.53	10.94	9.70	1.99

4.5.15. *Other topics of interest*—(i) Twelve rigs purchased in various years at a cost of Rs. 26 lakhs worked for 3,032 rig days out of 24,240 rig days for which they could have worked (at 180 days per year rig) and were idle for 21,208 rig days (87.5 per cent). One rig procured in 1962 at a cost of Rs. 2.45 lakhs worked for 71 days only between 1962 and 1967 and thereafter remained without work for the rest of the period for want of repairs. Eleven compressors purchased at a cost of Rs. 5.33 lakhs were idle for 23,580 days out of 25,200 days (93.5 per cent). Two air compressors purchased in 1966 at a cost of Rs. 0.94 lakh have remained out of order from the dates of their purchase (January 1975).

(ii) Advances drawn by departmental authorities on abstract contingent bills during 1964-65 and 1965-66 amounting to Rs. 1,17,821 have not been adjusted so far (October, 1974) as the detailed contingent bills have not been submitted.

4.6. *Pitamahal Irrigation Project*—In August, 1968 tenders were invited by the superintending Engineer, Hirakud Dam Circle for the construction of the earth dam of the Pitamahal Irrigation Project in Sundargarh District. According to the existing practice compaction of earthwork was to be done departmentally so as to ensure quality control. This item was included by the department in the scope of the work put to tender for the reason that there was shortage of compaction equipment in the department. Fifteen tenders were received ranging from Rs. 37.80 lakhs (earth work: Rs. 32.83 lakhs, compaction: Rs. 4.97 lakhs) to Rs. 59.41 lakhs (earthwork: Rs. 54.96 lakhs, compaction: Rs. 4.45 lakhs) against the estimated cost of Rs. 38.13 lakhs (administratively approved in November 1967). The lowest tender was accepted by the Government on the recommendation of the Contract Committee and an agreement was signed with the contractor in January 1970 with the stipulation that the work should be completed by June 1971. In October 1970 the contractor reported that he was not able to make progress in compaction work due to inadequacy of water and also to his inability to procure necessary equipment within the short time available; he alleged that the equipment hired out to him by the department was old, obsolete and mostly unserviceable. He asked for withdrawal of the item of work relating to compaction from the scope of the contract and its execution departmentally. In November, 1970 the Chief Engineer accepted the proposal and recommended to the Government the withdrawal of compaction work from the scope of the contract on the ground that proper quality control had to be ensured. The Government approved in February, 1971 that compaction might be done departmentally provided that the cost of compaction was to be borne by the contractor. In the meantime, the department had taken up the compaction work and the actual cost came to Rs. 285 per 100 cubic metres against the accepted tender rate of Rs. 95 per 100 cubic metres.

In March 1971 the Superintending Engineer reported to the Chief Engineer that even after withdrawal of the compaction work from the contractor the progress was very poor (5.79 per cent of work had been done against 45.5 per cent of work to be done according to the agreement). The Chief Engineer, therefore, proposed to the Government that the contract may be rescinded with effect from the 1st July 1971 i.e. on the expiry of the original term of the contract. The Government thereupon started

negotiations with Orissa Construction Corporation Ltd., (a Government undertaking) which offered in May 1971 to execute the remaining work (value Rs. 32.83 lakhs as per existing contract rate) for Rs. 44.11 lakhs.

In June 1971 the contractor explained the reasons for the delay and asked for extension of time up to May 1973; he offered to pay compensation up to 15 per cent if he failed to execute the work by the extended date. The Chief Engineer, in view of the high rates quoted by the Government undertaking, recommended in June 1971 extension of time up to May 1973. The Government accepted the recommendation and also ordered that the cost of compaction work should not be debited to the contractor (The reasons for this change in decision are not known).

In October 1972 the Executive Engineer reported to the Superintending Engineer that the progress of work was still unsatisfactory and attributed it to reasons for which the contractor could not be held responsible; one of the main reasons given by the Executive Engineer was that the department could not keep compaction in pace with earthwork due to lack of water and equipment.

In November 1972 the contractor pointed out that his bills amounting to Rs. 7 lakhs (out of Rs. 10.79 lakhs the value of work done by him up to July 1972) had remained unpaid inspite of his representations and that he could not show satisfactory progress of work without funds; he requested early payment of the pending bills. No reason was given for non-payment of the bills. Despite this in January 1973 the contractor was given notice by the Executive Engineer that the contract would be closed on the basis of measurements taken on the 29th November 1972.

In January 1973 the Chief Engineer reported to the Government that the contractor was not perhaps able to execute the work as the rates quoted by him were low. He suggested that the work might be entrusted to the Orissa Construction Corporation, Ltd. Accordingly, the Government decided in February 1973 to entrust the remaining work excluding compaction (value Rs. 22.72 lakhs at contract rate) to the Orissa Construction Corporation, Ltd., after negotiation for Rs. 46.30 lakhs to be completed by March 1975.

In March 1973 the Chief Engineer proposed to the Government that the account of the contractor should be settled without compensation being payable on either side on the ground that the delay in the execution of work was largely due to the delay in the finalisation of designs (tenders were invited before preparation of the designs and the acquisition of land) and the delay in compaction work of the earthdam by the department due to non-availability of adequate equipment.

The account of the contractor has not been settled yet (December 1974).

Awarding of the contract initially before finalisation of the designs and without verification of the capacity of the tenderer to carry out compaction work, withdrawal of that work from him without making adequate arrangements for execution departmentally and the cancellation of the contract

without giving reasonable opportunity and denial to him of facilities to execute the work before the expiry of the contract period resulted in extra cost as shown below:—

	(Rupees in lakhs)
Amount paid (final bill for the work done by the contractor yet to be prepared)	10·79
Amount payable to the Orissa Construction Corporation, Ltd.	46·30
Estimated cost of compaction by the department at the average actual cost	14·91
Total	72·00
Amount payable as per tender accepted	.. 37·80
Extra cost	.. 34·20

The total anticipated cost exceeds the original estimated cost by Rs. 33·87 lakhs (89 per cent.); it is higher than even the highest tender received.

The average cost of compaction done by the department (Rs. 2·85 per cubic metre) exceeds the estimated rate (Rs. 0·70 per cubic metre) by 300 per cent, the lowest tendered rate (Rs. 0·95 per cubic metre) by 200 per cent, and the highest tendered rate (Rs. 1·80 per cubic metre) by 58 per cent. At this pace the actual cost of compaction will exceed the estimated cost by Rs. 11·24 lakhs.

The matter was reported to the Government in February 1975; their reply is awaited (May 1975).

SUNDER IRRIGATION PROJECT

4.7. *Purchase of pipes*—In January 1973 the Superintending Engineer, Western Irrigation Circle, Bhawanipatna invited tenders for the supply of 10,000 running feet of 4 inch diameter (100 mm. dia) Victaulic pipes for use on compaction of earth dam of Sundar Medium Irrigation Project. Four tenders were received in February 1973. The lowest tender (Party A) was Rs. 6·25 per running foot, the second lowest tender (Party B) was Rs. 7·38 per running foot and the third lowest tender (Party C) was Rs. 7·95 per running foot. Samples were called for in February 1973. They were received between May 1973 and July 1973. The lowest tender of Party 'A' was rejected as the sample supplied by it did not conform to the required specification. The tender of Party 'B' was rejected on the ground that the tenderer was unreliable although the sample submitted by him was acceptable.

Negotiations were then held with the third lowest tenderer 'C' (the 14th July 1973) who had quoted Rs. 7·95 per running foot. He agreed to

supply the pipes at Rs. 7.38 per running foot i. e., the rate quoted by the lowest tenderer. In August 1973 the revised offer of 'C' at Rs. 7.38 per running foot was recommended to the Chief Engineer for acceptance.

In November 1973 the Chief Engineer ordered that the tender of Party 'B' should be accepted.

The order of the Chief Engineer was not carried out. Instead, the Superintending Engineer decided to reject all the tenders and call for fresh tenders on the ground that the tenderers might not agree to supply at negotiated rates in view of the delay in decision and the rising trend of prices.

Fresh tenders were called for in November 1973 for a reduced quantity of 6,000 running feet. Five tenders were received in December 1973. The lowest tender of Party 'B' at Rs. 10.18 per running feet was accepted and orders were placed on it in the same month for 8,000 running feet. Another order for 7,000 running feet was placed on the second lowest tenderer 'D' at the same rate after negotiation. The supply was intended for Saipala Irrigation Project. Party 'B' supplied 8,288 running feet of pipes in March 1974 and Party 'D' supplied 7,692 running feet of pipes in May 1974. The entire quantity of 15,980 running feet was utilised for the Sundar Irrigation Project itself.

Failure to avail of the cheaper offer obtained in February 1973 resulted in avoidable extra expenditure of Rs. 0.45 lakh.

The matter was reported to the Government in August 1974; their reply has not been received so far (May 1975).

OTHER MEDIUM IRRIGATION PROJECTS

4.8. *Purchase of foreign motor graders*—In December 1962 the Additional Chief Engineer, Irrigation placed orders on a firm for the supply of six foreign motor graders for departmental construction of earthen dams and dykes of four medium irrigation projects (two each for Budhabudhiani and Salia Projects and one each for Darjang and Godohado Projects). The supply was to be completed by the 15th February 1963 failing which the purchase order stood automatically cancelled. The firm supplied the graders between December 1963 and February 1965 and was paid in full. No penalty was imposed on the suppliers for delayed supply as there was no penalty clause in the purchase order.

Another order for four more graders was placed on the same firm by the Additional Chief Engineer, Irrigation in March 1964 (two for Dhanai Project and one each for Godohado and Darjang Projects) and they were supplied between June 1964 and February 1965. The total cost of the ten graders purchased was Rs. 9.53 lakhs.

Of the six graders ordered in December 1962 three meant for Budhabudhiani and Salia Projects were received between December 1963 and June 1964. They could not be used as the projects had been completed by then. The graders still remain unused (February 1975). Of the three remaining graders received between December 1963 and February 1965 one was used for 23 months from December 1963 to June 1964 and again from June 1967 to

September 1968. It has been lying (February 1975) in a damaged condition since March 1970. The estimated cost of repairs of the grader is Rs. 0.50 lakh. Another grader was used for 24 months from June 1964 to May 1966. The third grader was used for 51 months from January 1970 to March 1974. The actual number of hours for which the graders were operated was not on record except in the case of one grader which was operated for 1,572 hours against the potential of 10,000 hours.

No information was available with the department regarding utilisation of the four graders ordered in March 1964 and received against the second order.

The matter was reported to the Government in September 1973; their reply has not been received so far (February 1975).

SECTION B

OTHER DEPARTMENTS

GENERAL

4.9. *Review of works expenditure*—The rules require that no new work may be commenced or any liability incurred in connection with it until administrative approval is accorded and detailed estimate is sanctioned. The rules provide further that a revised estimate should be prepared when the sanctioned estimate is likely to be exceeded by more than 5 per cent. To the end of March 1974, Rs. 94.43 lakhs had been spent on 18 works, for which detailed estimates had not been sanctioned and Rs. 97.31 lakhs had been spent on 13 works without administrative approval. In 44 works, the expenditure incurred exceeded the sanctioned estimate by more than 5 per cent but revised estimates were not prepared, the excess in these cases upto the 31st March 1974 being Rs. 1,65.37 lakhs. The department-wise analysis of these works is given below:—

Department	Want of sanctioned estimate		Excess over estimate (more than 5 per cent)		Want of administrative approval		
	Number of works	Amount (in lakhs of rupees)	Number of works	Amount (in lakhs of rupees)	Number of works	Amount (in lakhs of rupees)	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	
Works and Transport Department	14	53.79	28	1,22.99	10	65.00	
Urban Development Department	..	..	2	0.12	3	32.31
Rural Development Department	4	40.64	14	42.26	..	..
Total	..	18	94.43	44	1,65.37	13	97.31

RURAL DEVELOPMENT DEPARTMENT

4.10. *Minor Irrigation (Flow) Programme*—

4.10.1. *Introductory*—Prior to 1962 departments like Agriculture, Tribal and Rural Welfare, Revenue and Community Development were responsible for minor irrigation projects under the co-ordination of the Revenue Department. These projects were transferred to the Rural Engineering Organisation after its formation in 1962. Complete information regarding the total number of projects (both working and derelict) transferred to the organisation are not available with the Rural Development Department.

4.10.2. *Derelict projects transferred from Revenue Department*—At the beginning of the Fourth Five Year Plan, the Rural Engineering Organisation had 2,213 completed minor irrigation projects which included 470 'completely derelict' and 814 'partly derelict' projects. The Rural Engineering Organisation undertook improvement of these projects. According to information received from 5 Rural Engineering Divisions 146 'derelict' or 'partly derelict' projects, out of 773 relating to these divisions, have so far been improved (total cost not known) and additional ayacut of 29,000 acres (both Kharif and Rabi) achieved.

4.10.3. The Fourth Plan works outlay for minor irrigation (flow) was Rs. 9.67 lakhs. In addition the following amounts were also available:—

	(Rupees in lakhs)
Deposits from Blocks (1969-70 and 1970-71) ..	2.07
Chief Minister's Relief Fund (1972-73) ..	2
Central Assistance—	
(i) Emergency agricultural and production programme (1972-73)	2.95
(ii) Drought-prone areas programme (1971-72 to 1973-74)	2.41
(iii) Other projects (minor irrigation projects for backward and tribal areas) (1973-74).	3.18

Thus the total amount available for minor irrigation during the Fourth Five Year Plan was Rs. 20.30 crores (excluding investigation).

4.10.4. *Investigation*—During the period from April 1969 to December 1973, survey and investigation of 267 minor irrigation projects estimated to cost roughly Rs. 33.48 crores was completed at a cost of Rs. 1.03 crores (information about the total number of projects for survey and investigation was not available with the Chief Engineer) the break up being as follows:—

Year of survey and investigation	Number of project surveyed	Estimated cost of the projects	Budget provision for investigation	Expenditure on investigation	Percentage [column(5) to column(3)]
(1)	(2)	(3)	(4)	(5)	(6)
(Rupees in lakhs)					
1969-70	63	7,28.90	14.00	13.01	1.8
1970-71	30	5,32.86	18.14	17.99	3.4
1971-72	49	5,44.66	20.00	19.98	3.6
1972-73	66	7,49.62	25.00	25.60	3.4
1973-74	59	7,91.89	26.50	26.50	3.3
Total	267	33,47.93	1,03.64	1,03.08	3.1

4.10.5. *Lack of co-ordination between the Irrigation Department and the Rural Engineering Organisation*—Twenty three cases came to notice in Audit during August 1974 where investigation was conducted by both the Irrigation Department and the Rural Engineering Organisation on the same stream or at the same sites for the establishment of minor irrigation projects and medium irrigation projects respectively (the class of project is based on the estimated cost which can only be determined after the investigation is done). Of these, in seven cases sanctioned as minor irrigation projects within the prescribed monetary limits (Rs. 25 lakhs for the plains and Rs. 30 lakhs for hill areas) which are still (November 1974) in progress, the revised estimated cost has exceeded the ceiling fixed for minor irrigation projects. In one case the revised cost has gone up to Rs. 55 lakhs. This indicates that the functions of the two departments are overlapping leading sometimes to duplication. To remedy the situation the Government decided in October 1973 that the annual programme for investigation of the irrigation projects should be finalised by the Chief Engineers of the two wings through mutual consultations and that the project reports would require clearance from a Technical Committee before execution. The Planning and Co-ordination Department was required to issue instructions regarding constitution of the Technical committee and the procedure of its working. These instructions have not been issued yet (February 1975) and the decision of the Government remains to be implemented.

4.10.6. *Criteria for the selection of minor irrigation projects*—The total number of projects investigated and found feasible prior to April 1967 is not known. From April 1967 to March 1969, 62 projects were investigated of which all were found feasible; of these 17 projects were taken up for execution. During the subsequent period of five years 267 projects were investigated of which 253 were found feasible; of these 45 projects were taken up for execution. No criteria for fixing priorities and selection of projects for execution have been formulated. Recently, in the context of the Fifth Plan, the Government have decided that the spill-over projects from the Fourth Plan should receive priority as also projects in the drought prone areas.

4.10.7. *Programme and progress*—At the commencement of the Fourth Five Year Plan there were 130 Minor Irrigation projects that had spilled over from the Third Plan. During the Fourth Plan period 103 new projects and 42 renovation and linkage schemes were taken up for execution. The programme was to complete 115 projects carried over from the Third Plan and 48 new projects in the Fourth Plan. According to the Chief Engineer, Rural Engineering Organisation, only 71 projects, all carried over from the Third Plan, (estimated cost: Rs. 2.46 lakhs) were completed during the Fourth Plan ending 1973-74. The remaining 204 projects, including 59 projects carried over from the Third Plan, (estimated cost : Rs. 18.97 lakhs) were carried over to the Fifth Plan. Work on 5 projects had not been commenced.

The total expenditure incurred on the execution of the minor irrigation projects during the Fourth Plan period was Rs. 19,33.51 lakhs. The amount required to complete the carried over schemes has been estimated to be Rs. 11.20 lakhs.

4.10.8. *Slow progress*—The completion of the projects has taken longer time than was originally anticipated, the delays ranging from one year to eight years; a list of some projects where execution has been delayed is given in Appendix IX. Dhobaghat and Srirampur South Minor Irrigation Projects,

which had been commenced in January 1964 and Desbandhughai Minor Irrigation Project started in July 1966 are still incomplete. The work on these projects has been stopped after spending Rs. 11.85 lakhs. The main reasons for the delays in execution were stated by the department to be (i) delay in the acquisition of land due to lengthy procedure involved, (ii) shortage of funds, (iii) non-availability of cement and steel, (iv) shortage of construction machinery like tractors, bull-dozers and concrete mixers, etc. During audit (August 1974) it was noticed that the delays also appear to be due to delays in finalisation of canal alignments (7 cases), lack of facilities for repairs and maintenance of machinery and non-synchronisation of the construction of headworks and canal system (111 cases). For instance, in the case of Hadua Minor Irrigation project (Cuttack District), which was started in 1963, the headworks were completed in 1966 but the canal system is not yet (November 1974) ready and irrigation potential to the extent of about 30 per cent only of the designed ayacut has been created.

4.10.9. *Central Assistance schemes—Drought Prone Areas in Kalahandi and Phulbani Districts*—Under the scheme “Special Central Assistance to Drought Prone Areas” Rs. 2,40.92 lakhs (Rs. 1,19.27 lakhs for Kalahandi District and Rs. 1,21.65 lakhs for Phulbani District) were allotted for the execution of new minor irrigation projects outside the State Plan allocation in the Fourth Five Year Plan. Eight projects (five reservoir and three diversion weir schemes) in Phulbani District at a total estimated cost of Rs. 84.64 lakhs and six projects (one reservoir and five diversion weir schemes) in Kalahandi District at a total estimated cost of Rs. 70.83 lakhs were taken up for construction during 1971-72. All the 14 projects, with a total designed ayacut of 20,365 acres for kharif and 10,550 acres for rabi, were programmed to be completed during the Fourth Plan. During execution the original estimates of 12 projects were revised from Rs. 1,55.47 lakhs to Rs. 2,67.94 lakhs, the increase in the estimated cost being 72 per cent. None of the projects was completed by the end of 1973-74. Total expenditure incurred on the projects upto end of March 1974 was Rs. 83.31 lakhs in Kalahandi District and Rs. 1,01.83 lakhs in Phulbani District. The manner in which the balance allotment of Rs. 55.78 lakhs was utilised is not known. Work on one of the projects in Kalahandi District was discontinued after undertaking some preliminary work because of litigation with the contractor regarding the acceptance of tender. In Phulbani District Rs. 5.29 lakhs were spent upto September 1972 on unapproved road works. The partial ayacut achieved in Kharif from three projects at the end of 1973-74 was 1,050 acres only being 34 per cent of their designed ayacut and 5 per cent of the total estimated ayacut of the 14 projects. No irrigation was done for rabi crops from any of the projects till 1973-74.

All the works (except one in Kalahandi District which has been stopped) are in progress (September 1974) and the present programme is to complete 9 works by March 1975 and 4 works by March 1976. Thus the expected irrigation is not likely to be achieved before 1976-77. The slow progress of work was stated to be due to dearth of tools and plants.

4.10.10. *Emergency Agricultural Production Programme*—Acceleration of work in 48 reservoir projects and 37 linkage schemes involving renovation of tanks which were under execution had been taken up under Emergency Agricultural Production Programme during the year 1972-73 so as to

provide rabi irrigation to 8,700 acres through the reservoir projects and 2,100 acres through the linkage schemes. On final completion the total estimated rabi irrigation potential to be created by those 85 schemes was 32,860 acres (31,000 acres from reservoir projects and 1,860 acres from linkage schemes). Six of the reservoir projects and fourteen of the linkage schemes included in the programme were, however, not designed to give rabi irrigation. Five of the linkage schemes were not taken up. Rupees 3,64.00 lakhs were spent on the remaining schemes during 1972-73. The actual rabi potential understood to have been created upto March 1973 was 5,950 acres from the reservoir projects and 1,000 acres from the linkage schemes.

During 1973-74 a further expenditure of Rs. 2,96.87 lakhs on 48 reservoir projects and Rs. 26.93 lakhs on 32 linkage schemes was incurred.

According to the statement furnished to Audit by the Chief Engineer 24 reservoir projects and 8 linkage schemes provided rabi irrigation to the extent of 10,460 acres and 760 acres respectively during 1973-74. The actual utilisation of the irrigation potential created for rabi crops so far has not been intimated (July 1975). The Chief Engineer, however, reported to the Government in May 1974 that utilisation of the irrigation facilities was generally low because of lack of response from the cultivators who were not eager to utilise water for rabi irrigation.

None of the schemes has been completed so far (January 1975). Rupees 9,14.28 lakhs and Rs. 76.50 lakhs were spent to the end of August 1974 on the reservoir projects and linkage schemes against their estimated cost of Rs. 10,31.54 lakhs and Rs. 83.00 lakhs respectively.

4.10 11. *Special assistance*— An additional loan assistance of Rs. 3,18.00 lakhs was sanctioned by the Government of India in October 1973 against a specific commitment of the State Government in their proposal to the Planning Commission that 26 approved minor irrigation projects, situated mostly in backward and tribal areas, which were stated to be in an advanced stage of construction, could be completed by the end of 1973-74 and that it would be possible to get an additional yield of about 27,000 tonnes of foodgrains and 13,000 tonnes of other crops as a result of additional irrigation potential so created. A review conducted by Audit in August 1974 disclosed the following :

(i) The 26 projects which were stated to be in an advance stage of construction were actually not so and according to the Chief Engineer, Rural Engineering Organisation only 12 of the projects were expected to be completed during 1973-74.

(ii) The original list of 26 works were substituted by the department in November 1973 by a revised list of 34 projects comprising only 23 projects of the original list and 11 others; the revised list was subsequently approved by the Planning Commission in April 1974.

(iii) Although the Central assistance was meant to be supplementary to the State Plan provision, the State Plan allocation of Rs. 95.51 lakhs earlier made for the 34 selected projects was transferred (January 1974) by the Rural Engineering Organisation to other Plan projects. Expenditure of Rs. 1,01.37 lakhs incurred on these 34 projects between April 1973 and December 1973

against the State Plan allocation was withdrawn from the State Plan head and adjusted against the Central assistance. No expenditure on these projects was thus met from the State funds during the year.

(iv) Inclusive of the amount of Rs. 1,01.37 lakhs incurred mentioned in (iii) above, the total expenditure on these projects during the year 1973-74 amounted to Rs. 2,44.00 lakhs against the Central assistance. The balance of Rs. 74.00 lakhs were, according to the Chief Engineer, utilised on 19 other projects outside the revised list of selected projects.

Thus the diversion of Rs. 95.51 lakhs from the State Plan allocation and Rs. 74.00 lakhs from the Central assistance to projects other than those included in the list approved by the Planning Commission helped to show the utilisation of Rs. 3.18 lakhs.

(v) Rupees 29.77 lakhs drawn by the Rural Engineering Organisation in March 1974 for advance payment to the Industrial Development Corporation of Orissa Limited for supply of steel and adjusted against the Central assistance, was refunded to the treasury in April 1974 as the Corporation increased the price of steel subsequently and did not agree to execute the agreement. Rupees 42.50 lakhs were deposited with Collectors for acquisition of 3,567 acres of land; the Chief Engineer did not have information of the area actually taken possession of (September 1974). Both the amounts were shown as expenditure met from the Central assistance.

(vi) The total estimated cost of 34 selected projects was Rs. 6,02.25 lakhs as per the administrative approval accorded. The estimated cost was revised to Rs. 10,32.00 lakhs between February 1974 and July 1974 as the original estimates were, according to the Chief Engineer (July 1974), prepared on an approximate basis. Partial irrigation potential from 17 projects (out of 34) to the extent of 17,320 acres in kharif and 5,150 acres in rabi was created by the end of 1973-74 against the designed potential of 79,946 acres in kharif and 20,290 acres in rabi seasons. The irrigation potential created by execution of the 19 other projects outside the approved projects was reported to be 17,700 acres in Kharif and 8,400 acres in rabi seasons. The shortfall in achievement and upward revision of the estimated costs could not be justified by the Rural Engineering Organisation to the Government which took a serious view of it and decided that responsibility for the lapses should be fixed. No information is available with the department about the potential actually utilised and the additional yield achieved on execution of these projects.

(vii) Though the entire Central assistance of Rs. 3,18.00 lakhs was shown as utilised by 1973-74, none of the 34 projects in the approved list was completed by March 1974 and 20 of these works are still in progress (July 1975).

4.10.12. *Revision of estimates*— Of 275 projects under execution in the Fourth Plan, detailed estimates have not been sanctioned in the case of 42 projects and in the case of 91 projects revised estimates are yet to be sanctioned by the Chief Engineer (October 1974). In 174 cases in respect of which the revised estimates have been prepared, the estimated cost has gone up from Rs. 18,21.47 lakhs to Rs. 31,07.94 lakhs. Of these in 44 cases the increase in the estimated cost ranges from 100 per cent to 458 per cent. The revised estimates of 38 projects exceed the maximum financial limit of Rs.25 lakhs/Rs. 30 lakhs fixed for minor irrigation projects. In one case the revised estimate exceeded the prescribed limit by as much as 83 per cent.

The reasons for revision of the estimates are stated by the department in October 1974 to be (i) increase in the cost of labour and construction materials due to delays in the execution of works, (ii) under-estimation of cost of land, (iii) under-estimation of quantities of earthwork and inadequate provision for canal structures, (iv) rise in the cost of earthwork in excavation of canals due to delays in finalisation of canal alignments and (v) major changes in the scope and designs of projects while under construction. In the case of 14 projects (not exhaustive) the height of the dams was raised ranging from 1 foot to 6½ feet. In one such case, Viz., Sonamachha Kandan Minor Irrigation project in Keonjhar District, work on which was commenced in August 1971, the dam height was proposed to be raised from 65 feet to 70 feet in September 1971. In November 1971 the orders were revised restricting the height to 65 feet. Again in June 1972 the height was proposed to be raised to 68 feet. In another Minor Irrigation Project (Vetbar in Puri District) the height of the dam was reduced by 10 feet to keep the project cost within the ceiling limit of Rs. 30 lakhs.

4.10.13. *Benefit cost studies*—According to the norm fixed in 1965 by the Planning Commission irrigation projects with benefit-cost ratio of less than 1:5 are generally not considered as economically viable. In 35 cases the benefit-cost ratio was not available. In 33 minor irrigation projects under execution the ratio was found to be below this norm. Sample studies and test checks conducted by Audit in October 1974 disclosed that the benefit-cost ratio did not include depreciation, land revenue, and interest on land levelling.

4.10.14. *Projects not found feasible during construction*—In the following 4 cases execution of projects was stopped after spending Rs. 2.13 lakhs on the ground that they were not feasible technically or economically:—

Name of the Project	Date of commencement	Date on which dropped	Expenditure (Rs. in lakhs)	Grounds of abandonment
(1)	(2)	(3)	(4)	(5)
(a) Jagadala Minor Irrigation Project (Keonjhar District)	June 1971	August 1972	0.42	Technically not feasible.
(b) Badjore Minor Irrigation Project (Dehenkal District)	Not available	Not available	0.14	Technically not feasible.
(c) Ranibandha Minor Irrigation Project (Sundargarh District)	November 1964	September 1970	0.67	Economically and technically not feasible.
(d) Sohagi Minor Irrigation project (Cuttack District)	October 1970	February 1972	0.90	Economically not feasible.

4.10.15. *Irregular debits to the project accounts*—The following projects have been debited with expenditure (noted against them) which has no relation to their execution:—

Name of the project	Amount debited (Rs. in lakhs)	Period of debit	Particulars
(a) Sohagi Minor Irrigation Project (Cuttack District)	0.48	October 1970 to February 1972	Construction of buildings used as office-cum-stores of a subdivision.
(b) Balaskumpa Minor Irrigation Project (Phulbani District)	0.14	January 1973 to November 1973	Sanitary fitting and water supply to Rural Engineering Division office building and cost of compound wall of the Executive Engineer's residence.
(c) Panipoila Minor Irrigation Project (Puri District)	0.12	September 1971 to March 1972	Construction of drinking water pond at Rural Engineering Organisation staff colony.
(d) Hadua Minor Irrigation Project (Cuttack District)	3.33	..	Cost of 54 tonnes of mild steel rods and 65.206 tonnes of galvanised corrugated iron sheets which are missing.
(e) Modanalla Minor Irrigation Project (Puri District)	0.06	January 1972	Construction of compound wall at Khandapara.
Total	4.13		

4.10.16. *Irrigation*—According to the Master Plan for the development of water resources prepared in 1972 a total area of 25.70 lakh acres can be brought under irrigation in the State through minor irrigation projects. According to the information furnished by the Government, the progressive irrigation potential maintained by the Rural Engineering Organisation at the beginning of the Fourth Plan was 4.50 lakh acres. According to the Chief Engineer, it was 4.25 lakh acres (kharif 4.05 and rabi 0.20 only) and the actual utilisation was 3.65 acres. (The projectwise details of these figures are not available either with the Government or with the Chief Engineer).

The total designed ayacut of 130 spill-over projects and 145 new schemes which were under execution in the Fourth Plan was 7.58 lakh acres (kharif 6.57 and rabi 1.01). In the Fourth Plan benefits of additional Irrigation were

expected to be reached to the extent of 2.46 lakh acres taking into account the State Plan provision and Central assistance. As against this, irrigation potential of 1.86 lakh acres (0.64 lakh acres from the 71 completed projects and 1.21 lakh acres from 125 incomplete projects) was created. The shortfall in achievement was 0.61 lakh acre. Thus, the total irrigation potential created by the end of 1973-74 was 6.10 lakh acres (kharif 5.57 and rabi 0.53) which was about 25 per cent of the total area that can be brought under minor irrigation as per Master Plan. The area actually irrigated by the minor irrigation project at the end of that year was 4.63 lakh acres. The estimated shortfall in utilisation of potential was, therefore, 1.47 lakh acres.

Under the rules, the Executive Engineer under the Rural Engineering Organisation is required to certify the ayacut achieved to the Revenue authorities for verification and assessment of water rates. No systematic recording of irrigation potential utilised has been made by Rural Engineering Organisation and the Revenue Officers-in-charge of the projects. Regarding the verification and assessment of water rates, the project-wise details could not be made available by any of the Tahsildars. The work of certification, verification and fixation of water rates has been reported to be in arrears. Therefore, complete information regarding the ayacut achieved, area actually irrigated and the area assessed to water rate was not available with the Government and the Collectors. Besides, in January 1972 the Government had issued instructions to the Chief Engineer, Rural Engineering Organisation and the Collectors to reconcile the discrepancies existing between the ayacuts certified by the Executive Engineers and those verified by the Revenue Officers and to furnish the reconciled figures to the Government. The reports with complete and up to date information are yet (July 1975) to be received by the Government.

The reasons for under-utilisation of irrigation potential were stated (August 1974) by the Chief Engineer, Rural Engineering Organisation, to be as follows :—

- (i) Field channels as necessary were not constructed either by the beneficiaries themselves or by the department pending recovery of the cost from the beneficiaries as provided in the Irrigation Act 1959.
- (ii) Losses in the canals due to defective construction of canal system.
- (iii) Wastage of water due to improper use and ignorance of cultivators about scientific use of water,
- (iv) Higher level or elevation of the cultivable lands,
- (v) Non-completion of canals,
- (vi) Absence of timely repairs to the canal system and irregular maintenance.

4.10.17. *Pisciculture*—During the Third Plan period 800 acres of water area comprising mainly minor irrigation reservoirs were remodelled to make them suitable for pisciculture. The Planning and Co-ordination Department stated that the target for inland fishery was 23,000 tons per annum during Fourth Five Year Plan. The specific target for minor irrigation reservoirs was, however, not available with the Planning and Co-ordination Department or with the Director of Fisheries. The Director of Fisheries had no information (October 1974) regarding the number of reservoirs in minor irrigation projects used for pisciculture and the quantity and value of fish raised therefrom.

There is no provision in the project estimate of minor irrigation reservoir works for clearance of tree-stumps from the reservoir beds to facilitate their use for development of fisheries. In May 1974 the Government decided that the reservoirs in respect of both completed and new projects should be cleared of bushes and tree-stumps by the Rural Engineering Organisation within the project cost after the suitability of the reservoirs for pisciculture is examined and the areas requiring clearance of jungle are demarcated by the Director of Fisheries. The decision is yet (November 1974) to be implemented.

4.10.18. *Other points of interest*—The other important irregularities noticed in audit upto April 1974 in the execution of some of the more important minor irrigation projects are dealt with in the following paragraphs.

4.10.19. *Darpanarayanapur Minor Irrigation Project*—The work of improvement to Darpanarayanapur Minor Irrigation Project (headworks) in Puri District (sanctioned by the Government in November 1967 for Rs. 6.65 lakhs) was entrusted to a contractor in February 1967 for Rs. 4.96 lakhs. The work was scheduled to be completed by February 1968. The contractor executed work worth Rs. 2.25 lakhs upto the stipulated date and applied for extension of time upto February 1969 on grounds of delay in the supply of layout and hand road roller, paucity of water in summer season for labourers and want of communication facilities at the work site. The Chief Engineer granted (August 1968) extension of time upto February 1969 without penalty. In the meantime in June 1968 the contractor submitted a claim for higher rate for earthwork involving compaction by crawler tractor. The claim was disallowed by Chief Engineer in August 1968 as it was not admissible under the terms of the contract. In December 1968 the contractor expressed his unwillingness to execute the earthwork item at his tendered rates. He demanded a higher rate of Rs. 375 per 100 cubic metres for earthwork against Rs. 212.46 per 100 cubic metres provided in the agreement executed by him. The Superintending Engineer reported to the Chief Engineer in February 1969 that the contractor was not interested in executing further work. In March 1969 the Chief Engineer ordered that contract should be rescinded and called for the agreement and detailed information regarding progress of work from the Superintending Engineer to decide the imposition of penalty. It is not known whether the Chief Engineer received the required information. No decision has been taken (November 1974) regarding imposition of the penalty. The contract was rescinded by the Executive Engineer on the 10th April 1969. By that date, work worth Rs. 3.69 lakhs had been executed by the contractor and he was paid Rs. 3.64 lakhs. The balance work (estimated cost Rs. 2.28 lakhs, cost at the tendered rate of the defaulting contractor Rs. 1.69 lakhs) put to tender in April 1969 and the work was awarded to another contractor in May 1969 for Rs. 2.63 lakhs with the stipulation to complete it by the 14th July 1969. The second contractor completed the balance of work at a cost of Rs. 3.32 lakhs, which would have cost Rs. 2.06 lakhs at the rates of the first contractor. The extra cost involved in completion of the balance work through the second contractor was, therefore, Rs. 1.26 lakhs. The final bill of the defaulting contractor for a net amount of (—) Rs. 0.01 lakh (excluding all recoveries not worked out) as yet (July 1975) has not been passed and the extra cost recoverable from him under the terms of the contract has not been determined so far (July 1975). According to the Executive Engineer the final bill had been held up as decision regarding rates for extra items and imposition of penalty had not been taken by the Chief Engineer.

4.10.20. *Kumbho minor irrigation project*—The construction of Kumbho minor irrigation (reservoir) project in Ambabhona Block of Sambalpur District with a masonry dam was sanctioned by the Government in July 1971 at an estimated cost of Rs. 17.25 lakhs. The project was estimated to provide irrigation to 2,100 acres in kharif and 1,000 acres in rabi. The construction of the head works was started through a contractor in November 1971. Before the work was started the required geological survey prescribed in the Irrigation Hand Books was not conducted; the soil testing and trial boring were not undertaken. The detailed estimate for the work was also not technically sanctioned by the Chief Engineer.

While the excavation of foundation for the masonry dam was in progress, the hard-rock on which the masonry structure could be built was not encountered. The work was, therefore, stopped in April 1972 under the orders of Chief Engineer. The final measurement of the work done by the contractor was taken on the 20th June 1972. The contract was closed and the final payment of Rs. 0.32 lakh was made in March 1973.

Detailed soil-test, trial-boring and geological survey conducted subsequently (June 1972) showed that a masonry dam was not possible at the site. Hence an earthen dam was decided to be constructed in its place. Another contractor was selected for the construction of an earth dam in June 1974, i.e., more than 2 years after the stoppage of the work. The work is still (December 1974) in progress. In the meantime the estimate has been revised to Rs. 28.70 lakhs mainly due to change in the design of the dam and increase in the cost of land provided in the original estimate. The revised estimate has not been sanctioned by the Chief Engineer and the Government have also not accorded revised administrative approval as yet (November 1974). The Chief Engineer, Rural Engineering Organisation, reported to the Government in August 1974 that the expenditure on the project may go up to Rs. 38.14 lakhs which is beyond the limit of Rs. 25 lakhs fixed for a minor irrigation project in plain areas. The project has been programmed to be completed in March 1976. The required private land (335 acres) has not been acquired and the canal system not taken up so far (December 1974).

The revised estimate framed for the earth dam did not include the cost of excavation of foundation done earlier for the masonry dam at a cost of Rs. 0.22 lakh. The Executive Engineer informed Audit (December 1974) that this was due to oversight and that value of the excavation work which would serve as part of the cut off trench for the earth dam would be deducted from the payments to be made to the second contractor.

4.10.21. *Tandipur Minor Irrigation Project*—The Tandipur Minor Irrigation (Diversion weir) Project in Kolnara Block of Rayagada subdivision in Koraput District was sanctioned by the Government in September 1966 at the estimated cost of Rs. 8.15 lakhs. The work comprising construction of headworks and distributary system (estimated cost put to tender: Rs. 5.50 lakhs) was awarded in March 1967 to a contractor, who was the lowest tenderer, for Rs. 5.77 lakhs for completion within 18 months. The agreement with the contractor was executed in June 1967. In May 1967 the contractor had represented to the Executive Engineer that he should be paid an enhanced rate of Rs. 500 per 100 cubic metres for the item "excavation of foundation in all kinds of soil" under headwork, as against the agreed

rate of Rs. 100 per 100 cubic metres on the ground that during actual execution the soil excavated was found mixed with rock and boulders ranging from 1 cubic foot to 16 cubic feet. In June 1967 the contractor stopped excavation in headworks and submitted a revised claim demanding Rs. 515 per 100 cubic metres for excavation work and 20 per cent above the scheduled rates with 5 extra lifts for the work of blasting and chiselling of rock extra. The department did not verify the contention of the contractor regarding the nature of the soil to be excavated. Instead, on the basis of the contractor's own observations (taken at the instance of the Executive Engineer), the Superintending Engineer accepted that the soils were mixed with boulders ranging from $\frac{1}{2}$ cubic foot to over 3 cubic feet and gave a decision in September 1967 that excavation of soil mixed with boulders up to 3 cubic feet would come within the scope of the contract rate of Rs. 100 per one hundred cubic metres and that for soils mixed with boulders of size exceeding 3 cubic feet payment would be made at the schedule of rates applicable to blasting and chiselling of rock; he also decided to pay extra for cutting the disintegrated rock with pickaxes and crowbars in foundation at the schedule of rates although the agreement did not provide for this item. These decisions were communicated to the contractor in November 1967. He made some further representations for payment of special rates but, on these being turned down by the Superintending Engineer, resumed work in the head works in January 1968 and also executed supplementary agreement based on the above decisions in February 1968. However, in March 1968 he again stopped work and served a notice on the department demanding higher rates for excavation work and making claims for reimbursement of loss sustained by him due to stoppage of work. As the contractor did not resume the work and did not attend to witness the final measurements proposed to be taken in spite of repeated notices served on him, final measurements were taken in March 1968 in his absence and the contract was rescinded by the Executive Engineer in April 1968; the total work done by the contractor up to the date of his abandonment was valued at Rs. 0.85 lakh including Rs. 0.12 lakh on extra items of work beyond the original agreement. The Chief Engineer approved the action of the Executive Engineer in May 1968 and ordered that full penalty should be imposed on the contractor for violation of the contract. He also decided not to allot any other work to the contractor in future under Rural Engineering Organisation.

The balance work of headworks and distributary system (revised estimate: Rs. 7.56 lakhs) was commenced in March 1969 and completed in March 1972 by another contractor at a cost of Rs. 12.78 lakhs. According to the calculation made by the department, had the work been completed by the original contractor, the expenditure would have been less by Rs. 3.17 lakhs. Against this the Superintending Engineer proposed in July 1968 to the Chief Engineer recovery of Rs. 1.97 lakhs from the defaulting contractor towards the extra cost incurred in getting the balance of work done by another contractor at higher rates. The extra cost was computed on the basis of the items and quantities originally agreed to. In September 1974 the amount was revised by the Executive Engineer to Rs. 1.87 lakhs after taking into account certain items executed by the second contractor with changed specifications in course of execution of balance work. Apart from this a sum of Rs. 0.14 lakh was due to be recovered from the first contractor towards cost of materials, hire charges of tools and plant and departmental materials not returned, etc. The Executive Engineer intimated

to Audit in September 1974 that final decision about the amount to be recovered from the defaulting contractor is proposed to be taken after finalisation of the accounts of the second contractor which has been pending for more than two years. The first contractor has, according to the Executive Engineer, no dues pending with other Engineering Departments of the State. No recovery has been made from the contractor so far (July 1975).

4.10.22. *Kotari Minor Irrigation Project*—The construction of headworks in Kotari minor irrigation (reservoir) project in Nuagaon block of Phulbani district was entrusted to a contractor in March 1972 for Rs. 11.36 lakhs to be completed by March 1974.

During construction the contractor was required to execute 13 extra items of earth work in excavation, blasting hard or sheet rock and cutting the hard disintegrated or soft rock. The extra items in the main dam, head-sluice and surplus escape had resulted from certain changes in the drawings and designs which necessitated shifting of the position of the regulator and location of the surplus at the hill slope, etc.

According to the terms and conditions of the agreement the contractor was bound to carry out this additional work at the sanctioned schedule of rates prevailing at the time of execution. Accordingly, the payment for the extra items at the rates given in the schedule of rates was recommended to the Chief Engineer by the Superintending Engineer, Southern Range, Berhampur in October 1972. The contractor was not willing to accept the recommended rates on the ground that he had been spending much more. He requested the Chief Engineer in October 1972 either to pay him on actual observation at the site or to invite fresh tenders for the extra items.

Fresh tenders were called for in November 1972 under orders of the Chief Engineer and the work on the extra items awarded to the same contractor (lower of two tenders received) in February 1973 at his negotiated tender cost of Rs. 1.05 lakhs. The amount payable under the first contract for the same work would have been only Rs. 0.61 lakh. The fresh agreement was executed in May 1973. The extra items of work were completed in March 1974. The final bill has not yet been paid (May 1975). The value of work done by the contractor on the nine items under the second contract up to December 1973 (paid in July 1974) was Rs. 2.38 lakhs due to post tender increase in quantities. The extra expenditure incurred on this account was Rs. 1.06 lakhs.

4.10.23. *Modanalla Minor Irrigation Project and Baghua Minor Irrigation Project*—The Government sanctioned the construction of Modanalla Minor Irrigation (Reservoir) Project in Khandapara-I Block for Rs. 25.14 lakhs in June 1971 and Baghua Minor Irrigation (Reservoir) Project in Odagaon Block for Rs. 23.16 lakhs in April 1972. Tenders for the headworks of the two projects were invited by the Rural Engineering Division, Khurda in June 1971. Three tenders for Baghua Minor Irrigation Project and three for Modanalla Minor Irrigation Project were received in July 1971. The estimated costs of the work put to tender and tendered rates of the first two lowest tenderers were as follows:—

Project	Estimated cost (Rs. lakhs)	First lowest tender (Rs. lakhs)	Contractor	Second lowest tender (Rs. lakhs)	Contractor
Modanalla	.. 17.02	18.60	A	25.73	B
Baghua	.. 16.67	17.33	A	19.51	C

The tenders of contractor 'A' were the lowest for both the projects. The tender of contractor 'A' for Baghua Minor Irrigation Project which was Rs. 2'18 lakhs less than that of contractor 'C' (the second lowest tender), was approved by the Contract Committee and accepted by the Government in September 1971. Order to commence the work was, however, issued to the contractor only in May 1972 after administrative approval to the project was accorded by the Government in April 1972.

In regard to Modanalla Minor Irrigation Project, the rates were negotiated with contractor 'B' (the second lowest tenderer) by the Chief Engineer in September 1971 and his negotiated tender for Rs. 23'42 lakhs was approved by the Contract Committee in October 1971 subject to further negotiation to bring down the rates. After a second round of negotiations by the Chief Engineer on the 22nd October 1971 the amount was reduced to Rs. 23'30 lakhs, and was accepted by the Government on the 22nd October 1971. The negotiated tender of the contractor 'B' was still higher than the lowest tender of the contractor 'A' by Rs. 4'70 lakhs. The Executive Engineer issued the work order to contractor 'B' in November 1971. The work was to be completed within two years. No work order had been issued by then to the contractor 'A' selected for Baghua Minor Irrigation Project for want of administrative approval. The lowest tender of the contractor 'A' for Modanalla Minor irrigation project was not considered by the Contract Committee for the reasons assigned by the Chief Engineer, Rural Engineering Organisation, that contractor 'A' had already been selected to take up Baghua Minor Irrigation Project and hence he would not be capable of executing two major projects simultaneously. However, since actual orders to start the work had not been given to contractor 'A', his lower tender for Modanalla minor Irrigation Project deserved consideration in view of the fact that his accepted tender was Rs. 2'18 lakhs less than the second lowest tender in respect of Baghua Minor Irrigation Project whereas in respect of Madanalla Minor Irrigation Project his tender was Rs. 4'70 lakhs less than the negotiated second lowest tender.

The headworks of Modanalla minor irrigation was completed by March 1974 by contractor 'B'. The value of work as per the final bill paid to him in March 1974 was Rs. 27'39 lakhs which would have been Rs. 21'97 lakhs at the rates of contractor 'A' whose lowest tender had not been considered for the work. Thus the extra cost incurred in Modanalla Project was Rs. 5'42 lakhs. So far as Baghua Minor Irrigation project is concerned the stipulated date of completion was March 1974. Work done up to July 1974 by contractor 'A' was Rs. 4'88 lakhs only. Thereafter, the work was stopped. The slow progress of work was reported by the Executive Engineer to be due to non-finalisation of land acquisition. Meanwhile, in September 1974 the Government decided to defer the construction of the project.

This review was sent to the Government in January 1975; their reply is awaited (March 1975).

WORKS DEPARTMENT

4.11. *Surplus stores*—The quantity of high tensile steel wire (7 milimetre diameter) required for the high level bridge over the river Budhabalanga (Balasore District) was 91'30 tonnes according to the original estimate approved by the Chief Engineer, National Highways and Projects. The Chief Engineer, placed orders (March 1964) for supply of 100 tonnes of steel wire. The supply was to be completed within two months of the receipt of the supply

order by the supplier. The reasons for the ordering of 8.70 tonnes of wire costing approximately Rs. 0.18 lakh in excess of the assessed requirement were not available in the records.

The firm despatched (April 1964) 100.37 tonnes of wire and they were taken to stock (August 1964 to November 1964). In the meantime, due to changes in the drawings approved by the Chief Engineer in September 1964 the actual quantity required and utilised was 40.45 tonnes. The construction of the bridge was completed in November 1967.

On receipt of the report from Executive Engineer, Balasore Highway Division (October 1964) regarding the surplus material, the Superintending Engineer, National Highways Circle, Balasore ordered (December 1964) its transfer to Baitarini Bridge Division (subsequently merged with Cuttack National Highway Division). The transfer was, however, not effected; reasons for non-compliance with the orders are not available.

The surplus steel wire weighing 59.92 tonnes (including 1.55 tonnes in short cut lengths returned by contractor and not useable in prestressed structures) costing Rs. 1.24 lakhs at issue rate are lying in stock (May 1975). The Executive Engineer, Balasore Highways Division, reported (June 1974) that the Steel wire had rusted.

4.12. *Procurement of materials not required for use*—After the cyclone in 1967, two Public Works Divisions, viz., Manijanga Cyclone Division and Kendrapara Cyclone Division, were constituted (October 1967) to carry out repairs to roads and buildings affected by the cyclone. The original programme for these divisions comprised works estimated to cost Rs. 33.60 lakhs. In December 1967 the estimated amount was reduced to Rs. 23.60 lakhs. By March 1968 the divisions acquired stores worth Rs. 12.00 lakhs mainly comprising building materials such as steel, galvanised corrugated iron sheets, asbestos cement sheets, expanded metals and trusses, etc., and charged them to the work accounts in anticipation of sanctions to the estimates.

In January 1969 the divisions were abolished in pursuance of a decision to have the repairs executed through existing regional Public Works divisions and the entire lot of stores was declared as surplus to requirements by the Chief Engineer (December 1968). The works and Transport Department observed (June 1969) that the materials had been acquired indiscriminately and called for a detailed report from the Chief Engineer on the purchases. The department directed that responsibility for the purchases should be fixed. Action taken in the matter is not known.

It was decided by the Government (January 1969) to transfer the surplus materials held by the defunct divisions to other Public Works Divisions as shown below :—

Name of the Cyclone Division	Date of closing	Division nominated to take over the stores	Value of store available for transfer
(i) Manijanga Cyclone Division	1st January 1969	Mahanadi Bridge Division (renamed as Cuttack National Highway Division)	Rs. 3.69 lakhs
(ii) Kendrapara Cyclone Division.	Ditto	Civil Works Division, Charbatia (Renamed as Charbatia Roads and Buildings Division)	Rs. 8.31 lakhs

Information as to whether and, if so, when the stores were transferred to the Divisions mentioned above was not available with the Department.

The Government also decided (January 1969) that the materials so transferred should be distributed to other Public Works divisions under the Roads and Buildings wing on payment basis for use in repairs and restoration of roads and buildings in Cuttack, Puri and Ganjam Districts damaged by cyclone during 1968. In March 1969 the decision was changed and it was decided to dispose of the stores by public auction. In June 1969, the decision to dispose of the stock, by public auction was cancelled on the ground that Government was considering the utilisation of the materials by other departments. In September 1969 it was again decided to dispose of the stores by inviting sealed quotations. There are no records to indicate the exact quantity disposed of by this process.

Of the stores valued at Rs. 3.69 lakhs which were to be transferred to Mahanadi Bridge Division, since renamed Cuttack National Highway Division stores valued Rs. 3.47 lakhs only were acknowledged by that division. The whereabouts of the balance quantity of stores valued Rs. 0.22 lakh could not be intimated by the department (January 1975). Again, of the stores acknowledged by the division, mild steel rods, angles and flats valued Rs. 0.75 lakh (value at current issue rates Rs. 2.32 lakhs) are reported by the Executive Engineer, Cuttack National Highway Division (November 1974) to be in "severely" rusted condition due to long storage.

Of the surplus stores valued at Rs. 8.31 lakh scheduled to be taken over by Civil Works Division, Charbatia (since renamed Charbatia Roads and Buildings Division), the division accounted for stores valued at Rs. 4.80 lakhs only. The same were merged in the general store account of the division and their further disposal was not identifiable. Available reports (January 1969) showed that these were inclusive of asbestos corrugated sheets valued at Rs. 0.39 lakh which were lying in broken condition. Of the remaining stores valued Rs. 3.52 lakhs, stores worth Rs. 0.37 lakh are reported to have been disposed of in Kendrapara Expressway Division. Credit for this amount was not, however, traceable. The whereabouts of the remaining stores of the value of Rs. 3.13 lakhs were not available with the department.

The matter was reported to Government in March 1975; their reply is awaited (May 1975).

4.13. *Non-recovery of cost of machines and hire charges for machines hired out*—The Chief Construction Engineer, National Highway Project ordered, in December 1965, the sale of some surplus machines to the Orissa Mining Corporation Ltd. (a fully-owned Government company). Accordingly, the following machines were reported to have been handed over by the Executive Engineer, Brahmani Bridge Division, to the Corporation after obtaining an undertaking from the latter that the cost of equipment as determined by the Executive Engineer would be paid :—

Date of handing over	Particulars of machines		Book value Rs.
(Not ascertainable)	.. ONAN Generator	1 number	12,302
2nd January 1966	.. Road roller	1 number	53,704
2nd January 1966	.. Water tankers	2 numbers	34,457
		Total	1,00,463

A bill for Rs. 1,00,463 was presented by the Executive Engineer to the Corporation in September 1966. The payment against the bill is still outstanding (November 1974). The Corporation informed Audit in January 1974 that they had received only one water tanker (as against two shown to have been handed over). The receipt for the second water tanker was reported by the Executive Engineer in July 1973 to be not traceable.

The matter was brought to the notice of the Government in June 1973; their reply has not been received so far (February 1975).

4.14. *Delay in realisation of dues from labour co-operatives*—Mention was made in paragraph 71 of Audit Report 1969-70 regarding the absence of provision in the Government orders allowing payment of advances against works entrusted to labour Co-operatives for safeguarding the interest of the Government.

After inviting competitive tenders the work "Improvement to Manijanga Ersama Road from 3/0 mile to Jagannathpur 7/0 mile including reconstruction of culvert" in Cuttack District was entrusted by the Superintending Engineer, Central Circle to the Cuttack District Labour Contract Union for execution (May 1965). Apart from the issue of materials (cost : Rs. 4,543) for use on the work a cash advance of Rs. 5,000 was granted by the Executive Engineer, Cuttack Division to the Union in June 1965.

The work was withdrawn from the Union in July 1965 on grounds of defective execution of the culvert and unreliability of the party. The Union was asked to return the remaining unused materials and refund the advance. The balance work was entrusted to another contractor on the basis of fresh tenders for execution ; the fresh tenders resulted in additional cost of Rs. 0.35 lakh on the work.

The Union neither refunded the advance nor returned the unused materials. The amount due from the Union was assessed to be Rs. 0.44 lakh. A circular was issued (September 1969) by the Works and Transport Department to all other departments of the Government asking them to effect recovery of the amount from any dues payable to the Union. The Divisional Officer reported to Audit (In August 1974) that the Registrar, Co-operative Societies, was also requested in October 1972 to take steps for realisation of the amount, but there was no response from him.

The matter was referred to the Government in April 1968 ; the Government stated (February 1970) that the Union had been blacklisted as a measure of punishment. The amount has not, however, been recovered so far (March 1975).

CHAPTER 5

STORES AND STOCK ACCOUNTS

5.1. *Synopsis of important stores accounts*—A synopsis of important stores and stock accounts for 1973-74 (other than those of commercial and quasi-commercial departments/undertakings, etc.) to the extent received is given in Appendix X.

A—PUBLIC WORKS

5.2. *Receipt of stores and stock accounts*—The materials procured for the public works are initially held in stock for keeping an effective watch except where they are purchased for specific works in which case they are debited to the material at site account of the concerned works. For materials held in stock the divisional officers who maintain accounts of these materials are required to furnish annually to Audit a consolidated account showing the value of stores purchased during the year, stores issued for consumption and the balance held in stock at the close of the year. A number of Roads and Buildings, Irrigation, Public Health and Rural Engineering divisions have not sent these accounts for years. The years for which the annual consolidated accounts have not been sent and the value of stores held by these divisions at the end of March 1974 are shown below :—

Year	Number of Divisions	Value of stores (Rs. in lakhs)	
1964-65 to 1969-70	.. 47	67.36	
1970-71	.. 26	1,66.03	
1971-72	.. 43	1,47.26	
1972-73	.. 40	2,18.21	
1973-74	.. 78	4,02.50	For 57 divisions only.

5.3. *Physical verification of stores*—The rules require that the stores held in stock should be verified physically at least once in a year and the results of verification placed on record. Reports of physical verification of stock conducted during 1973-74 have not been received (March 1975) from 87 out of 173 divisions, as detailed below :—

Department/Project	Number of divisions
(i) Roads and Buildings	16
(ii) Irrigation	.. 24
(iii) Rural Engineering Organisation	.. 11
(iv) Public Health	.. 5
(v) Balimela Dam Project	.. 19
(vi) Projects (other than Balimela Dam Project)	.. 12
Total	.. <u>87</u>

5.4. *Reserve limit of stock*—According to the rules, the Divisional Officers are not authorised to keep stock in excess of monetary limits prescribed by the Government. At the end of 1973-74 no reserve stock limit had been fixed in respect of 92 divisions. These divisions held stock of the value of Rs. 4,05.97 lakhs. The details of these divisions together with value of stock held are given below :—

Department/Project	Number of Divisions	Value of stores held (Rs. in lakhs)
Roads and Buildings	22	2,10.37
Projects	13	1,30.17
Irrigation	20	69.04
Rural Engineering Organisation	7	18.12
Public Health	8	(—)21.73(a)
Total	70	4,05.97

The information regarding the value of stock authorised to be kept and the value of stock actually held was not received (March 1975) in respect of 22 divisions :

Irrigation	9
Balimela Dam Project	8
Electrical Projects	5

The stock held at the close of 1973-74 by three divisions exceeded the sanctioned reserve limit, as detailed below :—

Name of the division	Closing balance of stock (Rs. lakhs)	Reserve stock limit (Rs. lakhs)	Excess (Rs. lakhs)
Keonjhar Roads and Buildings Division	19.33	16.00	3.33
Power Plant Division	24.43	18.60	5.83
Head race Division	14.34	8.00	6.34

The excess is yet to be regularised (March 1975).

5.5. *Minus balance in stock accounts*—The stock accounts of the following 15 divisions showed *minus* balances at the end of 1973-74:

Department	Number of divisions	Minus balance (Rs in lakhs)
Roads and Buildings	4	23.45
Projects	1	1.70
Irrigation	3	34.99
Rural Engineering Organisation	3	10.05
Public Health	4	70.31
Total	15	1,40.50

(a) Four divisions held stock of Rs. 48.58 lakhs and in four others the stock showed *minus* balance totalling Rs. 70.31 lakhs mentioned in paragraph 5.5,

The *minus* balances arise either because the materials received are not taken into account or the value of stores shown as issued is more than the value of receipts due to non-adjustment of differences in values consequent on revision of rates at the end of each year. Unless the *minus* balances are reconciled and adjusted the correctness of stock account cannot be ensured.

5.6. *Annual certificate of balances of stock and other suspense accounts* — The rules require that divisions should conduct a special review of stock balances and other suspense accounts early in March every year and forward an annual certificate of balances to Audit by the end of May. These certificates for 1973-74 have not been received from 117 out of 173 divisions (March 1975).

5.7. *Shortages, discrepancies and losses in stock* — Physical verification of stores in six divisions by the stores verification party of the Government during 1973-74 disclosed shortages (Rs. 25.72 lakhs), discrepancies (Rs. 50.61 lakhs) and losses (Rs. 7.58 lakhs) ; the divisionwise details are given below :—

Name of the division	Shortages	Discrepancies	Losses	Total
	(In lakhs of rupees)			
(i) Cuttack Roads and Buildings	14.99	0.90	0.02	15.91
(ii) Phulbani Roads and Buildings ..	7.58	6.60	0.23	14.41
(iii) Head race Division, Balimela Dam Project	1.07	1.25	7.27	9.59
(iv) Power Plant Division No. IV ..	0.24	0.60	..	0.84
(v) Central Workshop Division, Hirakud.	0.07	37.49	0.01	37.57
(vi) Mahanadi South ..	1.77	3.77	0.05	5.59
Total ..	25.72	50.61	7.58	83.91

These shortages, discrepancies and losses are yet to be investigated and reconciled by the divisions (March 1975). The departmental engineering personnel also detected shortages/losses of stores valued at Rs. 1.37 lakhs in the course of physical verification of stores in four divisions. In nine other divisions the shortages of stores were detected, but the value of the stores have not been computed by the department so far (March 1975).

B—CIVIL DEPARTMENTS

5.8. *Receipt of stores and stock accounts*—The following stores and stock accounts have not been received (January 1975) :—

Departments	Stores and stock account	The year from which outstanding
(i) Agriculture and Co-operation.	Chemical fertilisers	1967-68

Departments	Stores and stock account	The year from which outstanding
(ii) Forest and Animal Husbandry ..	Tools and miscellaneous stores of the Forest Department	1968-69
(iii) Commerce ..	Stationery articles, water mark plain paper, printing and binding materials, plant and machinery spare parts and miscellaneous stores of the Orissa Government Press	1970-71
(iv) Industries ..	Engineering instruments, equipment, miscellaneous stores, etc., of the Orissa School of Engineering, Cuttack	1973-74
(v) Health and Family Planning ..	(a) Costly and life saving drugs of sales stores (Medicines)	1971-72
	(b) Instruments and appliances, medicines and drugs, bedding and clothing and miscellaneous stores of the Government Headquarters Hospitals at Cuttack, Burla and Berhampur, etc.	1972-73
(vi) Finance Department	Judicial and non-judicial stamps	1973-74
(vii) Revenue Department	Medicinal opium	1973-74

5.9. *Stores and stock account of Orissa School of Engineering, Cuttack*—The stores and stock account for 1972-73 of Orissa School of Engineering, Cuttack indicates for the first time shortage of tools and raw materials valued at Rs. 0.76 lakh. A committee constituted in January 1974 by the Directorate of Industries reported (January 1974) that no responsibility could be fixed on any individual as the shortage took place in a period of more than ten years from 1952 to 1964 due to verification of stock and stores having been carried out in a haphazard way without referring to the stock registers and without making up-to-date entries of items. Orders of the Government on the findings of the Committee and the recommendations of the Director of Industries (March 1975) thereon are awaited (April 1975).

CHAPTER 6

COMMERCIAL ACTIVITIES, INVESTMENTS AND GUARANTEES

SECTION A

GENERAL

6.1. This chapter deals with the results of audit of—

- (i) Departmentally managed Government Commercial and *quasi*-commercial undertakings, and
- (ii) Investments and guarantees by the State Government.

SECTION B

DEPARTMENTALLY MANAGED COMMERCIAL AND *QUASI*-
COMMERCIAL UNDERTAKINGS

6.2. On 31st March 1974 there were eighteen departmentally managed commercial and *quasi*-commercial undertakings. The *pro forma* accounts of an undertaking, *viz.*, Text Book Press, Bhubaneswar, declared as commercial from October 1966, have not been made available so far (May 1975).

The *pro forma* accounts for 1973-74 have not been received from any of the remaining 17 undertakings of which seven are either inoperative or closed. The arrears in submission of *pro forma* accounts are shown below :

Name of the undertaking	Year from which accounts are in arrears
<i>A. State trading schemes—</i>	
(i) Grain Supply Scheme (a)	.. 1963-64
(ii) Grain Purchase Scheme	.. 1967-68
(iii) Cloth and Yarn Scheme (b)	.. 1965-66
(iv) Scheme for trading in iron ore through Paradeep Port (c)	1967-68
(v)(a) State Trading in <i>Kendu</i> leaves	.. 1970-71
(b) Nationalisation of <i>Kendu</i> leaves	.. 1972-73
<i>B. Transport—</i>	
(vi) State Transport Service	.. 1968-69
<i>C. Cold Storage plants—</i>	
(vii) Cold Storage Plant, Cuttack	.. 1971
(viii) Cold Storage Plant, Bhubaneswar	.. 1966
(ix) Cold Storage Plant, Sambalpur	.. 1966

(a) Inoperative from 1st January 1959

(b) Inoperative from 1954-55,

(c) Inoperative from 1966-67.

Name of the undertaking	Year from which accounts are in arrears
<i>D. Leather units—</i>	
(x) Government Leather Industries-cum-Tannery, Titlagarh	1970-71
(xi) Government Tannery, Boudh	.. 1970-71
(xii) Government shoe Factory, Cuttack	.. 1971-72
<i>E. Others—</i>	
(xiii) Government Tile Factory, Kendrapara (d)	.. 1967-68
(xiv) Government Tile Factory, Panikoili (d)	.. 1973-74
(xv) Government Raniganj Pattern Tile Factory, Balasore (e)	1972-73
(xvi) Production Centre for Development of Ceramic Industry, Cuttack (f)	1971-72
(xvii) K. S. Potteries Development Centre, Jharsuguda	.. 1973-74

The assets and liabilities of the inoperative and closed schemes have not been disposed of/liquidated.

Personal ledger accounts have been opened by Government in respect of the following schemes. Although these schemes are of commercial nature, Government have not prescribed preparation of their *pro forma* accounts ; the financial results of these schemes have not been worked out.

Undertaking	Year in which personal ledger account was opened	Accounts for 1973-74			
		Opening balance	Debits	Credits	Closing balance
STATE TRADING SCHEMES					
(i) Purchase and distribution of quality seeds to cultivators	1969-70	1,71.06	1,45.43	1,33.99	1,82.50
(ii) Cuttack milk union Scheme	1971-72	1.50	6.54	0.50	7.54
(iii) Trading in scrap iron and other materials	1963-64	19.41	0.01	..	19.42
(iv) Trading in mustard oil ..	1964-65	9.81	..	..	9.81
(v) Marketing of fish and by-products	1971-72	3.95	..	..	3.95
(vi) Purchase, sale and fair price shop scheme	1967-68	5.73	0.56	10.93	(-)4.64
(vii) Purchase of stores materials for development works	..	(-)2.97	..	..	(- )2.97

(d) Closed in April 1966.

(e) Closed in March 1967.

(f) Closed in August 1965.

Undertaking	Year in which personal ledger account was opened	Accounts for 1973-74			
		Opening balance	Debits	Credits	Closing balance
COLD STORAGE PLANTS		(In lakhs of rupees)			
(vii) Cold Storage Plant, Similiguda	1965-66	9.60	1.63	2.31	8.92
(viii) Cold Storage Plant, Parlakhemundi	1970-71	1.58	0.99	1.46	1.11
(ix) Cold Storage Plant, Bolangir	1971-72	8.36	1.60	5.05	4.91
(x) Cold Storage Plant, Kaurmunda	1973-74	..	2.36	1.92	0.44

Government have also been operating a scheme of purchase and distribution of chemical fertilisers. A review on the working of the scheme has been given in paragraph 3.1.

The summarised financial results of the commercial undertakings whose *pro forma* accounts were received subsequent to those already mentioned in paragraph 86 of the Report of the Comptroller and Auditor General of India (Civil) for the year 1972-73 are given in Appendix XI.

INDUSTRIES DEPARTMENT

6.3. *Kantisharma Pottery Development Centre, Jharsuguda*—With a view to providing training to local artisans in the ceramic industry and supplying small industrial units with processed materials for making various kinds of ceramic products the Kantisharma Pottery Development Centre was started at Jharsuguda in June 1954. A 12' dia. Kiln of capacity 60 M. T. per annum and machinery with capacity to process 720 M. T. of finished products per annum, were set up in 1956-57. Due to lack of response from local artisans the training programme could not be implemented successfully. In October 1964, it was decided by the Department not to continue the training-cum-production centre. It was also decided to convert the centre into an industrial unit to manufacture low and high tension insulators on commercial basis.

A scheme for re-organisation of the centre at an estimated cost of Rs. 11.00 lakhs was approved by Government during 1964-65. The re-organisation scheme envisaged raising of the production capacity of the Kiln and the centre to 720 M. T. of low and high tension insulators per year by providing additional factory space, converting the existing coal-fired kiln to an oil-fired one, constructing a new tunnel kiln and realignment of the old machinery for installing some new machinery. It was estimated that the scheme would yield a return of 9.1 per cent on the capital outlay. The scheme was, however, implemented only partly due to paucity of funds.

A 22' dia. down-draught kiln was constructed at a cost of Rs. 0.48 lakh (March 1967) instead of remodelling the existing kiln. The proposal for construction of the new tunnel kiln was dropped in view of heavy capital outlay involved. Certain additions costing Rs. 1.02 lakhs were made to the existing machinery. The partial re-organisation raised the capacity of the kilns and the processing equipment to 360 M. T. and 780 M. T. per year respectively.

The centre was declared a commercial undertaking with effect from April 1967. It worked at a loss upto 1970-71. With a view to improving its profitability, the Director of Industries submitted, in September 1971, an expansion scheme at an estimated cost of Rs. 28.80 lakhs designed to raise the capacity to 1,600 M. T. of insulators per annum (1,400 M. T. of high tension insulators and 200 M. T. of low tension insulators). The scheme included installation of a continuous tunnel kiln at an estimated cost of Rs. 8 lakhs which had earlier been dropped. The expansion scheme was forwarded (September 1971) to the Director, Glass and Ceramic Research Institute, Calcutta for his opinion which was received in July 1972. In the meantime, the Fourth Five Year Plan ceiling for the expansion scheme was fixed at Rs. 6 lakhs and it was decided to take up the expansion in stages. In November 1971, sanction was given for the first stage (estimated cost : Rs. 3.10 lakhs) including construction of building (estimated cost : Rs. 1.33 lakhs) and purchase of additional machinery (estimated cost : Rs. 1.10 lakhs).

The building work was awarded to two contractors in May 1972 with the stipulation that it should be completed within 60 days. It was actually completed late, i. e., in March 1974, due to delay in procurement of various building materials. Rupees 1.85 lakhs were spent on this work. The final bills of the contractors have not been paid as yet (April 1975). Plant and machinery were received by March 1973, but have not been installed so far (April 1975) due to non-supply of required components by the suppliers.

In November 1973, construction of an oil-fired kiln was sanctioned at the cost of Rs. 1.86 lakhs, but it was later dropped in view of shortfall in supply of furnace oil. In March 1974, Government sanctioned installation of one more down-draught coal kiln of 16' dia at a cost of Rs. 0.51 lakh. It has not been purchased and installed as yet (April 1975).

The total expenditure incurred on the first stage of the expansion scheme was Rs. 4.83 lakhs upto March 1974. The scheme is still in progress (April 1975).

The first stage of the expansion scheme of 1971, when implemented, was expected to raise the capacity of the kilns and the processing machinery to 660 M. T. and 960 M. T. per annum respectively. These have not materialised so far (April 1975). The capacity of the kilns has remained less than that of the processing plant and equipment, with the result that utilisation of the machinery could not exceed 50 percent of the installed capacity.

Production performance—The following table shows the production *vis-a-vis* the kiln capacity for the five years upto 1973-74 :—

Year		Kiln capacity (M.T.)	Actual production (M.T.)	Percentage of short-fall
1969-70	..	360	41.5	88
1970-71	..	360	172.4	52
1971-72	..	360	205*	43*
1972-73	..	360	180*	50*
1973-74	..	360	200*	45*

*Provisional Figures

The kiln capacity being less than 50 per cent of the capacity of the process equipment, the production represented less than 35 per cent of the capacity of such equipment.

The shortfall in production was attributed (October 1974) by the Department to regulation of production according to market demand.

Working results :

The *pro forma* accounts of the centre for 1971-72 and 1972-73 were received in May 1975 ; the accounts for 1973-74 have not been received as yet (June 1975).

The following table shows the financial results of working of the centre from 1969-70 to 1972-73 as per the *pro forma* accounts (the accounts for 1971-72 and 1972-73 are subject to audit) :

Year	Profit(+)/Loss (—) (Rupees in lakhs)
1967-68	.. (—)0.41
1968-69	.. (—)0.57
1969-70	.. (—)0.59
1970-71	.. (—)0.42
1971-72	.. (+)0.42*
1972-73	.. (+)0.75*

The cumulative result of working of the centre from 1967-68 to 1972-73 was loss of Rs. 0.82 lakh.

Sales are made generally by quoting against tender enquiries. Prices are quoted on the basis of assessment of the ruling market price without reference to the cost, with the object of securing orders.

No standards have been fixed for consumption of raw materials. According to the Department, the estimated quantity of coal required for charging the 12' dia kiln is 4.5 tonnes and the 22' dia kiln is 17.5 tonnes per charge. The actual quantity of coal consumed per charge in the 12' dia kiln ranged from 9 to 12 tonnes; in the 22' dia kiln the consumption ranged from 24 to 30 tonnes during the year 1971-72. The value of excess quantity (373 M. T.) of coal consumed during the three years ending 1973-74 worked out to Rs. 0.24 lakh. The excessive consumption was attributed by the Department (March 1974) to poor quality of coal supplied.

The fixed assets include a Tata Mercedes Benz truck (cost : Rs. 76,220) purchased in July 1972 for transportation of raw materials and finished goods. The truck was used more for hire than for transportation by the centre. Out of 41,310 Kms. the truck had run during the two years upto March 1974, 27,410 Kms. were on hire. The hire charges had also not been recovered fully. Out of Rs. 0.33 lakh due upto February 1974 Rs. 0.14 lakh had only been realised (March 1974). Rupees 0.19 lakh were overdue from July 1972 against the Orissa State Electricity Board.

*Provisional figures.

Stock holding

The value of raw materials in stock (Rs. 0.51 lakh) at the end of 1972-73 represented 116 per cent of the value of raw materials consumed (Rs. 0.44 lakh) during the year.

The amount outstanding under debtors (5.28 lakhs) at the end of 1972-73 almost equalled the value of sales (Rs. 5.29 lakhs) during the year. No provision has been made for bad and doubtful debts.

The cash balance held on the last day of each of the three years upto 1972-73 was as under :—

As on		Amount Rs.
31st March 1971	..	2,03,093
31st March 1972	..	4,34,150
31st March 1973	..	1,81,134

In some cases funds were drawn from the treasury in advance of requirements. Cases of delay, sometimes for more than a year, in remittance of sale proceeds came to notice during audit. Sale proceeds realised in cash during 1st April 1970 to 31st March 1973 amounting to Rs. 11,935, were remitted to the treasury on 31st March 1973. There were also delays, ranging upto six months in depositing bank drafts and cheques into the treasury. A cheque for Rs. 28,482 received in August 1972 and a draft for Rs. 19,613 received in October 1972, were deposited into the Treasury in February 1973.

6.4. Government Shoe Factory, Cuttack—

6.4.1. *Introduction*—The Government Shoe Factory, Cuttack, was established during 1950-51 for demonstration purposes to provide training to local shoe makers. In October 1962, the Factory was declared as a commercial unit to produce, and trade in, shoes and other leather goods.

The Factory ^{has} compiled its *pro forma* accounts upto 1970-71 ; the accounts for subsequent years are in arrears (April 1975).

The Factory is under the charge of a Footwear Technologist. Although powers have not been delegated to the Footwear Technologist for purchase, appointment of staff and sanction of wage rates, he has been exercising these Powers.

6.4.2. *Production*—The Factory has capacity (fixed by the Department in 1962) to produce 45,000 pairs of shoes in a year. It was assessed by the Director of Export and Market Promotion, Orissa, (September 1973) that with this capacity the Factory was capable of meeting about 85 per cent of the requirement of the State Government departments. Despite issue of a directive by Government (September 1967) that all Government departments should buy their requirements of leather goods from the Factory, the actual sale of

leather goods to Government departments declined after 1970-71. The following table gives the particulars of production and sales during the four years upto 1973-74 :-

Year	1970-71	1971-72	1972-73	1973-74
Production (in pairs) ..	35,758	31,058	27,737	27,055
Total sales (in pairs)* ..	41,067	27,237	22,598	30,787
Sales to Government departments (in pairs) ..	24,112	11,708	9,912	16,183
Percentage of production to capacity ..	79	69	62	60

6.4.3. *Working results*:—The following table gives the working results of the Factory for the three years up to 1970-71 :-

	1968-69	1969-70	1970-71
	(Rupees in lakhs)		
(i) Cost of production ..	5.10	6.25	6.88
(ii) Sales ..	5.84	7.35	8.49
(iii) Gross profit ..	0.78	0.92	1.09
(iv) Administrative and selling expenses ..	0.72	0.85	0.93
(v) Net profit ..	0.06	0.07	0.16
(vi) Closing stock of finished goods ..	1.45	1.81	1.46
(vii) Closing stock of finished goods in terms of monthly turnover	3	3	2

The value of the closing stock of finished goods for 1971-72 and 1972-73, as per the provisional figures available with the Factory, amounted to Rs. 3.00 lakhs and Rs. 4.14 lakhs representing 5 and 9 months' turnover respectively.

Sundry debtors—

The sundry debtors on 31st March 1971 amounted to Rs. 3.60 lakhs. The provisional figure of sundry debtors on 31st March 1974, as furnished by the Department, was Rs. 3.33 lakhs, of which Rs. 0.61 lakh was more than three years old. The break-up of the debtors on 31st March 1974, was as follows :-

	Total amount outstanding	Amount outstanding for more than three years
	(Rupees in lakhs)	
State Government departments ..	2.02	0.47
Union Government departments ..	1.23	0.06
Private parties ..	0.08	0.08
Total ..	3.33	0.61

*Includes sales from stock brought forward from previous years.

6.4.4. *Rate contract with Hindustan Steel Limited*—In June 1972, the Factory entered into a rate contract with Hindustan Steel Limited (Rourkela Steel Plant) for supply of safety boots and ammunition boots. The contract was for two years, commencing from July 1972. The rates (excluding State Sales tax at 3 per cent) agreed upon (by negotiation) were as follows :—

Safety boots	..	Rs. 29.90 per pair
Ammunition boots	..	Rs. 19.97 per pair

In March 1973, the Factory requested the purchaser to enhance the rates on the ground that the cost of production had increased. The purchaser agreed in June 1973 to increase the price by Rs. 6 per pair of both the items on the supply effected from January 1973. The enhanced rates were not adequate to cover the cost of production. In sale of 13,816 pairs of safety boots and 9,599 pairs of ammunition boots to Hindustan Steel during July 1972 to June 1974, the Factory incurred a loss of Rs. 0.92 lakh.

FOREST AND ANIMAL HUSBANDRY DEPARTMENT

6.5. *State Trading in Kendu leaves*—

6.5.1. *Introduction*—

In pursuance of Orissa Kendu Leaves (Control of Trade) Act 1961, Government undertook State trading in *kendu* leaves from May 1963. To facilitate the transactions under the scheme, personal ledger accounts were opened in treasuries in favour of 24 Divisional Forest Officers from December 1965. From January 1973, personal ledger accounts in favour of 18 Divisional Forest Offices were opened to deal with the *kendu* leaf transactions exclusively. Twenty four personal ledger accounts opened in December 1965 are no longer operative.

According to the accounting procedure framed under the Act, each Divisional Forest Officer operating a personal ledger account is required to prepare *pro forma* accounts of the transactions by 15th May, and the Chief Conservator of Forests is required to prepare consolidated *pro forma* accounts of the scheme by 31st May of the following year. Mention was made in paragraph 97 of the Report of the Comptroller and Auditor-General of India for 1970-71 about non-preparation of consolidated *pro forma* accounts of the scheme. The Chief Conservator has furnished consolidated *pro forma* accounts up to the year ended 31st March 1970. The consolidated *pro forma* accounts for the subsequent years have not been furnished (January 1975). Besides *pro forma* accounts of the following divisions have also not been received (April 1975) :—

Division	Years of account
Jeypore Forest Division	.. 1971-72 and 1972-73
Sambalpur Forest Division	.. } 1972-73
Balliguda Forest Division	.. }
Nayagarh Forest Division	.. }
Phulbani Forest Division	.. }
Angul Forest Division	.. }

No *pro forma* accounts have been received for 1973-74 from any division.

The subsidiary rules of the Orissa Treasury Code require that the annual certificates of balances in the personal ledger accounts operated by the Divisional Forest Officers are to be rendered to Audit through the Treasury Officer maintaining these accounts. Out of 24, only 15 and 13 Divisional Forest Officers submitted the returns for the years 1971-72 and 1972-73 respectively.

6.5.2. The following table shows the production of *Kendu* leaves during the five years up to 1972-73:—

Year	Production (Quintals in lakhs)
1968-69 (a)	3.57
1969-70 (a)	3.20
1970-71 *	3.32
1971-72 *	3.56
1972-73 *	3.81

6.5.3. The following table shows the working results of the scheme for the five years ending 1972-73:—

Year	Sales	Cost of sales	Net profit	Percentage of net profit to sales
	(Rupees in lakhs)			
1968-69 (a)	5,50.42	3,78.03	1,72.39	31.3
1969-70 (a)	5,81.69	3,20.31	2,61.38	44.9
1970-71 *	5,93.84	3,28.57	2,65.27	44.6
1971-72 *	5,78.92	3,28.81	2,50.11	43.2
1972-73 *	6,79.46	3,90.34	2,89.12	42.5

From 1969-70 onwards contracts are being awarded on tender basis. This resulted in increase in profits from 1969-70.

6.5.4. According to the 1961 Act, 50 per cent of the net profit derived from the trade in *kendu* leaves is to be paid to Panchayat Samitis and Gram Panchayats. How the net profit is to be determined and the manner in which it is to be shared among the Panchayat Samitis and Gram Panchayats, has not been prescribed so far (April 1975). Pending compilation of the *pro forma* accounts, Government has been determining the net profit, the amount allocable to the Panchayat Samitis and Gram Panchayats and the share of each body, on *ad-hoc* basis and paying the same as grants-in-aid.

(a) Figures for the years 1968-69 and 1969-70 are subject to audit.

* Figures for the years 1970-71 to 1972-73 are provisional.

SECTION C

INVESTMENTS AND GUARANTEES BY GOVERNMENT

AGRICULTURE AND CO-OPERATION DEPARTMENT

6.6. Co-operative institutions—

(a) *Financial assistance*—Government has been rendering financial assistance to co-operative institutions in the shape of investments in share capital, loans, grants-in-aid and subsidies. The total number of such co-operatives in the State at the end of March 1974 was 12,746, of which 5,442 had ceased functioning and 1,436 others were in moribund condition. Government investment in the share capital at the close of each of the three years up to 1973-74 was as follows :—

Year		Number of institutions	Amount
			(In lakhs of rupees)
1971-72	..	3,287	9,49.41
1972-73	..	4,140	11,78.76
1973-74	..	4,168	13,12.97

Besides, Rs. 2,59.82 lakhs were invested by Government to the end of 1973-74 in debentures floated by the Orissa State Co-operative Land Development Bank. The particulars of the institutions in which investments have been made as on 31st March 1974 are given in Statement No. 14 of the Finance Accounts for the year 1973-74. Of these, 152 institutions with Government investments aggregating Rs. 1.87 lakhs have stopped working.

Loans, grants and subsidies paid by Government to various co-operative institutions during the three years up to 1973-74 were as follows :—

Year		Loans				Grants and subsidies during the year
		Balance at the end of the previous year	Disbursed during the year	Repayment during the year	Balance at the end of the year	
(In lakhs of rupees)						
1971-72	..	4,31.14	2,50.91	97.37	5,84.68*	28.94
1972-73	..	5,86.80*	4,17.53	1,55.01	8,49.32	66.50
1973-74	..	8,49.32	1,90.00	1,58.06	8,81.26	48.88

Of the loans, recovery of Rs. 2,59.37 lakhs, towards principal (Rs. 1,79.79 lakhs) and interest (Rs. 79.58 lakhs), was overdue at the end of March 1974, according to the information furnished by the Department (February 1975).

* Difference of Rs. 2.12 lakhs with the closing balance for 1971-72 was due to correction of balance *pro forma*.

Up to March 1974 Government guaranteed loans raised by 112 co-operative institutions to the extent of Rs. 31,88.04 lakhs, subject to payment of a guarantee commission, of which Rs. 1.07 lakhs were outstanding at the end of March 1974. The details of guarantees are available in statement No. 6 of Finance Account for the year 1973-74.

(b) *Dividend received by Government—*

Dividend received by Government from co-operative institutions (including banks) during 1973-74 aggregated Rs. 2.98 lakhs.

(c) *Delay in completion of audit—*

The accounts of the co-operative institutions are required to be audited by the Registrar, Co-operative Societies, Orissa once in every year. According to the information furnished (October 1974) by the Registrar, the accounts of 5,709 societies up to the co-operative year 1972-73 (ending June 1973), remained unaudited on 30th June 1974 as detailed below :—

Year from which audit is in arrears		Number of societies
1967-68	..	1,931
1968-69	..	196
1969-70	..	324
1970-71	..	782
1971-72	..	742
1972-73	..	1,734
Total	..	<u>5,709</u>

Out of these 5,709 societies, 2,561 societies had ceased functioning and 1,019 societies were in a moribund condition. Information regarding audit of the account for the co-operative year 1973-74 has not been furnished by the Department (January 1975).

Delay in completion of audit was attributed (December 1974) by the Registrar to:—

- (i) inadequacy of audit staff;
- (ii) non-availability of records for audit;
- (iii) inexperienced and new hands entrusted with audit work; and
- (iv) unsystematic and improper maintenance of accounts.

Audit reports of the societies of which the State Government hold shares have not been made available for the years 1971-72 to 1973-74.

(d) *Societies wound up—*

By 31st March 1974, 329 co-operative societies had been wound up. Sums aggregating Rs. 18.58 lakhs were provided up to 31st March 1974 as

assistance to these societies on account of subsidies (Rs. 3.94 lakhs) and loans (Rs. 8.34 lakhs) and contribution to share capital (6.30 lakhs). The Department stated (October 1974) that a close watch had been kept over the matter with a view to realising the dues of Government. The amounts have not been recovered so far (March 1975).

(e) *Misappropriations/shortages—*

Rupees 0.35 lakh were alleged to have been misappropriated during 1971-72 and 1972-73 in two societies (including a co-operative bank).

Shortages of fertilisers, consumable stock and deficit of stock of aggregate value Rs. 21.30 lakhs were noticed in 23 societies which are awaiting investigation (January 1975).

6.7. *Investments in non-Government companies and institutions of other States:—*(a) During 1973-74 Government invested Rs. 17.50 lakhs in two joint stock companies as indicated below :—

	Amount of investment (Rupees in lakhs)
East Coast Breweries and Distilleries Limited, Cuttack ..	14.00
Cifoods Limited, Cuttack ..	3.50
Total ..	<u>17.50</u>

To the end of 1973-74 investments made by Government in the share capital of 26 joint-stock companies aggregated Rs. 1,37.68 lakhs. Of these, according to Government (November 1974) the following nine companies (Government investments Rs. 17.37 lakhs) were either liquidated or under liquidation :—

	Amount of investment (Rupees in lakhs)
<i>Companies liquidated—</i>	
(1) Puri Electrical Supply Company Limited, Puri ..	0.53
(2) Mayurbhanj Glass Works Limited, Mayurbhanj ..	1.00
(3) National Vanadium Trust Limited, Rairangpur ..	1.89
<i>Companies under liquidation—</i>	
(4) Mayurbhanj Potteries Limited, Mayurbhanj ..	1.00
(5) Gauhati Electric Supply Corporation, Assam ..	0.32
(6) Hindustan Minerals and quarries Limited, Calcutta ..	1.00
(7) Indian Chemical Products Limited, Mayurbhanj ..	7.50
(8) Weaving Factory, Bolangir ..	0.25
(9) Rajendra Paper Mills Limited, Bolangir ..	3.88
Total ..	<u>17.37</u>

Information regarding the awards given by the liquidators, settlement of liabilities, the amount received or receivable against investments and the losses suffered, if any, for the companies already liquidated is awaited from Government (April 1975).

Detailed information about investments is given in Statement No. 14 of the Finance Accounts.

During 1973-74 Rs. 3.74 lakhs were received as dividend from the following two companies :-

	Capital invested	Dividend received
	(In lakhs of rupees)	
Orissa Textile Mills Limited, Choudwar, Cuttack ..	12.75	1.40 (A)
Orissa Cement Limited, Rajgangpur ..	40.00	2.34 (B)

(b) Investments made by Government in the debentures/bonds of Electricity Boards and a Municipal Corporation of three other States, as on 31st March 1974, and the return therefrom during 1973-74, are shown below :-

	Investments made	Interest received	Percentage of return
	(In lakhs of rupees)		
Gujarat State Electricity Board ..	34.30	2.10	6.1
Uttar Pradesh State Electricity Board ..	20.58	1.26	6.1
Bihar State Electricity Board ..	1.00	0.05	5.0
Ahmedabad Municipal Corporation ..	5.00	0.24	4.8
Total ..	60.88	3.65	6.0

6.8. *Guarantees by Government*—Government has guaranteed repayment of loans raised by statutory corporations, Government companies, other joint-stock companies, co-operative societies, etc., and payment of interest thereon. The maximum amount of loans guaranteed by Government up to the end of March 1974, the actual amount of loans raised against the guarantees and the guarantee commission outstanding are shown in the following table :-

	Number	Maximum amount guaranteed	Amount actually covered by guarantee	Guarantee commission outstanding
		(In lakhs of rupees)		
Orissa State Financial Corporation	1	4,50.00(C)	4,50.00(C)	..
Orissa State Electricity Board ..	1	45,56.70	45,56.70	0.65
Government companies ..	15	18,86.95	12,81.27	29.29
Joint stock companies ..	7	10.46	1.85	2.89
Co-operative banks and institutions	112	45,70.71	31,88.04	1.07
Municipalities and Notified Area Councils	17	3,62.24	1,04.24	2.35
Private parties ..	2	1.87	0.96	0.08
Total ..	155	1,18,38.93	95,83.06	36.33

(A) Represents dividend received for 1957-58 and 1958-59. Dividends from 1959-60 are in arrears.

(B) Represents dividend received for 1972.

(C) Includes Rs. 1,00.00 lakhs representing guarantee given by Government for payment of minimum dividend at the rate of 3.5 per cent on the share capital of the Corporation.

During 1973-74 the following concerns defaulted in repayment of loans and payment of interest thereon, which were guaranteed by Government. Rupees 3.19 lakhs were paid by Government on their behalf during 1973-74, as given below :—

	Amount (Rupees in lakhs)
Orissa Timber Products Limited ..	1.22
Banki Sugarcane Processing and Marketing Co-operative Society Limited	1.30
Bhattigaon Rice and Oil Mills Industries Limited ..	0.45
Kotpad Mangalore Pattern Roofing Tile Manufacturing Co-operative Society Limited	0.22
Total ..	3.19

The total payment made by Government up to the end of 1973-74 in discharge of guarantee obligations was Rs. 96.09 lakhs (Rs. 81.22 lakhs on account of loans obtained by companies, Co-operative societies, etc., and Rs. 14.87 lakhs on account of guaranteed minimum dividend of Orissa State Financial Corporation). The subvention to Orissa State Financial Corporation is to be repaid out of its future profits.

The following table shows the year-wise analysis of these payments :—

Year	Orissa State Financial Corporation	Government companies, joint- stock companies, co-ope- ratives, etc.	
		Number	Amount (Rupees in lakhs)
	(Rupees in lakhs)		
1964-65 and earlier years ..	4.51	..	..
1965-66 ..	1.61	..	..
1966-67 ..	1.61	..	..
1967-68 ..	1.50	..	..
1968-69 ..	1.45	5	2.44
1969-70 ..	1.44	18	35.53
1970-71 ..	1.40	9(a)	12.64
1971-72 ..	1.35	6	7.05
1972-73 ..	..	4 (b)	20.37
1973-74 ..	..	4 (c)	3.19

Information about recovery made from these debtors has not been received from the Department (December 1974).

(a) Includes one joint-stock company guarantee liability of which was first met in 1969-70.

(b) Includes one joint-stock company guarantee liability of which was first met in 1971-72.

(c) Includes one co-operative society, guarantee liability of which was first met in 1971-72.

CHAPTER 7

FINANCIAL ASSISTANCE TO BODIES/AUTHORITIES

7.1. *Introductory*—According to the provisions of section 14 of Comptroller and Auditor General's (Duties, Powers and Conditions of Services) Act 1971, the accounts of bodies and authorities substantially financed by grants and loans from the Consolidated Fund are to be audited by the Comptroller and Auditor General. The State Government were, accordingly, requested in April 1974 to furnish information about grants and loans given to various bodies and authorities and their expenditure for each of the years since 1971-72. As none of the departments furnished the information, the matter was brought to the notice of the Heads of the Administrative Departments and Finance Department in May 1974. Some information was, however, collected by Audit through the Examiner of Local Accounts and in some cases directly from the bodies which had received assistance. With reference to the information so collected audit of 21 bodies and authorities, which were substantially financed by the Government, was undertaken.

Again, when any grant or loan is given for any specific purpose from the Consolidated Fund, Section 15 of the above Act prescribes that the Comptroller and Auditor General shall scrutinise the procedure by which the sanctioning authority satisfies itself as to the fulfilment of the conditions subject to which such grants or loans are given.

Important points noticed during audit under section 14 and scrutiny conducted in accordance with the provisions of section 15 are given in the succeeding paragraphs.

7.2. *Results of Audit of Panchayat Samities*—(a) *Unutilised grants*—The financial rules of the Government provide that any unspent balance of grant should, in the case of sanctions which require the grant to be utilised during a financial year, be surrendered to the Government at the end of the financial year and in other cases immediately on the expiry of one year from the date of sanction. In the case of eleven Panchayat Samities the unspent balances of grants/loans at the end of March 1974 were Rs. 41.68 lakhs. In four of these cases an analysis of the personal ledger account disclosed that Rs. 7.63 lakhs related to grants received more than two years back (i. e. 1971-72 and earlier) as shown below :—

More than five years	..	Rs. 1.91 lakhs
Between three and five years	..	Rs. 1.44 lakhs
Between two and three years	..	Rs. 4.28 lakhs

The yearwise break up of the unspent balances of the remaining seven Panchayat Samities was not available.

The Examiner of Local Accounts reported in December 1974 that the unspent balances with 313 Panchayat Samities at the close of March 1973 were Rs. 9.19 crores as shown below :—

		Amount (Rupees in crores)
Balance on the 1st April 1972		.. 9.60
Amounts received during 1972-73—		
(i) Grants	Rs. 17.39 crores	} .. 23.44
(ii) Other than grants	Rs. 6.05 crores	
Payments—		
(i) Expenditure	Rs. 16.44 crores	} .. 23.85
(ii) Advances	Rs. 7.41 crores	
Balances as on the 31st March 1973—		
(i) In cash	Rs. 0.68 crore	} .. 9.19
(ii) In personal ledger account	Rs. 8.51 crores	

The Examiner of Local Accounts further reported in December 1974 that the total value of utilisation certificates outstanding in these 313 Panchayat Samities taken together at the end of March 1973 was Rs. 40,78.52 lakhs and that out of these Rs. 17,07.24 lakhs related to grants paid to the samities in 1970-71 or earlier.

In the case of twelve Panchayat Samities whose accounts were checked by Audit, the yearwise break up of the grants for which utilisation certificates had not been submitted was available in five samities only; a scrutiny conducted during audit disclosed that out of Rs. 73.94 lakhs for which utilisation certificates were wanting, an amount of Rs. 28.73 lakhs related to the period 1970-71 and earlier; in the other seven cases the yearwise break up was not available.

(b) *Outstanding advances*—According to the prescribed accounting procedure, advances given to executants of works, should be promptly adjusted by submission of detailed bills and unspent balances refunded to the Panchayat Samiti forthwith. In the course of audit of eleven Panchayat Samities it was noticed that Rs. 18.06 lakhs advanced for various purposes were not adjusted at the end of March 1974; of these, Rs. 5.81 lakhs had been paid prior to 1965-66 and Rs. 4.71 lakhs between 1965-66 and 1969-70 and Rs. 4.70 lakhs between 1970-71 and 1972-73.

The following shortcomings were noticed in the maintenance of the register of advances :—

In three cases, Patnagarh, Korai and Narla, the registers of the Panchayat Samities did not contain the particulars of the parties to whom advances had been given (Rs. 0.37 lakh). In two other Panchayat Samities, Salepur-II and Jajpur, there was a difference between the cash book and the register of advances in respect of the amount outstanding, the balance shown in the cash book being less by Rs. 0.23 lakh.

According to the information made available by the Examiner of Local Accounts, at the close of March 1973 Rs. 7.42 crores were outstanding on account of advances paid by the Panchayat Samities as shown below :—

Executants	..	Rs. 6.36 crores
Government servants	..	Rs. 1.06 crores

Of these, Rs. 5.09 crores had been advanced in 1970-71 and earlier years.

(c) *Works incomplete for more than 5 years*—Works under taken by the Panchayat Samities like construction of wells, roads, etc., are petty and minor in nature and should not take long to complete. In 8 Panchayat Samities the accounts of which were audited, 240 works taken up between the years 1959-60 and 1969-70 were incomplete (October 1974); the estimated cost of these works was Rs. 3.93 lakhs. The Panchayat Samitiwise break up is given below :—

Name of Panchayat Samiti	Number of works	Estimated cost of works (Rs. in lakhs)
Ambabhona	.. 30	0.62
Bhawanipatna	.. 28	0.47
Kesinga	.. 14	0.26
Govindpur-I	.. 113	1.03
Jajpur	.. 13	0.78
Narla	.. 12	0.22
Salepur II	.. 13	0.17
Jamankira	.. 17	0.38
Total	.. 240	3.93

The yearwise break up is as follows :—

Year	Number of works	Amount (In lakhs of rupees)
1958-59	.. 3	0.02
1959-60	.. 3	0.05
1960-61	.. 11	0.08
1961-62	.. 30	0.62
1962-63	.. 68	1.06
1963-64	.. 85	0.83
1964-65	.. 6	0.09
1965-66	.. 8	0.10
1966-67	.. 15	0.81
1967-68	.. 1	0.02
1968-69	.. 9	0.23
1969-70	.. 1	0.02
Total	.. 240	3.93

Rupees 1·81 lakhs had already been spent on these works as advances paid to the executants. On enquiry during audit, the non-completion of the works for over 5 to 15 years in these cases was attributed by the Panchayat Samities to (1) want of people's contribution, (2) non-availability of cement, (3) non-availability of funds and (4) negligence of *Gram Panchayat* and the executants.

In 5 Panchayat Samities, 59 works (estimated cost: Rs. 0·90 lakh) for execution of which Rs. 0·31 lakh had been advanced to the executants between 1959-60 and 1969-70 had not been commenced till October 1974. No reason was given for the non-commencement of the works and for the non-recovery of the advances.

(d) *Accounts of Stores*—The value of stores purchased for use in the Samities is, under the prescribed rules, charged to a suspense head "Stores—Suspense" pending clearance when the same are issued for the works. The balance in the stores suspense account represents value of stores in stock. It was noticed in Audit (October 1974) that in three Panchayat Samities (Salepur-II, Korai and Narla), while the balance in the suspense accounts on the 31st March 1974 was Rs. 1·03 lakhs, the value of stores in stock as per the stock registers was Rs. 0·06 lakh only. The difference of Rs. 0·97 lakh had not been reconciled (October 1974).

(e) *Other topics of interest*—Important points reported (December 1974) by the Examiner of Local Accounts, are given below :—

(1) Grants received by 198 Panchayat Samities for specific purposes were diverted by them to other purposes wholly or in part. The total amount so diverted to the end of 1972-73 was Rs. 58·99 lakhs.

(2) Heavy cash balances (of Rs. 10,000 or more in each case) totalling to Rs. 47·91 lakhs were held in hand in 185 Panchayat Samities as on the 31st March 1973; security deposits from the officials handling cash had been realised in only 4 of these Samities.

(3) Thefts, misappropriations and losses of cash of Rs. 2·19 lakhs in 91 Panchayat Samities and shortages of stores of Rs. 1·42 lakhs in 177 Panchayat Samities came to notice during 1972-73.

(4) Over payment and infructuous expenditure of Rs. 42·07 lakhs in works were noticed in 288 Panchayat Samities. The Examiner suggested the recoveries of Rs. 1,51·36 lakhs in 295 Panchayat Samities, on account of miscellaneous overpayments, inadmissible payments, arrears of house rents, hire charges of vehicles, want of sanctions, want of vouchers, etc.

(5) Of the unauthorised expenditure of Rs. 12,38·43 lakhs suggested by the Examiner of Local Accounts for regularisation up to 1972-73 Rs. 1,17·58 lakhs only were regularised leaving a balance of Rs. 11,10·85 lakhs yet to be regularised at the end of March 1975.

(6) Recovery of Rs. 1,42·50 lakhs towards overdue principal amounts on account of the loans paid by the Government to Panchayat Samities together with overdue interest of Rs. 50·20 lakhs was in arrears at the end of March 1973.

(7) Money value of objections raised by the Examiner remaining unsettled at the end of March 1973 was Rs. 12,75·03 lakhs.

7.3. *Results of audit of Municipalities including Notified Area Councils—* During the year 1973-74, the accounts of 61 Municipalities and Notified Area Councils were audited by the Examiner of Local Accounts. Important points reported are given below :—

(1) Out of total grants of Rs. 1,85.01 lakhs (inclusive of Rs. 62.77 lakhs being unspent balance of previous years) Rs. 1,19.15 lakhs were spent during 1972-73 leaving Rs. 65.86 lakhs unspent on the 31st March 1973.

(2) Thirteen local bodies diverted a portion of the grants for purposes other than those for which the grants were received by them from the Government; the total amount of grants so diverted to the end of 1972-73 was Rs. 10.19 lakhs.

(3) Recovery of Rs. 98.39 lakhs towards principal of loans paid by the Government to various local bodies and Rs. 10.56 lakhs towards interest on the loans, was outstanding at the end of March 1973.

(4) The total money value of the objections raised by the Examiner remaining unsettled on the 31st March 1973 was Rs. 2,15.11 lakhs.

(5) Thefts and misappropriations, etc., of Rs. 0.57 lakh (in 35 institutions) and shortages of stores worth Rs. 0.15 lakh (in 17 institutions) were noticed during 1972-73.

(6) Recovery of over-payments and infructuous expenditure of Rs. 1.95 lakhs and inadmissible payments of Rs. 39.92 lakhs was suggested by the Examiner.

(7) Advances of Rs. 64.21 lakhs were outstanding for recovery/adjustment on the 31st March 1973 with the Municipal staff (Rs. 10.50 lakhs) and contractors and other executants of works (Rs. 53.71 lakhs); of these, Rs. 22.86 lakhs relate to 1970-71 and earlier years.

(8) Utilisation certificates in support of grants of Rs. 2,64.10 lakhs paid to the local bodies were due for submission by them to the Administrative Departments of the Government on 31st March 1973 against which such certificates for grants amounting to Rs. 97.62 lakhs had only been furnished by the local bodies by that date. Utilisation certificates for the grants of Rs. 1,66.48 lakhs (63 per cent of the grants paid) were outstanding for submission to the Government on the 31st March 1973; of these, Rs. 55.14 lakhs relate to the year 1970-71 and earlier years.

(9) Rupees 1,27.92 lakhs were due for realisation as taxes, rents and fees by the local bodies up to the 31st March 1973; of these, Rs. 30.94 lakhs were barred by limitation and Rs. 5.80 lakhs were covered under certificate cases.

7.4. *Financial Assistance for slum clearance—*

7.4.1. *General—*With a view to removing unhygienic slums from urban areas and also providing better housing facilities to the slum-dwellers in these areas, the Government of India sponsored the scheme of slum clearance in congested urban areas to be executed through the agencies of urban local bodies. Fifty per cent of the cost on the execution of the scheme was to be

made available by the State Government to the urban bodies as grant and the balance of 50 per cent as loan recoverable in 15 annual instalments. The grants and loans were to be given subject to the fulfilment of following two main conditions :—

(1) the urban bodies in possession of land for immediate execution of the scheme were to be given preference and

(2) the recipient bodies were to submit monthly progress reports of the work and utilisation of grants and loans received by them to the sanctioning authority.

The Government of India was to give assistance to the State Government to the extent of 87·5 per cent of the expenditure (50 per cent loan and 37·5 per cent grant).

A study (in January 1975) of the records of the authority sanctioning the grants and loans and that of the recipient bodies disclosed the following :—

(i) Grants of Rs. 0·48 lakh and loans of Rs. 0·41 lakh paid to three local bodies (Titilagarh Notified Area Council, Baripada Municipality and Chatrapur Notified Area Council) during 1969-70 to 1973-74 remained unutilised (December 1974) as the sites for the construction of tenements had not been selected.

(ii) Grants amounting to Rs. 0·11 lakh paid to Jeypore Municipality in 1971-72 were not utilised; this was stated to be due to non-availability of technical personnel required for the construction of the tenements.

(iii) Grants and loans amounting to Rs. 0·20 lakh paid to Chatrapur Notified Area Council during 1969-70 were diverted by the Council for the purchase of a road roller.

(iv) Rupees 0·13 lakh paid to Angul Notified Area Council as grant (Rs. 0·11 lakh) and loan (Rs. 0·02 lakh) between December 1969 and August 1971 were diverted by the Council for the construction of residential quarters for its Executive Officer.

(v) Tenements intended for slum dwellers constructed by two urban bodies (Kendrapara Municipality: 14 tenements and Angul Notified Area Council: 12 tenements) out of grants (Rs. 0·67 lakh) and loan (Rs. 0·40 lakh) received by them during 1965-66 to 1967-68 were allotted to persons other than the actual slum dwellers.

7. 4. 2. *Slum clearance scheme in Potapola area of Cuttack*—In order to remove the unhygienic slums from Cuttack City and to provide better housing facilities to the slum dwellers of Potapola area in ward VIII of Cuttack Municipality in particular, a slum clearance scheme was entrusted to the Orissa Branch of Bharat Sevak Samaj in May 1962, as per plans and estimates submitted by the body, with 62·5 per cent of the estimated cost as subsidy and the balance 37·5 per cent as loan to be recovered from the prospective occupants in monthly instalments. The tenements constructed were to be mortgaged with the Government till such time as the participants repaid the entire amount of loan along with interest whereafter the ownership of tenements would pass on to the occupants concerned. In view of the difficulties involved in entering into

separate agreement with each individual slum dweller and in watching recovery of the loan from him, it was decided (September 1962) to form a co-operative society comprising the prospective occupants who would be jointly responsible for the repayment of the loan to the Government.

A society called "Potapola Slum Dwellers Co-operative Building Society" was set up by the Bharat Sevak Samaj and registered in October 1963 under the Orissa Co-operative Societies Act, 1951 with the principal object of building or causing to be built residential houses or tenements or other buildings for its own members. The form of the agreement to be executed by the society was finalised after seven years in February 1970. The construction of tenements continued to be done by the Bharat Sevak Samaj financed from the subsidy portion of the cost of construction placed at the disposal of the Samaj through the Collector, Cuttack. The society took over the construction work as the successor body in March 1970.

The original proposal of the Bharat Sevak Samaj (estimated cost: Rs. 5.55 lakhs) of 1962 was revised by it in February 1963 during progress of work. The revision envisaged the construction of 200 two-roomed tenements in double storied blocks with provision of separate bath and latrine at a total cost of Rs. 8.10 lakhs. This was further revised by the Samaj to Rs. 10.26 lakhs in February 1967 and to Rs. 10.49 lakhs in June 1970 on account of revision of the Public Works Department schedule of rates. The Co-operative Society has since revised the estimate to Rs. 17.94 lakhs (December 1974). Increase in the estimated cost during 1963 to 1974 was attributed to slow progress of work due to the following reasons :—

- (i) Piecemeal execution of construction work after gradual vacation of the land by slum dwellers.
- (ii) Non-availability of stacking space and approach road to the site.
- (iii) Providing extra treatment to the foundation which consisted of made-up earth.
- (iv) Delay in clearance of the site.

By March 1970 Rs. 4.23 lakhs had been paid as grant to the Bharat Sevak Samaj. From March 1970 the Co-operative Society which took over the construction as the successor body as mentioned earlier received further assistance by way of loans of Rs. 2.38 lakhs during the succeeding four years up to March 1974.

A review conducted by Audit (January 1975) in the Urban Development Department of the sanctions to the loans and grants and their utilisation by the recipient bodies disclosed the following :—

(i) The Bharat Sevak Samaj received grants of Rs. 4.23 lakhs and the Co-operative Society received loans of Rs. 2.38 lakhs during 1962 to 1973-74. The prescribed utilisation certificates have not been received by the sanctioning authority for any amount so far (February 1975); the sanctioning authority had released funds year after year for a period of twelve financial years without verifying the utilisation of the assistance given in the previous years.

(ii) Up to the date of transfer of the work to the Society (March 1970) the Bharat Sevak Samaj had constructed 72 tenements at a cost of Rs. 2.90 lakhs out of the grants given by the Government. The balance amount of the grants (Rs. 1.22 lakhs) was neither transferred to the Society nor refunded to the Government. The balance sheet of the Bharat Sevak Samaj as at the end of March 1974 does not show the liability on account of the grants not utilised.

(iii) Although the Bharat Sevak Samaj held an unutilised balance of Rs. 1.22 lakhs, Rs. 0.11 lakh were further released by the Government to them in March 1970 after the entire scheme had been taken over by the Society.

(iv) The total amount of money received as against the estimates and the total number of tenements constructed as against the targets as in January 1975 are as follows:—

	Estimates	Actuals	Percentage
Amount	Rs. 10.49 lakhs	Rs. 6.61 lakhs	63
Tenements	200 numbers	1049 number	52

After twelve years, while 63 per cent of the total cost was available with the recipient bodies, only 52 per cent of the tenements were constructed.

(v) Out of the total loan of Rs. 2.38 lakhs, Rs. 0.66 lakh are overdue for payment inclusive of interest (April 1974).

(vi) The co-operative Society envisaged collection of rent at the rate of Rs. 30 per month to be able to repay its loans along with interest at the end of a period of 15 years. During a period of ten years since the commencement of the programme the rent due (up to June 1974) was Rs. 2.50 lakhs of which Rs. 0.10 lakh only was collected and Rs. 2.40 lakhs were outstanding (January 1975) as shown below:—

Year	1964-65	1965-66	1966-67	1967-68	1968-69	1969-70	1970-71	1971-72	1972-73	1973-74	1974-75 Up to June 1974	Total
Number of tenements allotted	29	29	69	69	69	72	72	88	104	104	104	104
Rent due (Rs. in lakhs)	0.09	0.10	0.18	0.25	0.25	0.25	0.26	0.30	0.36	0.37	0.09	2.50
Rent realised (Rs. in lakhs)	0.01	..	0.05	0.01	0.01	..	..	0.02	..	..	..	0.10
Uncollected rent (Rs. in lakhs)	0.08	0.10	0.13	0.24	0.24	0.25	0.26	0.28	0.36	0.37	0.09	2.40

The matter was reported to the Government in February 1975; their reply is awaited (May 1975).

IV—Contd.

Equipment grants		Maintenance grants		Miscellaneous grants		Total	
Number of utilisation certificates outstanding	Amount (Rs. in lakhs)	Number of utilisation certificates outstanding	Amount (Rs. in lakhs)	Number of utilisation certificates outstanding	Amount (Rs. in lakhs)	Number of utilisation certificates outstanding	Amount (Rs. in lakhs)
(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
..	..	1	2.00	89	1,91.76	90	1,93.76
..	..	1	0.10	17	52.44	29	52.74
..	27	56.27	27	56.27
..	275	78.66	275	78.66
..	14	25.70	14	25.70
..	69	4,65.03	69	4,65.03
..	362	1,99.67	362	1,99.67
..	23	0.14	23	0.14
..	32	0.38	32	0.38
..	11	2.67	13	2.88
..	1	1.27	1	1.27
1	0.43	..	..	1	1.00	2	1.43
8	0.09	4	0.19	309	51.08	342	52.41
..	..	3	0.31	48	0.86	52	1.19
25	0.35	..	..	62	1.41	106	2.25
..	2	0.01	3	2.01
..	12	2.95	12	2.95
..	37	1.06	37	1.06
..	47	0.78	47	0.78
..	1	0.25	1	0.25
..	77	0.82	77	0.82
..	7	0.70	7	0.70
..	4	0.27	4	0.27
..	..	68	6.28	13	2.63	85	9.07
1	0.03	17	9.60	5	1.60	30	12.35
..	..	9	10.30	3	3.38	16	13.83
..	8	0.22	8	0.22
..	2	0.45	2	0.45
..	2	0.45	2	0.45

APPENDIX

Sl. no.	Name of the Department	Year in which the grant-in-aid was paid	Building grants	
			Number of utilisation certificates outstanding	Amount (Rupees in lakhs)
(1)	(2)	(3)	(4)	(5)
19.	Political and Services	.. Up to 1970-71 1971-72 1972-73	......	......
20.	Tribal and Rural Welfare	.. Up to 1970-71 1971-72 1972-73	199 42 ..	1,28.09 4.00 ..
Grand Total		.. ..	1,187	2,38.58

IV—Concl.

Equipment grants		Maintenance grants		Miscellaneous grants		Total	
Number of utilisation certificates outstanding	Amount (Rs. in lakhs)	Number of utilisation certificates outstanding	Amount (Rs. in lakhs)	Number of utilisation certificates outstanding	Amount (Rs. in lakhs)	Number of utilisation certificates outstanding	Amount (Rs. in lakhs)
(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
..	..	..	..	178	1.38	178	1.38
..	..	..	..	2	0.17	2	0.17
..	..	..	..	3	1.55	3	1.55
73	4.72	97	13.79	192	59.24	561	2,05.84
14	1.03	19	1.61	37	1.43	112	8.07
4	0.65	5	0.22	49	8.52	58	9.39
422	27.62	24,961	42,63.62	44,487	64,19.16	71,057	109,48.98

APPENDIX V

(Reference : paragraph 1.21, page 26)

Statement of estimates and expenditure for State Plan Schemes
for the year 1973-74

Major Heads	Estimate (Budget <i>plus</i> supple- mentary)	Expenditure	Variation Increase (+)/ Decrease (-)
	(In lakhs of rupees)		
9—Land Revenue ..	67·00	38·85	—28·15
11—Taxes on Vehicles ..	1·55	0·69	—0·86
19—General Administration ..	11·27	10·56	—0·71
25—Supplies and Disposals ..	2·65	1·73	—0·92
27—Scientific departments ..	26·35	22·36	—3·99
28—Education ..	4,70·91	4,25·25	—45·66
29—Medical ..	1,99·76	1,24·20	—75·56
30—Public Health ..	49·51	54·12	+4·61
31—Agriculture ..	4,94·19	3,76·20	—1,17·99
32—Rural Development ..	2·44	2·36	—0·08
33—Animal Husbandry ..	1,13·02	71·42	—41·60
34—Co-operation ..	58·99	54·68	—4·31
35—Industries ..	30·98	26·18	—4·80
37—Community Developmet projects, National Extention Service and local Development works	1,39·98	1,44·59	+4·61
38—Labour and Employment ..	7·94	6·16	—1·78
39—Miscellaneous Social and Develop- ment Organisation	1,43·13	1,15·04	—28·09
42—Multipurpose River Schemes ..	16·49	19·85	+3·36
44—Irrigation, Navigation, Embank- ment and Drainage Works (Non-Commercial)	37·00	27·97	—9·03
50—Public Works ..	1,70·33	1,65·70	—4·63
52—Capital outlay on Public Works	0·46	..	—0·46
68—Stationery and Printing ..	8·83	8·82	—0·01
70—Forest ..	77·12	66·96	—10·16
71—Miscellaneous ..	10·81	5·19	—5·62
94—Capital outlay on Improvement of Public Health	1,51·01	1,18·46	—32·55

APPENDIX V—*Concl'd.*

Major Heads	Estimate (Budget <i>plus</i> supple- mentary)	Expenditure (In lakhs of rupees)	Variation Increase (+)/ Decrease (-)
95—Capital outlay on Schemes of Agricultural Improvement and Research	3,84.09	3,14.66	-69.43
96—Capital outlay on Industrial and Economic Development	4,58.20	4,00.14	-58.06
98—Capital Outlay on Multipurpose River Schemes	12,70.88	8,38.71	-4,32.17
99—Capital outlay on Irrigation, Navigation, Embankment and Drainage Works (Commercial)	10,89.98	2,20.20	-8,69.78
100—Capital outlay on Irrigation, Navigation, Embankment and Drainage Works (Non-commercial)	1,03.00	67.97	-35.03
101—Capital outlay on Electricity Schemes	11.60	-1.20	-12.80
103—Capital outlay on Public Works ..	5,96.18	5,81.32	-14.86
109—Capital Outlay on other Works ..	20.73	16.84	-3.89
114—Capital outlay on Road and Water Transport Schemes	30.69	25.63	-5.06
119—Capital outlay on Forests ..	34.86	26.13	-8.73
124—Capital outlay on Schemes of Government Trading	5.00	36.50	+31.50
Q—Loans and Advances by the State/Union Territory Government	1,54.00	2,30.49	+76.49
Total ..	64,50.93	46,44.73	-18,06.20

APPENDIX VI

(Reference : paragraph 2.3, page 34)

Statement showing the utilisation of supplementary grants

Serial no.	Number and name of grant/ appropriation	Original grant/appropriation	Supplementary grant/ appropriation	Total grant/appropriation	Expenditure	Saving
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(In lakhs of rupees)						
<i>A—Cases where the supplementary grants proved unnecessary— Supplementary grants exceeding Rs. 5 lakhs in each case—</i>						
1.	5—Community Development Projects, etc.	13,58.29	73.99	14,32.28	11,87.90	2,44.38
2.	13—Land Revenue ..	7,48.26	7.08	7,55.34	6,29.68	1,25.66
3.	17—Expenditure relating to Industries Department	3,62.61	25.87	3,88.48	3,40.77	47.71
4.	21—Tribal & Rural Welfare ..	5,75.33	6.11	5,81.44	4,81.14	1,00.30
5.	22—Medical and other expenditure relating to the Health and Family Planning Department	8,32.99	36.04	8,69.03	8,24.96	44.07
6.	23—Public Health ..	7,47.88	72.23	8,20.11	5,26.76	2,93.35
7.	30—Transport Schemes ..	4,26.57	5.73	4,32.30	4,26.51	5.79
8.	33—Co-operation and Marketing	1,96.25	6.24	2,02.49	1,91.86	10.63
9.	35—Animal Husbandry ..	3,52.31	22.20	3,74.51	3,08.46	66.05
10.	37—Agriculture ..	9,18.05	29.09	9,47.14	7,46.64	2,00.50
11.	43—Multipurpose River, Irrigation and Electricity Schemes	31,01.13	3,32.08	34,33.21	24,29.75	10,03.46
12.	44—Agricultural Improvement and Research	4,76.84	45.34	5,22.18	4,04.29	1,17.89
13.	55—Share capital contribution and loans to Co-operative Organisations	2,67.40	69.78	3,37.18	2,24.86	1,12.32
14.	60—Capital outlay on Public Works	7,26.14	62.84	7,88.98	6,90.99	97.99
15.	Permanent Debt (Repayment) Charged	20.00	6.00	26.00	18.98	7.02
<i>B—Cases where the Supplementary grants proved excessive— Supplementary grants exceeding Rs. 5 lakhs in each case</i>						
16.	1—Election and other expenditure relating to the Home Department	1,29.41	97.43	2,26.84	2,03.44	23.40
17.	2—Jails ..	1,01.95	15.47	1,17.42	1,16.40	1.02
18.	3—Police ..	9,77.39	56.53	10,33.92	10,20.76	13.16
19.	11—Expenditure relating to the Education Department	33,66.92	2,68.85	36,35.77	33,78.49	2,57.28
20.	11—A—Text Book Press ..	39.35	6.00	45.35	43.13	2.22
21.	16—District Administration and other expenditure relating to the Revenue Department	4,02.85	2,90.48	6,93.33	6,54.64	38.69
22.	24—Irrigation ..	15,04.95	6,69.25	21,74.20	21,22.07	52.13
23.	24—A—Lift Irrigation ..	1,08.79	41.96	1,50.75	1,38.02	12.73
24.	28—Electricity Schemes ..	2,04.92	48.00	2,52.92	2,46.12	6.80
25.	34—Expenditure relating to the Urban Development Department	6,64.69	81.75	7,46.44	6,99.93	46.51

APPENDIX VI—*Concl.*

Serial no.	Number and name of grant/appropriation	Original grant/appropriation	Supplementary grant/appropriation	Total grant/appropriation	Expenditure	Saving
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(In lakhs of rupees)						
26.	42—Compensation for abolition of Zamindari System and other expenditure relating to the Revenue Department	84·23	80·00	1,64·23	99·72	64·51
27.	43—A—Capital expenditure relating to Lift Irrigation	49·00	25·01	74·01	72·90	1·11
28.	45—Government Trading Schemes	7,00·00	13,00·76	20,00·76	17,82·94	2,17·82
29.	46—Road and Water Transport	30·69	7·19	37·88	33·97	3·91
30.	48—Capital outlay on Industrial Development	1,33·55	1,48·86	2,82·41	2,75·09	7·32

APPENDIX VII

(Reference : paragraph 2.4, page 34)

Statement showing savings under voted grants/charged appropriations

Sl. no.	Number and name of grant/appropriation	Original grant/appropriation	Supplementary grant/appropriation	Total grant/appropriation	Expenditure	Saving	Amount surrendered	Percentage of saving
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
(Amount in lakhs of rupees)								
<i>A—Cases where saving amounted to 20 per cent or more—</i>								
1.	4—Expenditure relating to the Planning and Co-ordination Department (Voted).	50.30	1.19	51.49	40.56	10.93	10.20	21
2.	13—Land Revenue (Charged).	..	2.90	2.90	0.02	2.88	2.87	99
3.	20—Labour, Employment & Housing (Voted).	93.65	0.01	93.66	63.13	30.53	27.70	33
4.	23—Public Health (Voted).	7,47.88	72.23	8,20.11	5,26.76	2,93.35	46.40	36
5.	25—Public Works (Charged).	3.61	1.23	4.84	2.64	2.20	0.09	45
6.	26—State Legislature (Voted).	21.60	..	21.60	8.48	13.14	13.13	61
7.	31—Forest (Voted) ..	6,36.57	4.10	6,40.67	4,75.43	1,65.24	61.08	26
8.	32—Fisheries (Voted) ..	1,31.29	0.41	1,31.70	96.36	35.34	36.02	27
9.	37—Agriculture (Voted)	9,18.05	29.09	9,47.14	7,46.64	2,00.50	1,87.81	21
10.	42—Compensation for abolition of Zamindari System and other expenditure relating to Revenue Department (Voted).	84.23	80.00	1,64.23	99.72	64.51	64.73	39
11.	43—Multipurpose River, Irrigation and Electricity Schemes (Voted),	31,01.13	3,32.08	34,33.21	24,29.75	10,03.46	7,97.27	29
12.	44—Agricultural Improvement and Research (Voted).	4,76.84	45.34	5,22.18	4,04.29	1,17.89	1,18.55	22
13.	50—Capital outlay on Ports (Voted).	32.00	..	32.00	5.35	26.65	25.68	83
14.	51—Capital Expenditure relating to Labour, Employment & Housing Department (Voted).	81.00	..	81.00	59.49	21.51	20.25	27
15.	52—Capital expenditure relating to the Education Department (Voted).	49.82	..	49.82	32.18	17.64	..	35
16.	55—Share capital contribution and loans to Co-operative Organisations (Voted).	2,67.40	69.78	3,37.18	2,24.86	1,12.32	1,11.92	33
17.	60—Capital outlay on public works (Charged).	1.30	3.88	5.18	3.28	1.90	0.39	37
18.	Permanent Debt (Repayment) (Charged).	20.00	6.00	26.00	18.98	7.02	..	27

APPENDIX VII—*Concl.*

Sl. no.	Number and name of grant/appropriation	Original grant/appropriation	Supplementary grant/appropriation	Total grant/appropriation	Expenditure	Saving	Amount surrendered	Percentage of saving
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
(Amount in lakhs of rupees)								
<i>B—Cases where savings amounted to 10 per cent or more but within 20 per cent—</i>								
Voted—								
19.	1—Election and other expenditure relating to Home Department.	1,29·41	97·43	2,26·84	2,03·44	23·40	8·68	10
20.	5—Community Development project, etc.	13,58·29	73·99	14,32·28	11,87·90	2,44·38	2,43·92	17
21.	13—Land Revenue ..	7,48·26	7·08	7,55·34	6,29·68	1,25·66	45·67	17
22.	15—Registration ..	28·95	..	28·95	23·81	5·34	4·86	18
23.	17—Expenditure relating to the Industries Department.	3,62·61	25·87	3,88·48	3,40·77	47·71	43·12	12
24.	21—Tribal and Rural Welfare.	5,75·33	6·11	5,81·44	4,81·14	1,00·30	82·12	17
25.	27—Public Works, Common Establishment.	3,58·54	0·33	3,58·87	3,18·95	39·92	31·66	11
26.	35—Animal Husbandry	3,52·31	22·20	3,74·51	3,08·46	66·05	50·35	18
27.	41—Loans to Local Funds Government Servants, etc.	1,23·00	..	1,23·00	1,05·70	17·30	17·42	14
28.	45—Government Trading Schemes.	7,00·00	13,00·76	20,00·76	17,82·94	2,17·82	2,30·74	11
29.	46—Road and Water Transport Schemes.	30·69	7·19	37·88	33·97	3·91	3·90	10
30.	47—Capital expenditure relating to Public Health and Urban Development Department.	2,42·77	3·09	2,45·86	2,04·01	41·85	43·69	17
31.	54—Capital outlay on Forests.	9,94·88	..	9,94·88	8,74·83	1,20·25	9·18	12
32.	60—Capital outlay on Public Works.	7,26·14	62·84	7,88·98	6,90·99	97·99	1,19·54	12
33.	61—Capital expenditure relating to the Mining and Geology Department.	55·00	..	55·00	48·28	6·72	..	12

APPENDIX

(Reference : paragraph 3.13,

Misappropriations, losses, etc., reported up to the 31st March 1974,

Sl. no.	Department	Cases in which departmental/criminal proceedings have not been instituted due to non-receipt of detailed reports from sub-ordinate authorities		Cases in which departmental actions started but not finalised		Cases in which departmental proceedings finalised and recovery is in progress	
		Number	Amount (Rs. lakhs)	Number	Amount (Rs. lakhs)	Number	Amount (Rs. lakhs)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1.	Agriculture and Co-operation	23	0.73	18	1.68	14	0.27
2.	Community Development and Panchayati Raj	10	1.20	14	0.84	3	0.04
3.	Commerce ..	..	..	1	0.09	..	..
4.	Education ..	5	0.14	18	3.63	6	0.20
5.	Finance ..	8	0.50	8	1.91	1	0.06
6.	Forest and Animal Husbandry	26	1.96	30	2.51	5	0.38
7.	Home ..	11	0.54	16	0.25	1	0.14
8.	Industries ..	5	0.26	8	0.36	3	0.09
9.	Irrigation and Power	28	12.56	72	2.56	7	0.18
10.	Labour, Employment and Housing	2	0.02	..	..	..	..
11.	Law ..	1	1.69	..	..	..	..
12.	Mining and Geology	1	(D)	1	(A)	1	0.01
13.	Public Health ..	33	2.99	1	0.04	..	..
14.	Political and Services	3	0.25	..	..	..	..
15.	Revenue ..	28	0.73	39	3.22	13	2.80
16.	Supply ..	..	..	1	(C)	..	..
17.	Tribal and Rural Welfare	7	1.19	23	2.05	1	0.01
18.	Transport ..	4	0.85	17	0.40	..	..
19.	Urban Development	31	0.74	..	..	..	..
20.	Works ..	31	1.69	127	22.04	3	0.09
21.	Rural Development	13	0.13	7	0.19	5	0.04
Total ..		270	28.17	401	41.77	63	4.31

(A) Rs. 500, (B) Rs. 468, (C) Rs. 500, (D) Amount not known

VIII

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pending finalisation at the end of September 1974

Cases in which criminal proceedings finalised but execution/certificate cases for recovery of the amount is pending		Cases awaiting Government orders for recovery or write off		Cases in Court of Law		Total	
Number	Amount (Rs. lakhs)	Number	Amount (Rs. lakhs)	Number	Amount (Rs. lakhs)	Number	Amount (Rs. lakhs)
(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
1	0.05	16	0.59	5	0.39	77	3.71
5	0.30	5	0.56	4	0.58	41	3.52
..	..	..	..	1	0.01	2	0.10
..	..	6	0.20	1	0.21	36	4.38
..	..	..	..	..	..	17	2.47
..	..	7	0.09	2	0.32	70	5.26
..	..	4	0.09	2	0.09	34	1.11
..	..	2	0.05	1	0.01	19	0.77
2	0.18	35	0.55	8	0.30	152	16.33
..	..	..	..	..	..	2	0.02
..	..	2	0.01	1	0.02	4	1.72
..	..	1	0.05	..	..	4	0.06
..	..	1	(B)	..	..	35	3.03
..	..	..	..	..	..	3	0.25
32	3.70	31	0.73	22	1.53	165	12.71
..	..	2	0.03	2	0.35	5	0.38
..	..	6	0.22	3	2.41	40	5.88
1	0.01	3	0.19	4	0.04	29	1.49
..	..	4	0.17	..	..	35	0.91
..	..	3	0.23	..	..	164	24.05
..	..	23	0.46	1	0.01	49	0.83
41	4.24	151	4.22	57	6.27	983	88.98

APPENDIX IX

(Reference : Paragraph 4.10.8 at page 120)

List of projects where execution has been delayed

Name of Projects	Date of commencement	Stage of work	Remarks
(1)	(2)	(3)	(4)
1. Desabandhughai (Ganjam District)	1958/1964	Head works incomplete; Canal system not started.	Completed in 1962 and breached in the same year. Work has been delayed due to non-finalisation of alignment of Distributory System, non-acquisition of land, delay in according revised administrative approval. Further in September 1974 the Government have decided not to take up this project during 1974-75.
2. Chalunia Khol (Mayurbhanj District)	April 1955	Incomplete	Work stopped in 1968 as revised administrative approval was not accorded by Revenue Department.
3. Dhubaghat (Diversion wier) (Balasore District)	January 1964	Incomplete	Stopped in June 1965 due to obstruction of the people on the grounds of insufficient water in the nallah. Work started on the right side of canal in March 1972. This has been stopped in August 1972.
4. Rasalpur (Diversion wier) (Balasore District)	1963-64	Incomplete	The work has been stopped since March 1966 due to interference of the public. The work has not yet been resumed.
5. Srirampur South (Reservoir) (Keonjhar District)	January 1964	Incomplete	Canal alignment decided as late as September 1972. No work has been started in the canals so far (November 1974).
6. Hadua (Reservoir) (Cuttack District)	1963	Head works completed; Canal system not yet completed.	Delay is due to delay in land acquisition.
7. Sujia (Diversion wier) (Bolangir District)	September 1966	Canal is in progress.	..
8. Siaria (Diversion wier) (Cuttack District)	December 1965	Head works completed canal in progress.	Delay is due to delay in land acquisition.
9. Sapua (Diversion wier) (Cuttack District)	February 1964	Head works completed; canal to be done.	..
10. Laupal (Reservoir) (Dhenkanal District)	March 1967	Canal is in progress.	Delay is due to delay in land acquisition.

APPENDIX X

(Reference : Paragraph 5.1, page 135)

Synopsis of important stores and stock accounts

A synopsis of stores and stock accounts for 1973-74 which have been received is given below:—

Sl. no.	Name of accounts	Stores	Opening balance	Receipt	Issue	Closing balance
(In lakhs of rupees)						
A. PUBLIC WORKS DEPARTMENT						
IRRIGATION AND POWER DEPARTMENT						
1.	Delta Irrigation Project	Building materials, small stores,	(—)4.22	32.51	30.69	(—)2.40(a)
2.	Salandi Irrigation Project	miscellaneous stores, fuel,	0.68	4.25	3.50	1.43
3.	Hirakud Dam Project—	spares, etc.	..	..	..	..
	(a) Stage I ..		1,94.53	6.71(b)	3.24	1,98.00
	(b) State II ..		(—)3.67	0.25	..	(—)3.42(a)
B. CIVIL DEPARTMENT						
HOME DEPARTMENT						
4.	Jail Manufactory..	Manufactured stores, raw materials, etc.	4.37	10.50	10.11	4.76
5.	Jail Maintenance..	Rations, equipment, etc.	10.48	55.36	54.16(c)	11.68
6.	Orissa Police Motor Transport Workshop, Cuttack	Spare parts, vehicles, etc.	1.21	9.84	8.25	2.80
7.	Public Relations..	Radios, batteries, spare parts, audiovisual equipment.	21.99	6.00	5.08	22.91(d)

(a) Reasons of minus balances have not been ascertained by the Department.

(b) The receipts exhibited in the Appropriation Accounts are Rs. 6.79 lakhs. The difference of Rs. 0.08 lakh relates to unit II of Stage I in respect of which stores and stock accounts have not been received.

(c) Includes Rs. 0.28 lakh, under maintenance ration and Rs. 1.18 lakhs under maintenance clothing written off in 1973-74.

(d) Stores and stock account of the Central Stores at Bhubaneswar; the accounts of district stores had not been received.

APPENDIX XI

(Reference : paragraph 6·2, page 141)

Summarised financial results of working of departmentally managed undertakings disclosed by the *pro forma* accounts for the latest year available

Name of the concern	Year of accounts	Government capital	Mean capital	Free reserve	Block assets	Depreciation	Profit(+) Loss(-)	Percentage of return on mean capital
(Amount in lakhs of rupees)								
SUPPLY DEPARTMENT								
1. Grain Purchase Scheme	1966-67 (uncertified)	5,75·48	4,64·92	3·22	..	..	(+)73·20(a)	15·7
TRANSPORT DEPARTMENT								
2. State Transport Service, Orissa, Cuttack	1967-68	1,56·22	1,51·73	88·81	1,31·71	33·98	(+)25·09(a)	15·7
AGRICULTURE DEPARTMENT								
3. Cold Storage Plant, Cuttack	1970	7·07	6·01	Nil	2·19	0·12	(+)0·82(a)	13·7
INDUSTRIES DEPARTMENT								
4. Government Tile Factory, Panikoili	1972-73	0·45	0·48	0·08	0·36	0·02	(-)0·03	..
5. Production Centre for development of Ceramic Industry, Cuttack	1970-71	3·17	3·24	0·07	1·09	0·06	(-)0·07	..
6. K. S. Potteries Development Centre, Jharsuguda	1972-73 (Unaudited)	12·39	11·26	Nil	4·38	3·01	(+)0·75(a)	6·7

(a) Interest on capital has been taken into account.