

P.A.C.  
~~Request~~ Unit

5





GOVERNMENT OF MADRAS

AUDIT REPORT

1967

1

THE GREAT  
MOUNTAIN



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## PREFATORY REMARKS

This volume mainly relates to matters arising from the Appropriation Accounts for 1965-66 together with other points arising from audit of the financial transactions of Government of Madras. It also includes—

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(i) certain points of interest arising from the Finance Accounts for the year 1965-66; and

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(ii) matters relating to certain statutory and autonomous bodies, the accounts of which are audited by the Indian Audit and Accounts Department.

The financial irregularities, losses, etc., commented upon in the Report relate to cases which came to the notice of Audit during the year 1965-66 as well as those which had come to notice in earlier years but could not be dealt with in previous Audit Reports; matters relating to the period subsequent to 1965-66 have also been included wherever considered necessary.

1966-67

1966-67



# CHAPTER I

## General

### BUDGET AND ACTUALS

*Transactions on Revenue Account.*—The budget estimates and actuals in respect of revenue receipts, expenditure met from revenue and the net revenue surplus/deficit for the year 1965-66 are given below along with the corresponding figures for the years 1961-62 to 1964-65 :—

Year	Revenue receipts		Variation	
	Budget	Actuals	Amount	Percentage
(IN CRORES OF RUPEES)				
1961-62	87.50	92.18	+ 4.68	5.35
1962-63	1,13.15	1,17.97	+ 4.82	4.26
1963-64	1,24.45	1,34.77	+ 10.32	8.29
1964-65	1,38.48	1,53.88	+ 15.40	11.12
1965-66	1,63.63	1,72.80	+ 9.17	5.61

Year	Revenue		Deficit (-)
	Budget	Actuals	Surplus (+)
(IN CRORES OF RUPEES)			
1961-62	— 2.85	— 9.61	
1962-63	— 2.86	— 3.84	
1963-64	— 2.74	— 0.23	
1964-65	— 2.34	+ 2.58	
1965-66	— 6.97	— 7.86	

### *Expenditure met from Revenue*

(IN CRORES OF RUPEES)

1961-62	90.85	1,01.79	+ 11.44	12.66
1962-63	1,16.01	1,21.81	+ 5.80	5.00
1963-64	1,27.19	1,35.00	+ 7.81	6.14
1964-65	1,40.82	1,51.30	+ 10.48	7.44
1965-66	1,70.60	1,80.66	+ 10.06	5.90

The budget estimates anticipated deficits in all these years. Although the revenue realised was consistently more than that anticipated, this did not, except in 1964-65, result in a revenue surplus because the expenditure was also more than the estimates.

While revenue receipts during 1965-66 increased by Rs 18.92 crores as compared with the previous year, the revenue expenditure exceeded by Rs 29.36 crores. Consequently there was a revenue deficit of Rs 7.86 crores during the year as against the surplus of Rs 2.58 crores in 1964-65.

(b) *Capital expenditure.*—The expenditure on capital account during the five years ending with 1965-66 as compared with the budget estimates for these years is shown below :—

Year	Budget	Actuals	Variation		
			Amount	Percentage	
(IN CRORES OF RUPEES)					
1961-62	18.10	17.62	- 0.48	- 2.65	
1962-63	18.85	18.94	+ 0.09	+ 0.48	
1963-64	18.87	23.64	+ 4.77	+ 25.28	
1964-65	24.04	30.98	+ 6.94	+ 28.87	
1965-66	29.05	33.94	+ 4.89	+ 16.83	

During 1965-66, the capital expenditure showed an increase of Rs 2.96 crores over that in 1964-65 and Rs 16.32 crores compared with 1961-62.

(c) *Loans and Advances by the State Government.*—The disbursements under "Loans and Advances by the State Government" and the recoveries thereof during the years 1961-62 to 1965-66 as compared with the corresponding budget estimates are given below:—

Year	Disbursements		Variation percentage	Recoveries		Variation percentage
	Budget	Actuals		Budget	Actuals	
(IN CRORES OF RUPEES)						
1961-62	21.37	25.43	+ 19.00	6.57	10.53	+ 60.27
1962-63	24.55	22.99	- 6.35	9.16	7.79	- 14.96
1963-64	21.81	31.28	+ 43.42	8.00	7.50	- 6.25
1964-65	28.81	31.61	+ 9.72	8.99	7.25	- 19.35
1965-66	29.85	41.34	+ 38.50	9.62	11.08	+ 15.18

The disbursements during 1965-66 exceeded the budget estimates by Rs 11.49 crores.

2. *Consolidated summary of transactions.*—The following table summarises the Government's transactions for 1965-66 with

comparative figures for the four preceding years and indicates the manner in which these affected Government's cash balance :—

	1961-62*	1962-63	1963-64	1964-65	1965-66
	(IN CRORES OF RUPEES)				
1. Revenues—					
(a) Taxes (including State's share of divisible Union taxes)	59.24	69.97	82.42	93.51	1,04.68
(b) Non-tax revenue ..	30.75	33.95	36.46	42.21	45.23
(c) Grants-in-aid from the Government of India	9.85	14.05	15.89	18.16	22.89
Total revenue receipts ..	99.84	1,17.97	1,34.77	1,53.88	1,72.80
2. Expenditure met from Revenue	1,09.45	1,21.81	1,35.00	1,51.30	1,80.66
3. Revenue Surplus (+)/ Deficit (—)	— 9.61	— 3.84	— 0.23	+ 2.58	— 7.86
4. Net expenditure outside the revenue account—					
(a) Capital expenditure	17.62	18.94	23.64	30.97	33.94
(b) Loans and advances	14.90	15.20	23.79	24.36	30.27
5. Deficit (—) on current account (i.e., further resources required for meeting revenue deficit and for outlay outside the revenue account)	— 42.13	— 37.98	— 47.66	— 52.75	— 72.07
6. Net receipts from non-budgetary sources—					
(a) Inter-State Settlement	+ 1.82	+ 1.42	+ 4.13	+ 2.50	— 0.12
(b) Drawal from (—) or payment to (+) the Contingency Fund	— 0.03	+ 0.03	..	+ 3.50	— 0.03
(c) Increase (+) or decrease (—) in Provident Funds, etc. (Unfunded Debt)	+ 0.99	+ 0.44	+ 2.37	+ 2.18	+ 2.22
(d) Deposits and advances	+ 10.55	+ 2.07	+ 11.45	+ 6.75	+ 5.16
(e) Remittances ..	— 0.79	— 1.23	— 0.11	+ 0.34	+ 1.06
7. Overall cash requirements to be financed by increase in Public Debt or decrease in cash balance	— 29.59	— 35.25	— 29.82	— 37.48	— 63.78
8. Net increase in Public Debt	+ 26.51	+ 32.98	+ 31.39	+ 43.00	+ 63.78
9. Net increase (—) or decrease (+) in cash balance	+ 3.08	+ 2.27	— 1.57	— 5.52	(A)

On the 31st March, 1966, Government had a cash balance of Rs 7.57 crores, of which Rs 0.23 crore stood invested in the securities of Government of India and Government of Madras ; (cf. page 44 of the Finance Accounts, 1965-66).

\*The figures for 1961-62 have been recast in accordance with the revised classification adopted from 1962-63 as explained in paragraph 2 of Chapter I of the Audit Report, 1964.

(A) Increase of Rs 0.28 lakh only.

## TRANSACTIONS ON REVENUE ACCOUNT.

3. *Revenue receipts.*—During 1965-66, there was an increase of Rs 18.92 crores (12 per cent) as compared with 1964-65 and Rs 72.96 crores (73 per cent) as compared with 1961-62 as indicated below :—

	1961-62	1964-65	1965-66	Increase since 1961-62
				(IN CRORES OF RUPEES)
(i) Receipts from the Central Government—				
(a) State's share of divisible Central taxes—				
Union Excise Duties .. ..	6.55	8.80	10.06	3.51
Taxes on income other than Corporation tax	7.87	10.05	10.01	2.14
Estate Duty .. .. .	0.41	0.60	0.59	0.18
Grants in lieu of taxes on Railway Passenger Fares	0.81	0.81	0.81	..
(b) Grants-in-aid under Article 275 of the Constitution	0.03	3.09	3.14	3.11
Other grants-in-aid .. ..	9.82	15.07	19.75	9.93
(ii) Revenue raised by the State Government—				
Taxes, duties and other principal sources	43.60	73.25	83.21	39.61
Other receipts such as rents for buildings, etc.	30.75	42.21	45.23	14.48
<b>Total ..</b>	<b>99.84*</b>	<b>1,53.88</b>	<b>1,72.80</b>	<b>72.96</b>

The receipts from the Central Government during 1965-66 amounted to Rs 44.36 crores (26 per cent of the total revenue receipts) as against Rs 38.42 crores during 1964-65 (25 per cent of the revenues of that year).

The revenue raised by the State Government during 1965-66 amounted to Rs 1,28.44 crores forming 74 per cent of the total revenue. An analysis, by broad categories, of the revenue raised and the increase in revenue since 1961-62 are indicated below :—

	1961-62	1964-65	1965-66	Increase since 1961-62	
				Amount	Percentage
(IN CRORES OF RUPEES)					
(a) <i>Tax revenue raised by the State—</i>					
Land Revenue .. .. .	4.43	5.51	6.76	2.33	53
State Excise Duties .. ..	0.33	0.40	0.49	0.16	48
Taxes on Vehicles .. .. .	7.03	13.00	13.31	6.28	89

Larger receipts mainly due to levy of additional tax on passenger and goods vehicles from 1962-63 and increase in the number of vehicles.

Sales Tax .. .. .	21.26	35.30	40.95	19.69	93
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Mainly due to growth in trade and commerce, increase in the rate of tax on certain commodities and increased receipts under Central Sales Tax on account of enhancement of rates with effect from the 1st April, 1963.

\*The figures for 1961-62 have been recast in accordance with the revised classification adopted from 1962-63 as explained in paragraph 2 of Chapter I of the Audit Report, 1964.



	1961-62	1964-65	1965-66	Increase since 1961-62		
				Amount	Percentage	
(IN CRORES OF RUPEES)						
Other Taxes and Duties.	2.79	8.24	10.51	7.72	271	
Stamps .. .. .	5.22	7.75	8.15	2.93	56	
Taxes on agricultural income and registration fees	2.54	3.05	3.04	0.50	20	
Total ..	43.60*	73.25	83.21	39.61	91	

Mainly increased collection of entertainment tax, electricity duties and betting tax and levy of tax on urban lands from 1964-65.

(b) *Non-tax revenue raised by the State—*

Interest .. .. .	11.25	12.37	13.76	2.51	22
Road Transport ..	3.69	6.24	7.96	4.27	116

Mainly increase in the fleet strength and operation of more long distance routes and enhancement of fares with effect from the 1st April, 1964.

Forest .. .. .	2.52	3.08	2.81	0.29	12
Other sources .. ..	13.29	20.52	20.70	7.41	56
Total ..	30.75*	42.21	45.23	14.48	47

4. *Arrears of Revenue.*—The details of the arrears in the collection of revenue have not been received from the Co-operation and Industries and Commerce departments (January, 1967). According to the figures furnished by other departments, the arrears amounted to Rs 11.58 crores as on the 31st March, 1966, out of which Rs 6.64 crores related to Sales tax and Rs 2.29 crores to Land Revenue. The amounts pending recovery for over two years totalled Rs 2.99 crores. Further particulars are furnished in paragraph 103 of Chapter VIII.

5. *Expenditure on Revenue Account.*—The expenditure on Revenue Account during 1965-66 showed an increase of 20 per cent

\*The figures for 1961-62 have been recast in accordance with the revised classification adopted from 1962-63 as explained in paragraph 2 of Chapter I of the Audit Report, 1967.

over that in 1964-65 and 65 per cent compared with 1961-62. The increase is analysed below, by main groups of Government activity :—

	1961-62	1964-65	1965-66	<i>Increase since 1961-62</i>
(IN CRORES OF RUPEES)				
Collection of taxes and other principal revenues	2.41	2.92	3.55	1.14
Administrative Services .. ..	16.77	20.21	24.21	7.44
Social and Developmental Services ..	54.23	76.48	90.54	36.31
Other Services .. .. .	36.04	51.69	62.36	26.32
Total ..	1,09.45*	1,51.30	1,80.66	71.21

The expenditure on 'Administrative Services' constituted 15.3 per cent of the total revenue expenditure in 1961-62 and 13.4 per cent in 1965-66.

The more important items which contributed to the increase are indicated below :—

	1961-62	1964-65	1965-66	<i>Increase since 1961-62</i>
(IN CRORES OF RUPEES)				
<i>(a) Administrative Services—</i>				
General Administration .. ..	6.76	8.21	9.60	2.84

The increase was mainly due to formation of new departments and enhancement of dearness allowance.

Police .. .. .	6.60	7.53	9.46	2.86
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The increase was mainly due to formation of a new Special Armed Police Battalion in September, 1964 and enhancement of dearness allowance.

*(b) Social and Developmental Services—*

Education .. .. .	23.46	31.74	37.85	14.39
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The increase was mainly due to more expenditure on development schemes, increased grants to local bodies for elementary education and payment of enhanced dearness allowance.

Medical .. .. .	6.50	8.58	10.33	3.83
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The increase was mainly due to more expenditure on hospitals and dispensaries and payment of enhanced dearness allowance.

\*The figures for 1961-62 have been recast in accordance with the revised classification adopted from 1962-63 as explained in paragraph 2 of Chapter I of the Audit Report, 1964.

	1961-62	1964-65	1965-66	<i>Increase since 1961-62</i>
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(IN CRORES OF RUPEES)

Agriculture	4.17	8.42	10.68	6.51
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The increase was mainly due to more expenditure on development schemes and grants-in-aid and enhancement of dearness allowance.

Community Development Projects, National Extension Services, etc.	5.44	6.81	7.53	2.09
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(c) *Other services—*

Debt Services	8.82	14.17	17.38	8.56
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The increase was mainly due to more interest payments following the progressive increase in indebtedness as indicated in paragraphs 8 and 9.

Public Works (including roads) and Schemes of Miscellaneous Public Improvements	8.89	9.60	11.87	2.98
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The increase was mainly due to execution of road works of inter-State importance, increased expenditure on roads taken over from panchayat unions, and enhancement of dearness allowance.

Transport and Communications (other than roads)	3.47	6.51	8.31	4.84
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The increase was mainly due to increased operational expenses of the Madras State Transport Department.

## EXPENDITURE OUTSIDE THE REVENUE ACCOUNT

6. The progressive capital outlay to end of March, 1966 amounted to Rs 2,19.16 crores as shown below :—

	<i>During 1965-66</i>	<i>During 1961-62 to 1965-66</i>	<i>Progressive expenditure upto 1965-66</i>
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(IN CRORES OF RUPEES)

*Capital expenditure on—*

(i) Irrigation and Multi-purpose Schemes	10.80	45.47	1,03.72
(ii) Schemes of Government Trading, Industrial Development, Road and Water Transport and Agriculture	18.44	33.05	29.22
(iii) Public Works and Other Works	4.07	33.42	68.60
(iv) Improvement of Public Health, Forests, Payment of compensation to landholders on the abolition of Zamindari System and Consumer Co-operatives	0.63	9.68	14.12
(v) Appropriation to the Contingency Fund	..	3.50	3.50

Total	33.94	1,25.12	2,19.16
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The capital expenditure during 1965-66 showed an increase of Rs 2.96 crores over that in 1964-65 and Rs 16.32 crores compared with 1961-62. The increase occurred mainly under Irrigation Schemes (Commercial), Industrial Development and Schemes of Government Trading as indicated in the following analysis :—

	1961-62 *	1964-65	1965-66	Increase since 1961-62
(IN CRORES OF RUPEES)				
Capital Outlay on Irrigation—				
Commercial .. .. .	4.72	8.12	7.81	3.09
Non-Commercial .. .. .	1.95	2.78	2.98	1.03
Industrial Development .. .. .	0.96	1.56	5.94	4.98
Schemes of Government Trading ..	0.99	2.95	10.57	9.58
Road and Water Transport Schemes	0.63	1.56	1.59	0.96
Capital Outlay on Other Works ..	1.28	3.55	-1.72†	-3.00
Appropriation to the Contingency Fund	..	3.50	..	..

#### LOANS AND ADVANCES BY THE STATE GOVERNMENT

7. (i) The outstanding balances under “Loans and Advances” given by the State Government as on the 31st March, 1966 and the increase as compared with the balances at the end of 1964-65 are indicated below :—

Category of loans and advances	As on the 31st March, 1965	As on the 31st March, 1966	Increase
(IN CRORES OF RUPEES)			
1. Loans to local bodies, municipalities, etc.	33.38	38.47	5.09
2. Advances to cultivators	14.09	16.98	2.89
3. Loans under the control of the Registrar of Co-operative Societies	11.22	11.81	0.59
4. Loans under the control of the Public Works Department (Mainly loans to the State Electricity Board and loans to private electric licensees for extension of power-supply)	1,61.79	1,75.54	13.75
5. Other loans .. .. .	16.41	24.36	7.95
Total .. .. .	2,36.89	2,69.16	32.27

\* The figures for 1961-62 have been recast in accordance with the revised classification adopted from 1962-63 as explained in paragraph 2 of Chapter I of the Audit Report, 1964.

† The *minus* expenditure was due to receipts and recoveries on capital account exceeding the expenditure during the year.

The terms and conditions of repayment of loans totalling Rs 78.81 lakhs (Rs 75 lakhs paid to the State Housing Board and Rs 3.81 lakhs paid to certain local bodies) disbursed in 1965-66 have not been laid down by Government (December, 1966).

The detailed accounts in respect of the loans falling under categories 2, 3, and parts of 4 and 5 above are maintained by the departmental officers.

(ii) Particulars of arrears in the recovery of loans where the detailed accounts are maintained by the departmental officers have not been furnished by the departments. The non-submission to Audit by the Heads of Departments of the annual statements (due to Audit in June each year) showing the amounts of overdue instalments of principal and interest in respect of loans disbursed has been mentioned in successive Audit Reports. While strongly deprecating the delay in the submission of the statements, the Committee on Public Accounts observed, in paragraph 171 of their Report of July, 1966, that "the usefulness of these annual statements cannot be belittled as they afford scope to Audit to critically examine the position of arrears in the recovery of loan dues and make an objective report to the Legislature through the Audit Reports" and suggested that suitable instructions should be issued for their prompt submission to Audit.

(iii) As regards loans, the detailed accounts of which are kept by the Audit Office, an amount of Rs 29.91 lakhs (principal : Rs 8.20 lakhs and interest : Rs 21.71 lakhs) was pending recovery as on the 31st March, 1966 ; out of this, an amount of Rs 20.20 lakhs was in arrears for more than one year.

(iv) The balances are communicated to the departmental officers concerned every year for acceptance. In a large number of cases such acceptances have not been received. Details are given below :—

<i>Head of account</i>	<i>Number of acceptances awaited</i>	<i>Earliest year from which acceptances are awaited</i>	<i>Balance outstanding as on the 31st March, 1966</i>
			(AMOUNT IN LAKHS OF RUPEES)
1, Loans to District and other Local Fund Committees	1,193	1959-60	71.24
2. Loans to Municipalities	59	1964-65	29.20
3. Advances to cultivators	220	1956-57	16,94.91
4. Miscellaneous Loans and Advances	849	1956-57	2,01,27.61

Until the balances have been accepted, the departmental records cannot be considered to indicate the correct position and the possibility of unauthorised drawals and misappropriations, if any, of recoveries remaining undetected cannot be ruled out.

(v) Some of the important points noticed during test-check in 1965-66 of the accounts of loans maintained in the offices of Tahsildars and Collectors are indicated below :—

<i>Nature of irregularity</i>	<i>Number of cases</i>	<i>Amount</i>
		(IN THOUSANDS OF RUPEES)
(a) Sanction of loans without adequate security	(Not available)	11.9
(b) Failure to verify proper utilisation	225	36.3
(c) Omission to collect penal interest	2,600	1.6
(d) Cases where recovery appears doubtful according to the reports of the departmental officers	(Not available)	16.7
(e) Non-enforcement of the condition of summary recovery in cases of default	1,166	3,26.0

(vi) The Examiner of Local Fund Accounts audits the accounts of the local bodies and furnishes to audit a consolidated certificate along with a "Statement showing irregularities in the drawal and utilisation of loans". From the statement received with the certificate for the year 1964-65, the following points were noticed :—

(a) Out of loan amounts totalling Rs 1,29.14 lakhs drawn by the Corporation of Madras during 1946-47 and 1954-55 to 1964-65 for execution of water-supply and drainage schemes, road works, etc., an amount of Rs 94.81 lakhs remained unutilised at the end of 1964-65. Details are given below :—

<i>Year of payment</i>	<i>Total amount paid</i>	<i>Amount utilised to end of 1964-65</i>	<i>Amount lying unutilised at the end of 1964-65</i>
(IN LAKHS OF RUPEES)			
1946-47 ..	3.00	0.02	2.98
1954-55	9.52	5.70	3.82
to			
1959-60			
1960-61 ..	17.25	6.08	11.17
1961-62 ..	23.26	14.00	9.26
1962-63 ..	17.81	3.19	14.62
1963-64 ..	25.30	5.34	19.96
1964-65 ..	33.00	..	33.00

(1) In two cases, involving Rs 8.5 lakhs, loans disbursed in 1960-61 remained entirely unutilised; further loans amounting to Rs 7.25 lakhs were paid for the same purpose during 1961-62 to 1963-64 and these also remained wholly unutilised.

(2) In 10 cases, further loans amounting to Rs 41.61 lakhs were paid during 1959-60 to 1964-65, when the loans disbursed earlier had not been fully utilised. These loans remained wholly unutilised at the end of March, 1965.

(3) In 6 cases, involving Rs 12.32 lakhs disbursed during 1956-57 to 1963-64, the amount utilised to end of March, 1965 was Rs 3.15 lakhs (about 25 per cent).

(4) In 12 cases, loans amounting to Rs 13.82 lakhs disbursed during 1954-55 to 1963-64 were unauthorisedly diverted for other purposes.

(b) (1) A sum of Rs 1.75 lakhs was disbursed in November, 1960 to Coonoor municipality towards improvements to markets. As at the end of March, 1965 an expenditure of Rs 1,500 only had been incurred and the work had not been started.

(2) In March, 1958, a loan of Rs 25,000 was paid to Vaniyambadi municipality for construction of an elementary school at Gandhinagar. The entire amount remained unutilised and the construction had not been started (March, 1965).

#### DEBT POSITION OF GOVERNMENT

8. (a) *Public debt*.—The total Public debt of Government increased by Rs 63.78 crores during 1965-66 as shown below :—

	<i>Receipts during the year</i>	<i>Repayments during the year</i>	<i>Net increase</i>
(IN CRORES OF RUPEES)			
Open market loans ..	14.45	0.51	13.94
Floating debt .. ..	47.19	46.54	0.65
Loans from the Central Government	58.28	22.33	35.95
Loans from Autonomous Corporations, etc.	13.83	0.59	13.24
Total ..	<u>1,33.75</u>	<u>69.97</u>	<u>63.78</u>

The outstanding Public debt of the State Government amounted to Rs 3,98.78 crores at the end of 1965-66. An analysis of the Public debt compared with the corresponding figures at the end of the four preceding years is given below :—

<i>Total Public debt as on the 31st March</i>					
	1962	1963	1964	1965	1966
	(IN CRORES OF RUPEES)				
Open market loans ..	67.38	79.09	73.63	85.27	99.21
Floating debt ..	1.39	..	..	3.10	3.75
Loans from the Central Government	1,44.96	1,66.32	2,04.69	2,33.55	2,69.50
Loans from Autonomous Corporations, etc.	5.73	8.50	11.11	13.08	26.32
<b>Total ..</b>	<b>2,19.46</b>	<b>2,53.91</b>	<b>2,89.43</b>	<b>3,35.00</b>	<b>3,98.78</b>

During the year, a loan of Rs 14.44 crores was raised at a discount of half per cent. This is redeemable at par in 1977, and carries interest at  $5\frac{1}{2}$  per cent per annum.

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

The repayment of loans was effected mostly from borrowed funds, there being no revenue surplus during the year.

(b) Under an agreement with the Reserve Bank of India, the Government of Madras have to maintain with the Bank a minimum balance of Rs 40 lakhs on Fridays and Rs 35 lakhs on other days. If the cash balance falls below the agreed minimum, the deficiency is made good either by selling Treasury bills or by taking "Ways and Means Advances" from the Bank, which are, however, limited to a maximum amount of Rs 80 lakhs. In addition, special advances not exceeding Rs 300 lakhs (limit reduced to Rs 295 lakhs in January, 1966) are also made by the Bank, whenever necessary. On days when the cash balance falls short of the stipulated minimum balance even after taking "Ways and Means Advances" and "Special Advances" upto the maximum limits, Government take overdraft from the Bank.

Ways and Means advances amounting to Rs 3.10 crores were outstanding at the end of 1964-65. During 1965-66, Government obtained from the Bank, Ways and Means Advances and Special



Advances on 49 occasions totalling Rs 30.80 crores. An amount of Rs 30.15 crores was repaid during the year leaving a balance of Rs 8.75 crores at the end of 1965-66.

Interest at rates varying from 5 to 6 per cent and amounting to Rs 11.58 lakhs was paid to the Bank on these advances. Apart from this, an amount of Rs 37.09 lakhs was paid as interest on overdrafts; particulars of overdrafts obtained have not been furnished.

(c) *Loans from the Central Government.*—The amount of loans taken from the Central Government and outstanding on the 31st March, 1966, was Rs 269.50 crores, which formed 67.58 per cent of the total Public debt.

Except in the cases mentioned below, the repayment of instalments of principal and payment of interest were made on the due dates.

Ten loans amounting to Rs 3.60 crores were given by the Government of India during the period from 1958-59 to 1964-65 for the development of handloom industry. Seven other loans totalling Rs 95.72 lakhs were received for development of Industrial co-operatives, Coir Industry and Small Scale Industries during 1960-61 to 1964-65. The terms and conditions of these loans are dependent on the particular schemes on which these loans have been utilised by the State Government. In cases where the State Government is not in a position to furnish particulars of schemewise utilisation of the loans, the loans granted by the Government of India should be treated on par with those utilised on non-pattern schemes approved by Government of India and repayments arranged for accordingly. As necessary particulars have not been received from the State Government, the repayments could not be arranged for in these cases.

9. *Other debt and obligations.*—In addition to the Public debt, Unfunded debt, comprising mainly the Provident fund balances of Government servants, the balances at the credit of earmarked and other funds as also certain deposits to the extent to which they have not been invested but are merged with the general cash balance of Government also constitute the liability of the State Government. The amount of such liability at the close of the five years ending 1965-66 is indicated below :—

*Total Debt on the 31st March,*

	1962	1963	1964	1965	1966
	(IN CRORES OF RUPEES)				
Unfunded Debt	10.54	10.97	13.34	15.52	17.74
Interest-bearing obligations such as Depreciation Reserve Funds of Commercial Undertakings, other Deposits, etc.	3.76	3.75	8.97	9.49	13.25

	1961-62	1962-63	1963-64	1964-65	1965-66
	(IN CRORES OF RUPEES)				
Non-interest bearing obligations, such as Deposits of Local Funds, Civil Deposits and other earmarked funds, etc.	44.55	44.42	46.71	51.93	57.28
Total ..	58.85	59.14	69.02	76.94	88.27

10. *Service of Debt.*—The table below shows the net burden of interest charges on debt and other obligations on revenue :—

	1961-62	1962-63	1963-64	1964-65	1965-66
	(IN CRORES OF RUPEES)				
Gross Debt outstanding at the end of the year	219.46	253.91	289.43	335.00	398.78
Other obligations at the end of the year	58.85	59.14	69.02	76.94	88.27
(i) Interest paid by Government—					
(a) on Public debt	7.79	8.95	10.77	12.22	14.95
(b) on other debt and obligations	0.57	0.58	0.89	0.91	1.17
Total ..	8.36	9.53	11.66	13.13	16.12
(ii) Deduct—					
(a) Interest received on loans and advances given by Government	7.98	8.23	7.51	8.13	8.63
(b) Interest realised on investment of cash balances	0.23	0.03	0.01	0.04	0.03
(c) Recovery from other Governments for servicing and repayment of debt	0.54	0.49	0.37	0.22	0.18
(iii) Net amount of interest charges	— 0.39	0.78	3.77	4.74	7.28
Percentage of gross interest [item (i)] to total revenue receipts	8.4	8.1	8.6	8.5	9.3
Percentage of net interest [item (iii)] to total revenue receipts	..	0.7	2.8	3.1	4.2

In addition, there were certain other receipts and adjustments such as, interest received from Commercial departments, interest on arrears of revenue, etc. During 1965-66, such receipts

amounted to Rs 5.11 crores. If these are also taken into account, the net burden of interest on revenue will be Rs 2.17 crores forming 1.26 per cent of the revenues of the year.

11. *Amortisation arrangements.*—The following arrangements have been made for the amortisation of loans raised in the open market:—

(i) *Depreciation Fund.*—A sum equal to 1½ per cent of the total nominal amount of the loan is set apart from revenues annually to form a Depreciation Fund for purchasing the securities of the loans for cancellation.

(ii) *Sinking Fund.*—An annual contribution from revenues is made to the Sinking Fund at such rate as the Government may decide from time to time.

The State Government have not considered any arrangements necessary for the amortisation of loans taken from the Central Government.

The balances in Depreciation and Sinking Funds at the commencement and at the close of the year 1965-66 are shown below:—

	<i>Opening balance as on the 1st April, 1965</i>	<i>Additions during the year</i>	<i>Withdrawals during the year</i>	<i>Closing balance as on the 31st March, 1966</i>
(IN CRORES OF RUPEES)				
Depreciation Fund	5.83	1.33	..	7.16
Sinking Fund	.. 5.43	0.28	0.45	5.26
Total	.. 11.26	1.61	0.45	12.42

Out of the total balance of Rs 12.42 crores, a sum of Rs 2.78 crores has been invested in securities of the Government of India and other State Governments and in the bonds of the Industrial Finance Corporation of India.

12. *Guarantees given by the State Government.*—Besides the obligations mentioned in paragraphs 8 and 9 above, Government have contingent liabilities in respect of guarantees given by them for repayment of loans, share capital, etc., raised by Statutory Corporations, Government Companies, Joint Stock Companies and Co-operative Institutions. The payment of minimum dividend on the share capital of the Madras Industrial Investment Corporation, Limited, and cost of machinery purchased by certain institutions has also been guaranteed.

Brief particulars of the amount of the contingent liability in terms of the guarantees are given below ; further details are given in Statement No. 6 of the Finance Accounts, 1965-66.

	<i>Maximum amount guaranteed</i>	<i>Sums guaranteed outstanding as on the 31st March, 1966</i>
(IN CRORES OF RUPEES)		
(i) Statutory Corporations—		
Guarantee for the repayment (with interest) of bonds issued by the Madras State Electricity Board .. .. .	20.40	20.40
Guarantee for opening a letter of credit with the Bank of Foreign Trade, U.S.S.R., for supply and erection of equipment for Mettur Tunnel Scheme .. .. .	2.17	0.04
(ii) Government Companies—		
The Madras Industrial Investment Corporation Limited—		
Guarantee for the repayment of share capital and payment of dividend at 3 per cent thereon	1.01	0.83
Guarantee for the repayment of bonds, fixed deposits, call deposits and cash certificates ..	13.98	13.11
Counter-guarantees in respect of the guarantees given by the Corporation on loans raised by the Industrial Concerns with Banks .. .. .	10.00	2.98
(iii) Joint Stock Companies—		
Guarantee for the repayment of principal with interest on the loan granted from the Minor Ports Fund to the Swadeshi Steamship Company, Limited, Tuticorin .. .. .	0.05	0.04

<i>Maximum amount guaranteed</i>	<i>Sums guaranteed outstanding as on the 31st March, 1966</i>
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(IN CRORES OF RUPEES)

## (iv) Co-operative Institutions—

Guarantee for the repayment of loans advanced by Government of India, Reserve Bank, Life Insurance Corporation, etc., Debentures, Cash Credit accommodation and letter of guarantee to suppliers of machinery for deferred payments	69.11	40.65
Total ...	1,16.72	78.05

13. *Financial results of irrigation schemes.*—On the 31st March, 1966, the investment of Government in 44 irrigation projects, for which capital and revenue accounts have been kept, amounted to Rs 82.83 crores ; this comprised—

(a) outlay of Rs 78.86 crores on 41 projects which have become revenue-earning ; of this, expenditure of Rs 0.99 crore on the Araniar Project is pending allocation between Andhra Pradesh and Madras Governments, and

(b) outlay of Rs 3.97 crores on 3 projects, which are still under construction and have not become revenue-earning.

Out of the 41 projects which have become revenue-earning, 34 projects showed deficits during 1964-65 and 1965-66. The working results of these 41 projects are given below :—

	1964-65	1965-66
	(IN CRORES OF RUPEES)	
Revenue .. .. .	1.81	1.41
Working expenses .. .. .	1.06	1.03
Net revenue before charging interest	0.75	0.38
Interest on capital .. .. .	3.55	3.92
Net loss after charging interest ..	2.80	3.54

(Further particulars are given in Statement No. 3 of the Finance Accounts, 1965-66.)

The particulars in respect of some of the projects completed during the three Five-Year Plans indicate that there has been shortfall in the area irrigated during the *fashi* year, 1375

(July, 1965 to June, 1966). As against the irrigation target of 2.69 lakhs acres for 9 projects (capital outlay : Rs 21.60 crores), the area brought under cultivation was 1.66 lakhs acres, indicating a shortfall of 38 per cent. This was attributed mainly to non-supply or late supply of water due to adverse seasonal conditions. Details are given below :—

Serial number	Name of project	Area irrigated		
		Target	Actuals	Shortfall
(IN ACRES)				
1.	Sathanur Project ..	26,000	11,206	14,794
2.	Krishnagiri Reser- voir Project	9,000	6,019	2,981
3.	Amaravathy Reser- voir Project	53,500	10,678	42,822
4.	Pullambadi Canals Scheme	22,114	8,897	13,217
5.	Vidur Reservoir Project	3,200	2,550	650
6.	New Kattalai High Level Canal Scheme	20,622	13,278	7,344
7.	Vaigai Reservoir Project	22,818	15,501	7,317
8.	Neyyar Irrigation Scheme	9,200	1,554	7,646
9.	Manimuthar Project	1,03,000	96,796	6,204

14. *Grants-in-aid.*—A total amount of Rs 47.40 crores was paid as grants-in-aid during 1965-66 to local bodies, co-operative societies and other institutions. Out of this, grants paid to the panchayats and panchayat union councils amounted to Rs 22.93 crores.

The accounts of the local bodies including panchayat union councils are audited by the Examiner of Local Fund Accounts, who is an officer of the State Government.

Some of the important irregularities noticed by Audit and by the Examiner of Local Fund Accounts are indicated below :—

Nature of irregularity	Amount	
	Number of cases	(In lakhs of rupees)
(i) Amounts found inadmissible with reference to the actual expenditure	297	38.00
(ii) Grants lying entirely unutilised ..	9	1.20

<i>Nature of irregularity</i>	<i>Number of cases</i>	<i>Amount (In lakhs of rupees)</i>
(iii) Amounts diverted for purposes other than those for which grants were sanctioned	5	0.11
(iv) Amounts held under objection for want of details of expenditure, non-production of account records, etc.	20	1.56
(v) Subsidies to farming, land colonisation and milk supply co-operative societies lying unutilised (Not available)		7.10
(vi) Overpayment of subsidy granted under the Full Finance Scheme	1	0.40
(vii) Irregular payment of grants to panchayat union councils for execution of development schemes	36	6.92

Further details are given in Chapters VI and VII.

15. *Transactions of the minor ports in the State.*—Mention was made in the Audit Report, 1962, about the transactions relating to the minor ports in the State (which are administered by Government direct) being accounted for in the Public Account, in Government accounts. In May, 1964, Government ordered that the transactions of the minor ports should be merged with the Consolidated Fund of the State. These orders have not yet been implemented and the receipts and expenditure of the minor ports continue to be kept out of the Consolidated Fund of the State. Consequently expenditure on minor ports is not voted by the Legislature.

In November, 1965, the State Government informed the Government of India as follows :—

“The Government are advised that the Minor Ports Fund and the Pilotage Fund were constituted under the provisions of the Indian Ports Act, 1908, and the Madras Minor Ports Fund Act, 1938, and as such, there is no constitutional impediment to their maintenance as provided in these Acts without the monies being merged with the Consolidated Fund of the State”. They have, therefore, suggested the amendment of the Indian Ports Act, 1908, by the Government of India. Further developments are awaited.

## CHAPTER II

### Appropriation audit and control over expenditure

16. *Summary.*—The following table compares the expenditure during 1965-66 with the total of voted grants and charged appropriations :—

	<i>Grants/ Appropriations</i>	<i>Actual expenditure</i>	<i>Saving</i>	<i>Percentage [Columns (3) to (1)]</i>
	(1)	(2)	(3)	(4)
	(IN CRORES OF RUPEES)			
<i>Voted—</i>				
Original .. 2,74.27	} 3,18.73	3,04.64	14.09	4.4
Supplementary 44.46				
<i>Charged—</i>				
Original 89.95	} 93.99	89.31	4.68	5.0
Supplementary 4.04				

The saving amounting to Rs 18.77 crores (4.5 per cent of the total amount of voted grants and charged appropriations) was the net result of savings in 27 grants and 30 appropriations (Rs 20.22 crores) and excesses in 21 grants and 3 appropriations (Rs 1.45 crores).

17. *Supplementary grants/appropriations.*—Supplementary provision amounting to Rs 48.50 crores was obtained during the year under 45 grants and 18 appropriations.

The details given in Appendix I indicate the following points :—

(i) The supplementary provision exceeding Rs 6 lakhs in each case proved entirely unnecessary in 6 cases (5 grants and 1 appropriation), as the expenditure did not come up even to the original provision. The supplementary provision of Rs 5.21 crores obtained in these cases could have been restricted to token amounts where necessary to meet expenditure on items of "New Service".

(ii) In 10 grants and 4 appropriations, the supplementary provision (exceeding Rs 2 lakhs in each case), proved excessive as in these cases the final saving in the total grant/appropriation formed more than 20 per cent of the supplementary provision. Against the supplementary provision of Rs 12.35 crores in these cases, the amount actually utilised was only Rs 6.40 crores.

(iii) In 8 grants, the supplementary provision (exceeding Rs 1 lakh in each case) proved largely inadequate, as the final excess over the total grant (including the supplementary grant) formed more than 10 per cent of the supplementary provision. In these cases, while the additional provision totalled Rs 4.36 crores, the actual expenditure exceeded the total grant by Rs 1.20 crores.



18. *Excesses over voted grants.*—The following 21 cases of excesses over voted grants require to be regularised under Article 205 of the Constitution :—

Serial number	Number and name of grant	Total grant	Expenditure	Excess	
				Amount	Percentage
		RS	RS	RS	
1.	II. Motor Vehicles Acts—Administration	28,52,100	29,01,682	49,582	1.7
2.	III. General Sales Tax and Other Taxes and Duties—Administration ..	1,22,42,200	1,23,19,097	76,897	0.6
3.	VI. State Legislature	17,98,900	18,47,094	48,194	2.7
4.	VII. Elections ..	31,44,300	31,60,253	15,953	0.5
5.	X. Administration of Justice	1,62,24,100	1,77,17,656	14,93,556	9.2

In the detailed supplementary demands presented on the 25th March, 1966, additional funds of Rs 18,45,700 and Rs 1,04,400 were sought for under the Voted Grant and the Charged Appropriation respectively. But in the summary of the demands as also in the Schedule appended to Appropriation Act the amounts against 'Voted' and 'Charged' got interchanged and were shown as Rs 1,04,400 against 'Voted' and Rs 18,45,700 against 'Charged'. The Appropriation Accounts have been prepared with reference to the amounts indicated in the Schedule to the Appropriation Act.

6.	XI. Jails ..	2,04,41,500	2,04,80,822	39,322	0.2
7.	XVI. Agriculture ..	10,26,14,000	10,55,35,722	29,21,722	2.8

The excess occurred mainly under the group head (i) 'o.L. Scheme for Crop and Plant protection and control of pests and diseases of crops' (Rs 16.49 lakhs) reasons for which are awaited, (ii) '1. Other charges' (Rs 7.34 lakhs) owing to more amount transferred to the Sugarcane Cess Fund consequent on additional collections of the cess as the result of special drive launched in the last quarter of the year and (iii) 'o. K. Multiplication of paddy and other seeds' (Rs 5.91 lakhs) owing to larger procurement of improved varieties of seeds for supply to drought-affected areas and expenditure on the scheme for introduction of the ADT-27 strain of paddy seeds.

8.	XVII. Fisheries ..	1,13,76,800	1,22,47,865	8,71,065	7.7
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The excess was attributed to (i) disbursement of more grants to panchayat unions for the establishment of fishery nurseries (Rs 2.47 lakhs), (ii) increased tempo of activities under "Rural Fishery and Intensive Stocking Scheme" (Rs 2.02 lakhs) and (iii) payment of assistance to fishermen affected by cyclone (Rs 4.70 lakhs). In regard to excess under item (iii), Government.

orders issued in January, 1965 sanctioning financial assistance (loans and subsidies) for the relief of fishermen affected by cyclone in December, 1964, prescribed that the subsidy portion should be debited to this head and the loan portion to Grant for "Loans and Advances, etc.". It was stated by the Controlling Officer that the entire amount of assistance was classified by the departmental Officers under this grant. Particulars regarding the amount debitable to the Grant for "Loans and Advances, etc.", have not been furnished.

In 1964-65 also, there was an excess of Rs 6.32 lakhs (6.7 per cent of the provision) in this grant.

Serial Number and name of grant	Total grant	Expenditure	Excess	
			Amount	Percentage
	RS	RS	RS	
9. XIX. Co-operation ..	3,03,15,300	3,03,70,235	54,935	0.2
10. XXI. Cinchona ..	30,37,700	30,88,351	50,651	1.7
11. XXV. Welfare of Scheduled Tribes, Castes and other • Backward Classes	5,32,62,300	5,38,08,516	5,46,216	1.0

The excess occurred mainly under the group head "c.I.B District staff" (Rs 3.36 lakhs) and was attributed to payment of enhanced rates of dearness allowance and incorrect estimation of requirements by sub-controlling officers. Besides, there were excesses of Rs 1.54 lakhs and Rs 1.67 lakhs under "c.I.C. Communities eligible for help by the Harijan Welfare Department—Education" and "c. I. K. Administration of Union Government Scholarships".

Excesses totalling Rs 2.86 lakhs and Rs 3.65 lakhs respectively occurred under this grant in the previous two years also.

12. XXVI. Irrigation	7,02,86,200	7,18,54,439	15,68,239	2.2
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The excess occurred mainly under the group heads "44. A. I. (i), C. Maintenance and repairs" due to non-materialisation of the cut imposed by Government on the additional funds asked for by the department (Rs 8.10 lakhs) and "43. A. b. (i), d. Maintenance and repairs" due mainly to enhancement of rates of dearness allowance, purchase of pumpsets and increased expenditure on maintenance of jeeps and steam launch (Rs 6.67 lakhs).

Excesses occurred under this grant in the previous three years also as indicated below:—

Year	Provision	Excess
(IN LAKHS OF RUPEES)		
1962-63 .. ..	6,93.38	17.29
1963-64 .. ..	6,19.82	13.19
1964-65 .. ..	6,47.77	3.73

Serial number	Number and name of grant	Total grant RS	Expenditure RS	Excess	
				Amount RS	Percentage
13.	XXVII. Public Works—Works	7,82,15,900	8,16,33,352	34,17,452	4.4

Nearly 50 per cent of the excess occurred under the group head "Transfer of grants for Road Development to the Deposit head Subventions from Central Road Fund". The subventions received from the Central Government are credited to the relevant receipt head and an equivalent amount is transferred to the deposit head against provision made under this grant. Although in the Budget Estimates of Revenue for the year the receipts by way of subventions were estimated at Rs 20 lakhs, only a sum of Rs 8.23 lakhs was provided under the grant. The actual amount received as subventions and transferred to the deposit head was Rs 24.70 lakhs resulting in excess of Rs 16.47 lakhs.

Reasons for the remaining excess are awaited.

Excesses occurred under this grant during the last three years also as indicated below :—

Year	Provision	Excess		
	(IN LAKHS OF RUPEES)			
1962-63 .. ..	5,97.80	41.40		
1963-64 .. ..	6,57.50	4.87		
1964-65 .. ..	6,37.50	2.38		
14. XXVIII. Public Works, Establishment, and Tools and Plant	2,91,85,000	2,95,49,476	3,64,476	1.2

The excess occurred mainly under the group head "D. Superintending Engineer". Reasons for the excess are awaited.

Excesses occurred under this grant in the previous four years also as indicated below :—

Year	Provision	Excess		
	(IN LAKHS OF RUPEES)			
1961-62 .. ..	1,79.79	27.00		
1962-63 .. ..	2,20.15	2.54		
1963-64 .. ..	2,16.38	6.70		
1964-65 .. ..	2,38.60	8.19		
15. XXX. Road Transport Schemes	8,27,77,700	8,31,23,946	3,46,246	0.4
16. XXXI. Famine Relief	36,07,700	44,36,696	8,28,996	23.0

The excess occurred mainly under the group head "A. II. Items not eligible for assistance from the Central Government—b. Relief Works—Other Works". Reasons for the excess are awaited.

Serial number	Number and name of grant	Total grant RS	Expenditure RS	Excess	
				Amount RS	Percent- age
17.	XXXIV. Stationery and Printing	2,12,80,200	2,23,36,864	10,56,664	5.0

The excess was attributed mainly to payment of overtime wages to clear accumulated arrears and to complete top-priority jobs, intensive revision of electoral rolls, printing of text books and payment for machinery for which provision was not made.

18.	XXXVI. Other Miscellaneous Compensations and Assignments	5,11,17,100	5,11,57,135	40,035	0.1
19.	XLIV. Capital Outlay on Road Transport Schemes	2,29,60,500	2,33,47,006	3,86,506	1.7

The excess occurred mainly under the head "D. Suspense".

The State Government have been following the system of net budgeting for 'Suspense' heads of account. Whereas under the system of gross budgeting followed for all other heads, funds are obtained for gross expenditure (ignoring credits and recoveries), funds under 'Suspense' heads are provided only for net debits, etc., after taking into account credits.

The final excess of Rs 3.60 lakhs in this group head occurred mainly under the sub-head 'Miscellaneous Public Works Advances'. The excess was attributed to delay in adjustment of cost of jobs executed for other departments of Government; the expenditure would have been reduced by the adjustment.

An excess of Rs 7.92 lakhs occurred under this grant during 1964-65 also.

20.	XLV. Capital Outlay on Forests	86,59,200	87,08,994	49,794	0.6
21.	XLVI. Commuted Value of Pensions	8,18,000	8,35,914	17,914	2.2

19. *Excesses over charged appropriations.*—Excesses over the charged appropriations which occurred in the following three cases require regularisation:—

Serial number	Number and name of appropriation	Total appropriation RS	Expenditure RS	Excess	
				Amount RS	Percent- age
1.	VI. State Legislature	61,500	67,533	6,033	9.8
2.	XXXII. Pensions ..	5,95,400	8,22,405	2,27,005	38.1

The excess occurred under the group head "a. F. Payments to other Governments". It was due to provision having been made incorrectly under 'voted'.

3.	XLIV. Capital Outlay on Road Transport Schemes	1,400	58,730	57,330	..
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The excess occurred under the group head 'B. Cost of Lands and Buildings'. Additional funds of Rs 57,500 were sought for under this head in the detailed supplementary demands presented on the

25th March, 1966. But in the summary of demands as also in the Schedule appended to the Appropriation Act, the amount was shown under 'Voted'. The Appropriation Accounts have been prepared with reference to the amounts indicated in the Schedule to the Appropriation Act.

20. *Savings in grants/appropriations.*—(a) Among voted grants, there were 8 cases in which the savings exceeded 10 per cent of the total provision (*vide* details in Appendix II). In 5 of these cases, the savings ranged from 28.4 per cent to 60.9 per cent. The total savings in these 8 cases amounted to Rs 8.32 crores forming 36 per cent of the total provision under these grants. In 5 of these grants (particulars in Appendix III), saving of more than 10 per cent occurred during the previous year also.

Savings totalling Rs 4.72 crores occurred under 30 charged appropriations. The bulk of the savings (Rs 4.07 crores) occurred under "Public Debt—Repayment"; the saving was attributed to non-drawal of Ways and Means Advances after the 1st October, 1965, as the advances already drawn (upto the maximum limit) could not be repaid due to unfavourable ways and means position.

(b) An analysis of the saving in the provision made for different groups of Government activity is given below :—

	Total provision	Saving	
		Amount	Percentage
(IN CRORES OF RUPEES)			
I. Expenditure met from Revenue—			
(i) Social and Developmental Services	93.93	1.45	1.5
(ii) Miscellaneous .. .. .	18.77	7.05	37.6
(iii) Other Services .. .. .	82.19	0.32	0.4
II. Expenditure outside the Revenue Account—			
(i) Schemes of Government Trading ..	66.90	3.35	5.0
(ii) Industrial Development .. ..	12.19	0.19	1.6
(iii) Other Capital Expenditure .. ..	21.94	1.04	5.0
(iv) Public Debt Repayment .. ..	74.16	4.07	5.5
(v) Loans and advances by the State Government	42.64	1.30	3.0

(c) Some of the major schemes/items, the provision for which remained wholly or substantially unutilised are given below together with reasons for the savings; some others are mentioned in Appendix IV :—

Number, name of grant and description of items	Funds provided (original plus supplementary)	Amount	Percentage of saving
IX. District Administration and Miscellaneous—			
q. K. Establishment for acquisition of land for Nuclear Power Station in Chingleput district	25.36	24.75	(98)

Mainly non-finalisation of awards due to non-receipt of Government approval for the draft declaration relating to the acquisition of lands for the Nuclear Power Station at Kalpakkan Village.

During 1964-65 also, there was a saving of Rs 15.44 lakhs (98 per cent of provision) under this head for the same reason.

<i>Number, name of grant and description of items</i>	<i>Funds provided (original plus supplementary)</i>	<i>Amount</i>	<i>Percentage of saving</i>
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(IN LAKHS OF RUPEES)

XV. Public Health—

f.C. V (iii) Expenses in connection with Epidemic diseases—Malaria Maintenance	73.51	38.63	(53)
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Mainly less receipt of materials under the Technical Co-operation Mission Programme (Rs 17.72 lakhs), post-budget transfer of 15 units to the non-maintenance phase (Rs 11.79 lakhs) and excess provision made by Government (Rs 10.69 lakhs); the circumstances in which excess provision was made have not been intimated.

XXIII. Community Development Projects,  
National Extension Service and Local  
Development Works—

I. A. b. Grants-in-aid to Post Stage II Blocks	78.38	27.07	(35)
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Mainly provision for expenditure on link roads in Post Stage II Blocks proving excessive, as the classification of expenditure with reference to stages of blocks was introduced only from 1965-66 and details for arriving at correct estimates were not available.

XLI. Capital Outlay on Industrial Development—

109. I. c. Union Government Rental Housing Scheme for Low-paid employees of the State Government .. .. .	31.57	31.57	(100)
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Non-adjustment of expenditure incurred by the State Housing Board from 1956-57 to 1963-64 on the construction of houses under the scheme owing to non-receipt of orders of Government.

During 1964-65 also, there was a saving of Rs 39.98 lakhs (99 per cent).

109. I. b. (ii) Improvement of water facilities for Industries (Land acquisition near Red Hills and Sholavaram tanks)	1,29.99	59.90	(46)
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Reasons for the saving are awaited.

Saving, involving substantial amount, has become a recurring feature under this group head. During 1962-63 to 1964-65 also, there were savings of Rs 20 lakhs (100 per cent), Rs 1.75 lakhs (100 per cent) and Rs 1,40.49 lakhs (90 per cent) respectively.

XLII. Capital Outlay on Irrigation—

II. Schemes in the Third Five-Year Plan—

A. 2. (13) Chittar Pattanamkal—

e. Works .. .. .	1,76.37	49.05	(22)
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Mainly non-finalisation of the designs for the masonry works of the dam and other works, less payment of land acquisition charges than anticipated and non-execution of certain works on account of priority given to Defence works.

Number, name of grant and description of items	Funds provided		Percentage of saving
	(original plus supplementary)	Amount	

(IN LAKHS OF RUPEES)

## XLIII. Capital Outlay on Public Works—

## a. Original Works—Buildings—

(iv) M. Public Works .. .. .	34.33	34.33	(100)
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Reasons for the saving are awaited.

## XLVII. Capital Outlay on Schemes of Government Trading—

## h. Other Miscellaneous Schemes—

B. Purchase and Distribution of fertilisers	18,12.62	7,46.97	(41)
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Mainly non-receipt of supplies/debits for supplies to the extent anticipated. It has been stated that there is difficulty in anticipating accurately the allocations of the Government of India and in assessing the supplies likely to be made by the Regional Director, Food, against such allocations and there is also a time lag between the actual receipt of supplies and the raising of debits by the Pay and Accounts Officer, Food and Agriculture, New Delhi.

In 1964-65 also, there was a saving of Rs 2,32.08 lakhs (25 per cent) under this group head for similar reasons.

h. D. III. Central Dairy .. .. .	94.84	24.93	(26)
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Mainly heavy shortfall in the production of milk. During 1964-65 also, there was a saving of Rs 61.49 lakhs (45 per cent) under this head for similar reasons.

## XLVIII. Loans and Advances by the State Government—

f. Miscellaneous loans and advances—  
Loans under the control of Director of  
Industries and Commerce

6,39.29	2,45.91	(38)
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Reasons are awaited.

g. Development Schemes—Schemes in the  
Third Five-Year Plan—E. Advances  
under Special Laws (State Aid to Indus-  
tries)—Loans under the control of  
Director of Industries and Commerce

80.65	25.11	(31)
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Mainly non-disbursement of loans to the Sakthi Co-operative Industrial Estate, Limited, and the Coimbatore Private Industrial Estate, Limited; reasons for the non-disbursement are awaited.

21. *Defective budgeting.*—A case of defective budgeting leading to excess over voted grant, has been mentioned in

paragraph 18 (13) above. Some more cases mentioned in the Appropriation Accounts are referred to below :—

<i>Number and name of grant/ appropriation</i>	<i>Appropriation Accounts 1965-66</i>	
	<i>Number of the note, item, etc.</i>	<i>Page number</i>
III. General Sales Tax and Other Taxes and Duties—Administration	2	13
Debt Charges .. .. .	5	19
XIII. Education .. .. .	4	36
XIV. Medical .. .. .	1 (vi)	39
XV. Public Health .. .. .	6	46
XVII. Fisheries .. .. .	2 (i)	53
XXVI. Irrigation .. .. .	4 (iii)	77
XXX. Road Transport Schemes ..	3 (ii)	92

22. *Control over expenditure.*—The object of control over expenditure is to secure as close an approximation as possible between the actual expenditure and the final grant/appropriation under each sub-head of grant/appropriation. This is done by—

(i) sanctioning reappropriations for transfer of funds from the sub-heads of grant/appropriation where a saving is anticipated to other sub-heads in the same grant/appropriation where there is need for additional provision of funds ;

(ii) obtaining supplementary grants/appropriations where necessary ;

(iii) effecting surrender of surplus funds under a sub-head as soon as the saving can be foreseen ; and

(iv) taking suitable advances from the Contingency Fund for meeting unforeseen requirements of additional funds during the year or for meeting expenditure on a "New Service" or "New Instrument of Service" if it is not possible immediately to obtain supplementary provision by authorisation of the Legislature.

If the control is effective, the actual expenditure would approximate closely to the final modified provision, *i.e.*, the original provision as modified by supplementary provision, reappropriation or surrender.

Cases where the total expenditure against a grant or appropriation, as a whole, exceeded the sanctioned amounts and require regularisation by the Legislature, have been mentioned in paragraphs 18 and 19 above. It will be seen therefrom that excesses amounting to Rs 1.45 crores remained uncovered by supplementary provision or by advances from the Contingency fund in 21 grants and 3 appropriations.



Cases where additional funds provided in the course of the year, by supplementary grant or appropriation, proved unnecessary or excessive have been indicated in paragraphs 17 (i) and (ii) above.

Cases where expenditure on items of "New Service" was incurred without obtaining the vote of the Legislature or advances from the Contingency Fund are mentioned in paragraph 23 below.]

The following points were noticed in connection with the surrender of the amounts which remained unutilised :—

(a) Although the rules require that the unutilised amounts should be surrendered as soon as the possibility of savings is envisaged, the surrenders totalling Rs 17.54 crores in all, were made only in the last month of the year and that too, in most cases on the 31st March, 1966.

(b) There remained unsurrendered savings (exceeding Rs 1 lakh in each case), totalling Rs 2.97 crores, in 18 grants and 3 appropriations ; details are given in Appendix V.

(c) In 8 cases (details in Appendix VI) amounts of Rs 1 lakh or more in each case, totalling Rs. 0.23 crore were surrendered although there were excesses over the grant/appropriation and no amount was available for surrender.

Important instances of defective control over expenditure in respect of individual group heads within the grants/appropriations have been indicated in the Appropriation Accounts ; a few cases in which the reappropriations proved to be injudicious or inadequate are referred to below :—

*Appropriation Accounts 1965-66*

	Grant number	Note number and item number	Group head	Page number
Excessive or unnecessary provision of funds—	XLI	5 (iv)	109 IV (ii)	118
			A (ii)	
	XLI	5 (v)	109 IV (ii)	119
			B.II (xxxvi)	
	XLII	4 (iii)	100. II (1)j(ii)	124
	XLIII	4 (ii)	a.J	127
	XLVII	3	f.2	135
Injudicious withdrawal of funds resulting in eventual excess—	XLVIII	5(i)	a.C	141
	XLVIII	5(v)	g. F	142
	XVI	4	f.F	51
	XXVII	3 (b)	j. (i)	81
	XXVII	3 (b)	j. (ii)	81
	XXXIII	2 (vi)	77.a.III	99
	XLV	3	a.I	130
Non-provision of funds by reappropriation although savings were available within the grant—	XLVIII	7(iii)	f.	143
	XX	2 (ii)	b.XXIV	67
	XXXVIII	4	c.	109
	XLVII	4(i)	a.II.H	136
	XLVII	4(ii)	a.II.J	136
	XLVIII	6 (ii)	f.	142

23. *New Service*.—According to the criteria fixed by Government with the concurrence of the Public Accounts Committee, the following cases constituted items of “New service” requiring the specific vote of the Legislature before expenditure was incurred. An expenditure of Rs 82.09 lakhs was incurred on these items without obtaining the vote of the Legislature or an advance from the Contingency Fund:—

<i>Particulars of the case</i>	<i>Expenditure incurred</i>	<i>Remarks</i>
1. Schemes of Government trading in millets, sugar and baby food	Rs 81.68 lakhs (1965-66)	<b>Expenditure on schemes estimated to cost over Rs 1 lakh is to be treated as on “New Service”.</b> The matter was reported to Government in September, 1966; their reply is awaited (December, 1966).
2. Establishment of a Home for unattached women repatriates from Burma (estimated cost Rs 1.87 lakhs per annum recurring and Rs. 0.64 lakh non-recurring)	(Particulars awaited)	The Home was started by the Collector of Tiruchirappalli in December, 1965. Government stated in May, 1966 that the expenditure constituted “New Service”. A token supplementary grant was obtained thereafter in August, 1966.
3. Establishment of two additional pre-vocational training centres (estimated cost of additional staff, etc., Rs 0.54 lakh per annum)	Rs 0.41 lakh (till August, 1966)	Government have since ordered (October, 1966) that the expenditure should be treated as on “New Service”. A token grant has been obtained on the 18th November, 1966.

24. *Delay in submission of materials for Appropriation Accounts*.—According to the instructions of Government, Heads of Departments and Chief Controlling Officers should furnish to the Accountant General the explanations for the variations within a fortnight of receipt of the draft Appropriation Accounts. The information required for framing the explanations for variations in the case of 136 group heads (mostly relating to Industries and Public Works departments) was not received in time or where received, was incomplete. Comments on the variations in respect of these heads have, however, been included to the extent possible on the basis of information available in the Accounts Office. The result of such delay in the submission of material by departments is that the report furnished to the Legislature remains incomplete in certain essential respects.

## CHAPTER III

### Civil Departments

#### FOOD AND AGRICULTURE DEPARTMENTS

25. *Madurai milk conservation project.*—Government sanctioned in January, 1963, the implementation of a milk conservation project by the Madurai Co-operative Milk Supply Union. The project was estimated to cost Rs 78 lakhs. This included UNICEF equipment valued at Rs 31 lakhs and working capital loan of Rs 15 lakhs to be provided by the State Government. The main objectives of the scheme are :—

(a) to supply heat-treated milk for distribution in bulk and in bottles in Madurai area ;

(b) to provide milk on a subsidised basis to families with low income ; and

(c) to stimulate increased milk consumption.

In December, 1964, Government ordered that the construction programme, purchase and installation of equipment and other connected works should be done by Government and that a decision in regard to handing over the project to the co-operative union should be deferred till the construction was completed.

The work is in progress. The expenditure incurred to end of May, 1966, amounted to Rs 56.70 lakhs. As against the original estimate of Rs 63 lakhs (excluding working capital loan), the scheme is now estimated to cost Rs 114 lakhs. The increase of Rs 51 lakhs is mainly under land and buildings including staff quarters (Rs 27 lakhs) and machinery including installation (Rs 24 lakhs). These estimates do not include the subsidy which Government will provide in selling milk on a subsidised basis to families with low income. The total cost of the project including this subsidy (but excluding expenditure on staff) would work out to Rs 161 lakhs.

The dairy was expected to start functioning from December, 1964. The project is, however, now expected to be completed only by March, 1967, i.e., 27 months behind schedule. The delay is mainly due to non-completion of buildings and consequent delay in the installation of machinery.

The technical and other staff such as Project Officer, Dairy Officer and assistants, for the project have been employed from the middle of 1963 ; the expenditure on their pay and allowances upto May, 1966, amounted to Rs 5.95 lakhs.

Certain further points noticed in audit in connection with the expenditure on this project are mentioned below :—

(1) *Over-construction.*—The handling capacity of the plant to be installed is 50,000 litres of milk per day. The buildings for the central dairy were designed providing for ultimate expansion of the capacity to 1.5 lakhs litres a day. After inspection of the building works in progress and based on the experience gained in the Madras Dairy Project (where the buildings constructed were too elaborate and costly and some of them were not at all useful), the Milk Commissioner suggested to Government that the proposed first floor to the dairy, administration and canteen blocks might be omitted. This was approved by Government in June, 1965. No change was, however, possible, in the foundation columns and the ground floor which had been constructed according to the original design.

The Food and Agriculture Organisation expert, who was requested by the Government of India to assist them in matters relating to dairy engineering, particularly the preparation of building designs, etc., has made the following observations in regard to the Madurai project :—

“One of the most frequently observed errors was gross over-construction, i.e., wasted floor space. The most outstanding example of this digression from accepted design practices (and economic consideration) was a milk supply scheme currently under construction in South India. The plant was being built with a floor area large enough to process 1,50,000 litres per day. . . . No one would even venture a guess as to when 50,000 litres per day would be achieved and it seemed inconceivable that 1,50,000 litres per day would ever be reached. . . . Two plants could easily have been built for the same expenditure.”

The Milk Commissioner also reported to Government in December, 1964, that even a production level of 30,000 litres per day “would be ambitious”. A survey conducted by the department in June, 1965, has indicated that only about 26,500 litres of milk would be available for the project, when the plant is commissioned.

(2) *Delay in installation of chilling plants.*—With a view to cooling the milk collected from mufassal places to maintain its keeping capacity till it could be transported to the main dairy, two chilling stations each capable of handling 10,000 litres of milk daily were proposed to be established at Virudhunagar and Srivilliputtur. Equipment valued at Rs 2.47 lakhs was received in September, 1963 from the UNICEF. The buildings for the plants were ready in October, 1964; however, the plants have not yet been installed. The work of installation was allotted to a contractor in December, 1964 for completion in six months. The firm has, however, not even commenced the work (May, 1966).

(3) *Arrangements for milk procurement—Assistance to co-operative societies.*—The milk requirements of the project are expected to be met largely by milk producers' co-operative societies. 140 such societies have been established around Madurai; of these, 43 societies have been given financial assistance totalling Rs 3.44 lakhs upto May, 1966 (loan: Rs 1.43 lakhs; grant: Rs 2.01 lakhs). Twenty-four of these societies which were paid assistance amounting to Rs 70,370, are reported to be dormant.

26. *Loss due to import of disease-infested seed potatoes.*—During February-April, 1965, the Agriculture department imported through an Indian firm (acting as correspondent of the foreign supplier) 100 tons of seed potatoes from Scotland for use in the State Seed Farms. The purchase order stipulated that the seed potatoes should be free from diseases.

The first consignment of 15 tons on its arrival at the Madras Port on the 15th February, 1965 was inspected by the Plant Quarantine authorities of the Government of India, who reported that the seeds were infested with 'golden nematode' disease and the tubers contained considerable quantity of soil. Further shipment of the balance quantity of 85 tons could not be stopped as the second and third consignments were already on the way. A sum of Rs 10,651 towards the freight charges was paid to the Indian firm. The payment of cost of seeds amounting to Rs 52,592 is under consideration of Government (January, 1967).

The following irregularities were noticed in regard to this purchase:—

(1) According to the Destructive Insects and Pests Act, 1914, import of potato tubers is permissible for purposes of research and experiment only, subject to following conditions:—

(a) A permit should be obtained from the Plant Protection Adviser of the Government of India.

(b) The consignor should furnish an official certificate that there was no occurrence of, 'golden nematode' at any time in any stage of development and within a radius of 8 kilometers of the field in which the tubers were grown.

(c) The consignor should also furnish an official certificate that the potato tubers immediately prior to their export were examined and found to be free from insects, disease and soil and they were placed in new, clean and unused packing.

The permit from the Plant Protection Adviser was not obtained before placing the order with the foreign suppliers. As regards condition (b), the authorities in Scotland agreed to furnish only a qualified certificate and even the qualified certificate which they gave in respect of the first consignment was cancelled subsequently. Certificate mentioned in condition (c) was not obtained.

(2) No agreement was executed either with the suppliers or their correspondent in India, binding them to bear the loss due to deterioration in quality and non-conformity with the specifications. The financial rules require that in the case of perishable articles a separate warranty clause should always be included. The Indian firm disowned responsibility stating that (a) they were not allowed to inspect any of the consignments and satisfy themselves that the seeds were infested, (b) they were not supplied with a copy of the inspection report of the Plant Quarantine authorities and (c) the inspection by the Plant Quarantine authorities was no part of the terms and conditions.

(3) The second and third consignments could not be used even for consumption purposes as time was lost in ascertaining from the suppliers whether the seeds had been chemically treated and by the time the reply was received, the seeds deteriorated.

It may also be mentioned that on an earlier occasion in 1961-62 the State Government imported 53 tons of Great Scot variety of potato seed for about Rs 32,000. The consignment was passed by the Plant Protection authorities. The State Nematologist, however, reported after inspection in March, 1962 that the seed was infested with "golden nematode". The seed was planted in the State Seed Farm at Vijayanagaram (Nilgiris district) as this farm was already suspected to be disease-infested. The seeds produced by the farm are being sold for consumption purposes only. The farm is continuously working at loss, the amount of loss during the years 1963-64 to 1965-66 being Rs 18,700. Though a decision was taken to abandon the farm and use the land for other purposes, it has not so far been implemented. It is stated that an alternative proposal to treat nematode infection by use of suitable chemicals is under consideration (January, 1967).

27. *Comprehensive scheme for development of coconut plantations in the coastal taluks of Ramanathapuram district.*—In July, 1961, Government sanctioned a scheme for bringing under coconut cultivation an area of 9,000 acres in the coastal villages of Ramanathapuram district within a period of five years. The scheme envisaged—

(a) the settling of 500 families of Ceylon repatriates and landless poor, allotting about 5 acres of land to each out of which they were to bring under coconut cultivation atleast 3 acres with the assistance of Government loan in the shape of fencing materials, seedlings, manures, etc., and payment of subsistence allowance for a period of five years; and

(b) bringing under coconut cultivation an additional area of 7,500 acres by providing long-term loan assistance to *pattadars* for reclamation of land, fencing, planting, digging of wells, etc.

The loans advanced under the scheme are interest-free and are recoverable in 15 annual instalments commencing from the 11th year of the grant of loans.

The estimated and actual expenditure on the scheme is given below :—

	<i>Estimate,</i> 1961-66	<i>Actuals,</i> 1961-66
	(IN LAKHS OF RUPEES)	
Pay and allowances of special staff for the scheme and raising and maintaining nurseries for supply of seedlings to the beneficiaries.	12.23	12.11
Loans to settlers and other beneficiaries. (As against the target of 9,000 acres, assistance was given for 6,679 acres.)	41.16	22.66

The following points were noticed :—

(i) According to the conditions of the assistance, the preliminary works of preparing the pits, fencing, etc., should be completed within three months from the grant of the first instalment of loan and seedlings planted within a week thereafter. Out of 4,882 acres for which assistance of Rs 7.81 lakhs was paid for preliminary works during the period from April, 1962 to January, 1966, planting has not been done in about 1,193 acres (April, 1966) as indicated below :—

<i>Year of grant of assistance</i>	<i>Area yet to be planted</i>	<i>Assistance given</i>
	ACRES	RS
1962-63 ..	156.97	23,550
1963-64 ..	265.15	39,773
1964-65 ..	261.68	39,252
1965-66 ..	509.31	76,397
Total ..	1,193.11	1,78,972

Steps have not been taken for the summary recovery of the amounts as contemplated under the loan agreements.

In 114 other cases, involving an assistance of Rs 83,700 planting was done after a delay of over one to two years.

(ii) (a) According to the orders of Government, the loan assistance to *pattadars* towards the cost of preparing pits, fencing and planting "should be limited to actual needs as determined by the Coconut Development Officer". A sum of Rs 8.80 lakhs, was, however, paid to 1,229 *pattadars* based on the maximum limits

allowed for these items of work. No prior assessment of the "actual needs" was done, nor has the department verified the actual utilisation of the assistance.

(b) Similarly, out of the total assistance of Rs 4.62 lakhs given to the allottees towards the cost of preliminary works and planting, a sum of Rs 0.34 lakh was paid in cash for clearance of shrubs. No verification has been made by the department that the amounts advanced have been fully and properly utilised.

(iii) The rules of the scheme stipulate that assistance for purchase of seedlings should be paid after the work of removal of shrubs, fencing and preparing pits is completed. During the period from September, 1965 to March, 1966, a sum of Rs 49,969 was paid in the shape of seedlings without verifying that the preliminary works had been completed, nor was a verification done subsequently.

(iv) The settlers and others who are allotted about 5 acres of land are required to plant coconut in 3 acres and utilise the remaining area for putting up sheds and raising other crops like foodgrains, oil seeds, vegetables, etc. Out of 2,110 acres of land allotted, 1,347 acres are reported to be under coconut cultivation. The department has not verified whether the remaining land has been put to profitable use.

(v) The scheme provides for special assistance to *pattadars* for digging of wells at Rs 1,000 per well. The amount is disbursed in advance; on satisfactory completion of the well within the stipulated period of 6 months from the date of payment, an amount of Rs 250 is treated as subsidy and the balance of Rs 750 as interest-free loan.

During the period from 1962-63 to 1965-66, advances totalling Rs 3.84 lakhs were disbursed for constructing 384 wells; the amount paid upto September, 1965, for 322 wells in respect of which construction should have been completed by March, 1966, was Rs 3.22 lakhs. Only 7 wells were completed by that date; of these, 6 wells had not been built according to the prescribed specifications. The extent of delay in other cases is shown below:—

	<i>Number of wells to be constructed</i>	<i>Amount of assistance paid</i>
		(IN LAKHS OF RUPEES)
Delay of over two years	100	1.00
Delay of over one year	68	0.68
Delay of less than a year	147	1.47

It is apparent that the interest-free assistance in these cases was paid long in advance of requirement without adequate investigation as to its utilisation within the stipulated period. In spite of the



inordinate delay on the part of the borrowers to utilise the amounts, steps have not been taken for effecting summary recovery as provided for in the agreement.

(vi) Sales tax at 2 per cent is to be collected on the sale of coconut seedlings. No sales tax has, however, been collected on the seedlings supplied by the nurseries under this scheme; the amount of tax not collected upto March, 1966 was about Rs 10,300. In February, 1966, the Director of Agriculture issued orders that the sales tax should be levied in future; the tax is being collected on the supplies made from April, 1966.

28. *Intensive egg and poultry production-cum-marketing centres.*— With the object of increasing production of eggs and poultry by providing assistance to private breeders and marketing their products, the Government have set up centres in 5 places. Private breeders are selected and each of them granted an interest-free loan of Rs. 1,000 in the shape of chicks, feed and equipment. The recurring and non-recurring expenditure incurred on these centres up to June, 1966 amounted to Rs 13.59 lakhs. Besides, a total loan assistance of Rs 6.89 lakhs was given to 690 breeders. The loan is recoverable in 50 instalments from the sale proceeds of eggs and birds. Each breeder is required to supply to the respective marketing centre, after a certain period the specified number of eggs and birds (25 eggs and one table bird per day in respect of the centre at Kattupakkam and 33 eggs and one table bird per day in respect of the other four centres). On this basis, the private breeders, to whom full assistance had been given, should have supplied up to June, 1966 to the marketing centres 43.35 lakhs eggs and 1.39 lakhs birds; the number actually supplied was, however, 6.30 lakhs eggs and 3,213 birds only, the shortfall being 37.06 lakhs eggs and 1.36 lakhs birds as shown below. No reasons for the shortfall have been furnished.

Name of the centre		Estimated quantity to be procured	Number actually procured	Shortfall in procurement
(Period of working)				
Kattupakkam	Eggs	31,60,000	5,45,784	26,14,216
(July, 1964—June, 1966)	Birds			
Madurai	Eggs	2,47,300	24,988	2,22,312
(January, 1966—June, 1966)	Birds			
Tiruchirappalli	Eggs	2,60,700	5,263	2,55,437
(November, 1965—June, 1966)	Birds			
Coimbatore	Eggs	2,73,300	31,406	2,41,894
(December, 1965—June, 1966)	Birds			
Salem	Eggs	3,94,200	22,322	3,71,878
(October, 1965—June, 1966)	Birds			
Total for all centres	Eggs	43,35,500	6,29,763	37,05,737
	Birds	1,39,210	3,213	1,35,997

Seventy-two breeders to whom loans amounting to Rs 72,000 were given (between March, 1964 and March, 1966) did not supply any eggs or birds. But only in 3 of these cases (loan : Rs 3,000), action is reported to have been taken for recovery under the Revenue Recovery Act.

Owing to shortfall in supply of eggs and birds by the breeders in Kattupakkam centre alone, a sum of Rs 15,420 was overdue for recovery from them at the end of March, 1966.

The centres are expected to be run on commercial basis. *Pro forma* accounts showing the working results have not yet been prepared (October, 1966). On the basis of actual receipts and expenditure, however, there was a deficit of Rs 1.47 lakhs in Kattupakkam centre upto March, 1966 and a total deficit of Rs 0.39 lakh upto June, 1966 in the remaining centres. This was attributed mainly to shortfall in procurement of eggs, resulting in non-recovery of the overhead expenses.

29. *Scheme for the resettlement of landless labourers.*—In April, 1962, Government sanctioned a scheme for reclaiming 1,000 acres of waste lands in Attur taluk (Salem district) and assigning them to 100 landless poor families and providing a well with electric motor and pumpset for each unit of 10 acres. The scheme was estimated to cost Rs 7.10 lakhs, comprising Rs 6.50 lakhs cost of development of lands (recoverable from the beneficiaries in 20 annual instalments) and Rs 0.60 lakh expenditure on staff, equipment, etc., to be borne by Government. The work on the scheme was taken up in May, 1962; the expenditure incurred upto March, 1966 amounted to Rs 7.71 lakhs.

The scheme was expected to be completed by May, 1963 but the work is still in progress; the scheme is now expected to be completed by March, 1967, with a reduced achievement of 724 acres. The progress of execution of the scheme as at the end of July, 1966 is indicated below:—

Reclamation .. ..	674.65 acres.
Construction of wells .. ..	45 wells have been completed and 19 are in progress and 8 are to be taken up. As against the estimated cost of Rs 6,000 for sinking a well and providing motor pumpset, the actual cost ranged from Rs 8,000 to Rs 12,000.
Installation of pumpsets .. ..	46 pumpsets have been installed. 51 pump houses have been constructed and work is stated to be in progress in the remaining 21 cases.
Extent of land brought under cultivation	317 acres.

Sixty-eight families have been settled but the lands have not been formally assigned to them.

The slow progress of the scheme has been attributed to poor response from contractors for well works, scarcity of labour and lack of interest on the part of the beneficiaries. The scheme contemplated formation of a co-operative society to provide credit facilities to the cultivators. The society has not yet been formed (September, 1966).

30. *Scheme for raising village forests.*—During 1960–61 to 1962–63 plantations were raised by 3 forest divisions over an area of 2,820 acres at a cost of Rs 81,984. The plantations were handed over in April, 1963 to the panchayat union councils for further maintenance. From the reports received by the Chief Conservator of Forests, it is observed that there had been heavy mortality in the plantations raised (cost : Rs 32,690) in Chingleput division after they were handed over to the Tirukalukundram and Sriperumpudur panchayat union councils.

At the time of handing over the plantations to the panchayat unions, the percentage of plants surviving in 752 acres was 60 to 75 per cent ; three years later in March, 1966, the number of plants surviving in these areas was only 5 to 25 per cent. The District Forest Officer, Chingleput division, attributed the mortality to improper maintenance by the panchayat unions.

31. *Scheme for rehabilitation of degraded forests.*—The scheme introduced in 1956–57 aims at augmenting the fuel resources by rehabilitating denuded forests. During the Third Plan period, an area of 18,000 acres was expected to be covered at an estimated cost of Rs 7 lakhs. The area brought under the scheme by March, 1966 was 13,188 acres ; the expenditure incurred, however, amounted to Rs 8.72 lakhs.

The unit cost of operations worked out to Rs 66 per acre as against Rs 39 per acre estimated by the department. The increase was attributed by the department to closer planting and 'intensive soil working operations.'

The reports received from the District Forest Officers upto July, 1965, indicated heavy mortality in certain forest divisions as indicated below :—

Name of division	Year of planting	Area planted (in acres)	Cost of raising the plantation Rs.	Percentage of mortality
Madurai South ..	1956 to 1958	1,271	61,423	661 acres (on which an expenditure of Rs. 29,443 was incurred) completely failed. The mortality in the remaining areas was between 72 and 90 per cent.

Name of division	Year of planting	Area planted (in acres)	Cost of raising the plantation RS.	Percentage of mortality
Coimbatore South	1957 to 1962	159	5,186	60 to 85 per cent.
Vellore East ..	1957 to 1960	1,140	46,433	63 to 70 per cent.
Vellore West ..	1957 to 1958	100	(Not available)	80 per cent.
Chingleput ..	1958 to 1961	801	24,989	61 per cent.
Coimbatore North	1959 to 1962	502	(Not available)	65 to 96 per cent.
Tiruchirappalli ..	1956	99	5,500	40 acres (on which an expenditure of Rs. 3,473 was incurred) completely failed. The mortality in the remaining areas was 85 to 90 per cent.
Salem North ..	1956 to 1960	950	(Not available)	70 to 99 per cent

The Chief Conservator of Forests attributed (December, 1966) the heavy mortality to the poor soil conditions.

32. *Provision of nylon nets to fishermen.*—Nylon twine is purchased and supplied to fishermen at subsidised rates (66 $\frac{2}{3}$  per cent of cost upto 1963-64 and 75 per cent from 1964-65). The cost is recoverable in 18 monthly instalments within a period of two years.

During the period from 1961-62 to 1965-66, a total quantity of 1.40 lakhs pounds of nylon twine was purchased at a cost of Rs 18.92 lakhs. The following table would indicate that purchases were made in excess of requirements :—

Year	Quantity purchased	Quantity distributed	Balance stock at the close of the year
(IN POUNDS)			
1961-62 .. ..	25,004	4,228	20,776
1962-63 .. ..	19,233	19,980	20,029
1963-64 .. ..	36,331	22,738	33,622
1964-65 .. ..	21,817	8,889	46,550
1965-66 .. ..	37,792	26,347	57,995

Besides, an additional quantity of 25,759 lbs. (cost: Rs 4.12 lakhs) purchased during 1964-65 and 1965-66 under the crash programme was also lying unutilised with the department. The Director of Fisheries reported to Government in February, 1966, that purchases of twine were made "based on the target of mechanised fishing boats to be constructed during the year and due to difficulties in the achievement of this target, the nylon purchased had to be kept in stock".

A sum of Rs 99,656 was overdue for recovery as on the 31st March, 1966; of this, a sum of Rs 69,746 related to supplies made upto February, 1964.

33. *Package scheme for increasing the yield of coconut.*—In March, 1963, Government sanctioned a scheme for adoption of improved cultivation, manuring and irrigation practices to private coconut plantations in Adhiramapattinam area. The scheme contemplated application of the package practices in selected areas for a continuous period of three years. Increase in yield by 25 per cent was anticipated at the end of three years. Subsidy at prescribed rates was paid to the owners to carry out the improvements. A total expenditure of Rs 2.29 lakhs was incurred on the scheme during 1963-64 to 1965-66 (subsidy: Rs 2.05 lakhs; staff and contingencies: Rs 0.24 lakh).

The area under the scheme at the end of March, 1966, when it was wound up, was 858 acres. It is noticed that certain areas selected in one year were abandoned in the subsequent year and fresh areas taken up for adopting the package practices. Consequently, in respect of areas totalling 741 acres, the improved practices were adopted for one or two years only and not for the full period of three years; the subsidy paid for these areas was Rs 0.84 lakh.

34. *Wool Utilisation Centre, Sulur.*—The Centre was started in November, 1957, with financial assistance from the Indian Council of Agricultural Research, with the object of —

- (a) conducting experiments on the right use of the wool produced,
- (b) disseminating the knowledge obtained to the persons engaged in the wool industry, and
- (c) imparting training.

It was run for six years and was wound up in November, 1963, when the assistance from the Council was withdrawn. The total expenditure incurred till then amounted to Rs 34,250, of which Rs 9,950 was borne by the Council. A suggestion of the Council that the scheme should be taken over by the State Government was not accepted as the Director of Animal Husbandry reported to Government that "the Centre could not function effectively due to non-availability of a qualified designer and the results achieved are not up to expectations".

It is observed in this connection that during the period the unit was functioning, no training was imparted. Further, during the period of six years when the centre existed, the department could not secure the services of a designer. While sanctioning the scheme, Government had ordered that necessary staff should be recruited from among the existing personnel of the department and they should be got trained at the Wool Research Laboratory at Poona for a period of three months.

35. *Extra expenditure owing to delay in getting the fair rent fixed.*—The office of the State Marketing Officer is accommodated in a private building from February, 1960, on a monthly rent of Rs 800. In November, 1960, the Executive Engineer, Public Works department assessed that the reasonable rent of the building was Rs 400 per mensem only. But the fair rent could not be got fixed by the Rent Controller as the building was exempt from the provisions of the Madras Buildings (Lease and Rent Control) Act, 1960, its rental value in the records of the Municipal Corporation being more than Rs 400 per mensem. The Act was amended with effect from the 5th June, 1964 and its provisions became applicable to all the buildings from that date. Necessary application for fixing the fair rent has, however, not yet (September, 1966) been filed by the department and payment of rent at Rs 800 is continued.

Government stated in September, 1966 that particulars required by the Government Pleader for filing necessary application were being collected by the Director of Agriculture; they also stated that the State Marketing Officer was in search of another suitable building as the owner had issued a legal notice for vacation of the building.

If the fair rent is taken as Rs 400 per mensem as assessed by the Public Works department, the extra expenditure owing to the delay on the part of the department in initiating proceedings for fixation of fair rent would work out to be over Rs 9,000 (September, 1966).

36. *Interest forgone.*—Under the scheme for multiplication and distribution of K6 and MCU2 cotton seeds, Government have been granting from 1961-62 short-term advances to cotton growers. The advances are recoverable at the time of harvest. In respect of the advances amounting to Rs 19.29 lakhs disbursed during 1961-62 and 1962-63, no interest was recovered even though the orders sanctioning the advances stipulated that interest at the prescribed rates was recoverable. In September, 1964, the Director of Agriculture reported to Government that the agreement entered into with the ryots did not provide for levy of interest and that the grant of interest-free advances provided necessary incentive to the ryots to run the seed farms according to the instructions issued by the department. The amount of interest due on advances granted during 1961-62 and 1962-63 was Rs 1.09 lakhs. The non-recovery of this interest was ratified by Government in January, 1965 and May, 1965. Interest is being charged in respect of loans granted from 1963-64 onwards.

37. *Abandonment of a scheme.*—In May, 1961, Government sanctioned a scheme for development of grazing and pasture. The scheme envisaged—

(a) improving the pastures inside the reserved forests by raising trees of fodder species and grass; and

(b) raising grass farms on an intensive scale for commercial purposes.

During the Third Plan period, an area of 5,000 acres was proposed to be covered at an estimated cost of Rs 5 lakhs. The scheme was implemented over an area of 1,204 acres upto December, 1962. It was discontinued from January, 1963, after incurring an expenditure of Rs 1.13 lakhs, as there was very little demand for the fodder raised. No revenue was realised under the scheme; the reports received from the District Forest Officers indicated that there was no appreciable growth of grass in many divisions.

#### EDUCATION AND PUBLIC HEALTH DEPARTMENT

38. *Scheme for conversion of elementary schools into basic schools.*—This scheme has been in operation in the State since 1945–46. During the Third Five-Year Plan period, it was proposed to convert 2,000 elementary schools into basic schools at an estimated cost of Rs 34.15 lakhs by giving free supply of equipments to the schools for teaching craft subjects and retraining elementary school teachers in basic education methods. During 1961–62, 400 schools were converted into basic schools and 1,482 teachers were retrained; the total expenditure incurred was Rs 4.65 lakhs. Further conversion of elementary schools into basic schools was discontinued from 1962–63 with reference to the observations made by a Committee (appointed by Government to review basic education) that the quality of instruction in the basic schools was inadequate and “the results achieved were not satisfactory in proportion to the liberal expenditure incurred”.

A test-check of the accounts in one district (total expenditure: Rs 13,851) indicated that no craft work was done in any one of the 20 schools (converted into basic schools in 1961–62) during the last four years and the craft equipments (value: Rs 2,650) were lying idle. An outright grant of Rs 1,480 given to the schools for purchase of raw materials also remained unspent.

In respect of 254 elementary schools converted prior to 1961–62, in the same district, equipments costing Rs 1.06 lakhs were lying unutilised and the grant amounting to Rs 23,930 remained unspent.

#### RURAL DEVELOPMENT AND LOCAL ADMINISTRATION DEPARTMENT

39. *Programme for utilisation of rural manpower.*—With the object of expanding the employment opportunities in rural areas, several schemes for utilising rural manpower are being implemented from 1963–64 by Government through the panchayat unions. As at the end of March, 1966, such schemes were in operation in 72 development blocks. The total expenditure incurred upto March, 1966 was Rs 1,04.46 lakhs.

The rural manpower programme was essentially employment-oriented and with the intensive use of manpower available during the agricultural slack season, development works were sought to be executed. The following conditions have been prescribed for the selection of works for execution under the programme :—

(a) The works should be small, not involving a high degree of technical skill and should be beneficial to a village or group of villages.

(b) They should be such as to create remunerative community assets.

(c) Wages paid should constitute at least 50 per cent of the cost of the works.

(d) The works should be capable of being completed within a short period.

From the particulars available in respect of works executed in 61 blocks during 1963-64 to 1965-66, it was observed that the wages paid in respect of works in 29 blocks were less than 50 per cent indicating that the works undertaken were not sufficiently employment-oriented. In these cases, while the total expenditure on works was Rs 21.30 lakhs, the wages paid amounted to Rs 7.84 lakhs.

To facilitate execution of works, grants were paid in advance to the panchayat union councils. As at the end of March, 1966, a sum of Rs 15.30 lakhs (including Rs 3.99 lakhs advanced by the unions to the panchayats) remained unutilised with 41 panchayat unions; of this, Rs 4.45 lakhs were paid during 1963-64 and 1964-65.

The scheme envisaged that the works should be normally allotted to panchayats, labour co-operatives or other voluntary organisations; no work was to be allotted to contractors. But, out of a total expenditure of Rs 62.90 lakhs incurred in 61 blocks, works of the value of Rs 23.81 lakhs were got executed through contractors.

As at the end of March, 1966, 1,037 works in 61 blocks remained incomplete; of these, 493 works had been started in 1963-64 and 1964-65. The expenditure incurred on these 493 works was Rs 11.48 lakhs.

The departmental inspections conducted between December, 1965 and March, 1966 by the Deputy Director (Rural Manpower) of the works executed in 22 blocks indicated the following defects :—

(a) Proper agreements had not been obtained and measurements had been recorded after inordinate delays.

(b) There were wide variations between the expenditure reported by the panchayats (on the basis of which grants were paid) and the value of work done based on measurements.



(c) Advances to panchayats were given "indiscriminately" without reference to needs.

(d) According to the instructions of Government, not more than 50 per cent of the allotment for a year should be spent on road works. But the amount spent on roads exceeded this limit. The excess amount spent in 16 blocks was Rs 2.84 lakhs.

A few typical cases of irregularities reported by the Deputy Director are mentioned below :—

(i) *Morappur block*.—Advances to panchayats had been given "indiscriminately" during 1963-64 and 1964-65, without reference to the works to be executed. As on the 31st March, 1966, a sum of Rs 46,500 was due for recovery from 14 panchayats which had no works in progress. In 12 of these panchayats (from which a sum of Rs 33,500 was due for recovery), the cash balance available as on the 30th June, 1966 was Rs 1,130 only.

In the same block, while the total value of work done by 4 panchayats was Rs 46,683, the expenditure reported by the panchayats (based on which grant was paid) was Rs 65,418.

(ii) *Avadayarkoil block*.—A sum of Rs 77,353 was spent during 1963-64 and 1964-65 on deepening small ponds and tanks, which were not sources of irrigation. The Revenue Divisional Officer, Pattukkottai, who inspected the works reported in September, 1966 as follows :—

"It is doubtful whether these small ponds can serve any useful purpose as supplemental sources of irrigation, even during scarcity period. These *uranies* (small ponds) would also dry up during such periods and it cannot be said that such large sums of money spent on these works were useful to the people, except for the fact that it provided employment to the local people".

(iii) *Chengam block* :—There were many cases of payments made on nominal muster rolls in excess of the value of work done. In the case of 8 works, the excess payments worked out to Rs 4,600. The nominal muster rolls had been prepared for mere statistical purposes rather than as evidence of actual expenditure.

40. *Rural Industries Projects*.—With a view to developing small industries and thereby providing larger employment opportunities to the landless and the weaker sections of village communities, 3 rural industries projects were started in Nanguneri (Tirunelveli district), Omalur (Salem district) and Sriperumbudur (Chingleput district). These projects were intended to provide training and service facilities to artisans and also employment to them by running departmental production centres.

A total expenditure of Rs 30.44 lakhs was incurred on the projects during the period from January, 1963 to June, 1966 as indicated below :—

	(IN LAKHS OF RUPEES)
Expenditure on—	
Project Establishment .. .. .	4.66
Common Service Facilities Centres .. .. .	6.41
Departmental Production Centres .. .. .	13.10
Training Centres .. .. .	6.27

As at the end of June, 1966, 11 Common Service Facility Centres were functioning—2 in Sriperumbudur Project (which were started in October and December 1964) and 9 in Nanguneri Project (which were started between March and August, 1965). The running expenses (comprising the pay and allowances of staff, cost of raw materials, etc.) incurred upto June, 1966 on these centres amounted to Rs 1.80 lakhs. The revenue realised for services rendered was Rs 2,891, indicating that the facilities available had not been availed of to a large extent.

Machinery valued at Rs. 1 lakh, purchased mostly between March and June, 1965 for seven other Common Facility Centres are lying idle, as the centres have not yet started functioning (June, 1966). The delay in starting the centres has been attributed to delay in construction of buildings (four cases) and delay in getting power supply (three cases).

During the period from June, 1964 to June, 1966, 39 training centres were opened; 4 of them were closed after they had been run for the prescribed periods. Machinery valued at Rs 30,766 acquired between December, 1964 and March, 1965 have not been brought into use, as the training centres for which they have been intended, have not yet started functioning.

41. *Upgrading of village panchayats as town panchayats*—According to Section 3 (1) of the Madras Panchayats Act, 1958, village panchayats having a population estimated at not less than 5,000 and an annual income estimated at not less than Rs. 10,000 shall be classified and declared as town panchayats. Proposals for upgrading the village panchayats satisfying the prescribed criteria are sent by the Collectors to the Director of Rural Development.

From the records made available to Audit, in the office of the Director of Rural Development, it was noticed that proposals for upgrading the village panchayats were not sent to the Director's office promptly. Out of 103 village panchayats, which satisfied the

prescribed criteria as on the 1st April, 1962, 87 panchayats only were upgraded after delays ranging from one to four years as shown below :—

<i>Date from which upgraded</i>	<i>Number of panchayats</i>
1st April, 1963 .. .. .	19
1st April, 1964 .. .. .	33
15th April, 1966 .. .. .	35

The village panchayats are eligible to be paid by Government, house-tax matching grant of an amount equal to the house-tax collected by them. The town panchayats are not eligible to this grant. Due to delay in reclassifying the village panchayats as town panchayats, Government had to incur additional expenditure by way of payment of house-tax matching grant to these panchayats. On the basis of the information available, a total amount of Rs 11.19 lakhs was paid as house-tax matching grant during the period from 1962-63 to 1964-65 as indicated below :—

<i>Year</i>	<i>Number of panchayats</i>	<i>Matching grant paid</i>
		(IN LAKHS OF RUPEES)
1962-63 .. .. .	103	4.27
1963-64 .. .. .	60*	3.30*
1964-65 .. .. .	33*	3.62*

\*Information not available in respect of 24 panchayats for 1963-64 and in respect of 18 for 1964-65.

42. *Expenditure of doubtful utility.*—A development block was set up in October, 1961 at Kalrayan Hills in South Arcot district, comprising 133 villages belonging to *Jagirdars*. These villages have not so far been taken over by Government and the schemes under the Community Development Programme could not be implemented as the rights of Government to constitute panchayats and panchayat unions and execute development works were contested by the *Jagirdars* in 1962. The case was decided in favour of Government by the High Court in May, 1964, but the parties obtained a stay order ; an appeal preferred by them is stated to be under consideration by the High Court.

In January, 1965, the Block Development Officer reported to Government that no appreciable work had been turned out by the staff employed in the block and that they should be transferred elsewhere. The full complement of the staff is still (May, 1966) retained ; the expenditure on the staff including office contingencies amounted to Rs 1.09 lakhs upto March, 1966.

## PUBLIC WORKS DEPARTMENT

43. *Scheme for improvement of water-supply to Madras city.*—In June, 1962, Government ordered that all the wet lands irrigated by the Red Hills and Sholavaram tanks should be acquired under the Land Acquisition Act and water thus conserved used for augmenting water-supply to the Madras city. Special staff consisting of a Special Deputy Collector, 6 Land Acquisition Officers (of the rank of Tahsildar) and other staff were employed from July, 1962 for acquisition of lands. A decision as to whether lands acquired should be sold to industrial entrepreneurs without loss or should be reassigned to the original owners as dry lands was not taken immediately and it was only three years later in March, 1965 that Government ordered that the lands should be reassigned to the original owners, at half the cost, for cultivation of dry crops. Due to delay in taking the decision, the progress of acquisition remained slow. According to the yard-stick laid down by the department, each Land Acquisition Officer should acquire 60 acres of land per month; on this basis the entire land acquisition work should have been completed within a period of two years, but only 5,848 acres (80 per cent) were acquired over a period of four years. The expenditure on the pay and allowances of staff was Rs 5.99 lakhs upto June, 1966.

Delay in land acquisition also resulted in the provision in the budget estimates remaining substantially unutilised year after year as shown below:—

<i>Year</i>	<i>Total provision</i>	<i>Amount of saving</i>
	(IN LAKHS OF RUPEES)	
1962-63 .. .. .	20.00	20.00
1963-64 .. .. .	175.00	175.00
1964-65 .. .. .	159.00	140.49
1965-66 .. .. .	121.00	50.88

Government had considered the alternative of acquiring only the existing water rights instead of purchasing the lands outright but finally decided that acquisition of lands would be more practicable; this entailed payment of Rs. 21.45 lakhs as solatium to the land owners.

Government have ordered that in case where the owner of land is not willing to take it back as dry land, it may be leased out to the cultivating tenants. The department has not yet found alternative use for 331 acres of land (acquired mostly prior to March, 1966), which the ryots are not willing to take back.

## INDUSTRIES, LABOUR AND HOUSING DEPARTMENT

44. *Scheme for training drivers.*—With a view to meeting the demand for drivers in the context of the National Emergency and creating a reserve pool of drivers, Government sanctioned during 1962-63 certain schemes for training persons in the driving of light and heavy duty vehicles. The training was imparted through selected private operators, the State Transport department and the Industrial Training Institutes. The total expenditure incurred in training 2,673 persons amounted to Rs 2.72 lakhs. Certain particulars of the schemes and points noticed in audit are mentioned below :—

## A. STATE SCHEMES

2,140 persons were trained during the period from December, 1962 to May, 1963 at a cost of Rs 1.63 lakhs as shown below :—

	Light duty vehicles		Heavy duty vehicles Private operators
	Industrial Training Institute	State Transport department	
Number of trainees .. ..	1,661	229	250
Expenditure (in lakhs of rupees) ..	0.81	0.16	0.66
Cost per trainee (in rupees) ..	48	68	264

The increase in cost of training by the State Transport department was attributable to more expenditure under "Pay and allowances of staff".

As regards training by the private operators, Government ordered in November, 1962, that the private operators should be reimbursed the stipend paid by them to the trainees at Rs 3 per trainee; no further payment towards running charges, cost of spares, etc., was contemplated in the Government sanction. In reply to an enquiry by Audit, Government clarified in April, 1963 that no subsidy for running charges was provided as "this is a national effort". Nevertheless the State Transport Authority paid the private operators additional grants towards running expenses, etc., amounting to Rs 33,020 (between May, 1963 and October, 1964) without authority of Government.

The following table indicates the number of trainees who secured driving licences and those who joined the army :—

	Industrial Training Institute	State Transport Department	Private operators
Number of persons trained ..	1,661	229	250
Number of persons who acquired driving licences	1,308	182	Not intimated by the department
Number of persons who joined the army	Not intimated by the department	21	21

## B. CENTRALLY-SPONSORED SCHEME

During the period from March, 1963 to November, 1963, 533 persons were trained at a cost of Rs 1.09 lakhs as shown below:—

			<i>State Transport department</i>	<i>Private operators</i>
Training of civilians selected for the army—				
Number trained	.. ..		14	19
Expenditure	.. ..	Rs	6,740	Rs 5,700
Cost per trainee	.. ..	Rs	481	Rs 300
Soldier-trainees—				
Number trained	.. ..		301	199
Expenditure	.. ..	Rs	48,190	Rs 48,755
Cost per trainee	.. ..	Rs	160	Rs 245

The expenditure on the scheme was borne initially by the State Government to be reimbursed subsequently by the Government of India, subject to a ceiling of Rs 300 per trainee (Rs 245 in the case of soldier-trainees). It was also stipulated that each trainee should be given driving practice for 500 miles. From the reports available with the department, it was noticed that the persons trained in the State Transport department received on an average 275 miles of driving practice and those trained by the private operators did 375 miles of driving. No deduction was made while making payments to the private operators and they were paid at the maximum rates fixed by the Government of India. It is noticed that there was no agreement with the private operators that they should give driving practice for 500 miles. The Transport Commissioner has stated in September, 1966 that Government have also not ordered that any cut in the grant need be made if a lesser mileage is done.

45. *Common lease shop, Dindigul.*—In April, 1964, Government sanctioned the establishment of a common lease shop in the Industrial Estate, Dindigul, to provide service facilities to industrialists. After inviting tenders, orders for supply of 11 machines at a total cost of Rs 1.53 lakhs were placed in November, 1964 (and the machines were received between February, 1965 and March, 1966). In June, 1965, the Superintendent in charge of the unit reported to the Director of Industries and Commerce that there would not be sufficient demand for the facilities from the industrialists. In September, 1965, the Director of Industries and Commerce suggested to Government that the setting up of the lease shop might be deferred for the following reasons:—

(a) The response from private industrialists for the factory space in the Industrial Estate was not encouraging;

(b) servicing facilities to the required extent were already available in the Lock Unit, Dindigul; and

(c) the department was finding it difficult to utilise the machines to full capacity even in the fully-developed Industrial Estates in Guindy, Madurai and Tiruchirappalli.

Government approved the Director's proposal in October, 1965 and ordered that the machines should be transferred to other industrial units. Eight machines have so far been transferred to the common lease shops at Ambattur, Pettai and Madurai; of these, 5 machines transferred to Ambattur have not yet been commissioned (June, 1966). The expenditure incurred at Dindigul on the storage of the machines amounted to Rs 7,120 (upto June, 1966).

It was noticed that—

(i) 2 machines (value : Rs 31,293) were purchased in October, 1965 and March, 1966 after the decision to defer the setting up of the unit had been taken—the period of delivery stipulated in the purchase orders had expired in these cases; and

(ii) the Superintendent of the unit suggested in March, 1965 the cancellation of the order for a machine (value : Rs 50,095) for the reason that there would not be any immediate necessity for it, but the machine was purchased.

46. *Misappropriations.*—(a) The following table brings out the position in regard to cases of misappropriation of Government money which were pending final action on the 31st August, 1966 :—

	Revenue department		Other departments		Total	
	Num-ber	Amount (IN LAKHS OF RUPEES)	Num-ber	Amount (IN LAKHS OF RUPEES)	Num-ber	Amount (IN LAKHS OF RUPEES)
Cases outstanding on the 30th September, 1965	350	7.91	58	1.79	408	9.70
Cases reported during the period from October, 1965 to August, 1966	59	2.48	16	0.75	75	3.23
Cases closed during the period from October, 1965 to August, 1966	83	1.23	15	0.14	98	1.37
Cases outstanding on the 31st August, 1966	326	9.16	59	2.40	385	11.56

Out of 75 cases reported during the period October, 1965, August, 1966, in 28 cases preliminary reports were received in Audit after delays ranging from three months to over two years, though the financial rules require that such reports should be sent immediately after a case comes to notice.

The departmentwise and the yearwise analyses of the outstanding cases (385 cases involving Rs 11.56 lakhs) are given in Appendix VII; these cases are awaiting departmental action, criminal prosecution, recovery, etc.

(b) In addition, 121 cases, involving Rs 14.08 lakhs of shortages and theft of stores, damages to vehicles, properties, etc., reported to Audit upto August, 1966 were pending finalisation; of these, 66 cases involving Rs 3.35 lakhs related to the Agriculture department alone. Yearwise analysis of the outstanding cases is given below:—

<i>Year in which reported</i>	<i>Number of cases</i>	<i>Amount</i> (IN LAKHS OF RUPEES)
1962-63 and earlier years .. ..	53	3.25
1963-64 .. ..	15	0.22
1964-65 .. ..	26	9.36
1965-66 .. ..	14	0.84
1966-67 (Upto August, 1966) .. ..	13	0.41

47. *Miscellaneous irregularities, losses, etc.*—Cases of miscellaneous irregularities, losses, etc., are mentioned in Appendix VIII to this Report.



## CHAPTER IV

### Works Expenditure

48. *Works executed without detailed sanctioned estimates.*—Expenditure amounting to Rs 1,01.44 lakhs was incurred on 30 works (5 works costing over Rs 5 lakhs and 23 works between Rs 1 and 5 lakhs), the detailed estimates of which had not been sanctioned. Of these, one work was commenced in 1963-64 and nine in 1964-65.

49. *Expenditure incurred in excess of sanctioned estimates.*—In respect of 102 works, expenditure was incurred in excess of the sanctioned estimates. The amount of expenditure in excess of the sanctioned estimates was Rs 1,50.77 lakhs upto March, 1966. In respect of 44 of these works excess occurred in 1964-65 and in respect of 15 works in 1963-64.

Particulars of some cases are given below :—

<i>Name of work</i>	<i>Sanctioned Estimate</i>	<i>Expenditure to end of 1965-66</i>	<i>Year in which excess occurred first</i>
(IN LAKHS OF RUPEES)			
Excavating Supply Channel for Nagal-kulam to Thottiankulam in Alangulam taluk	4.64	8.85	1963-64
Shifting the head of Pugalur channel and excavating a connecting channel to the existing head sluice of Kasipalayam	6.60	8.94	1963-64
Augmenting supply to Minor Irrigation tanks from Ramarajapuram Anicut supply channel	4.03	6.98	1963-64
Formation of roads in the developed plots, Industrial Estate, Ambattur	4.23	7.95	1963-64
Construction of Industrial Training Institute at Coonoor	4.10	7.28	1963-64
Construction of main building for Government North Arcot Polytechnic, Vellore	5.34	8.38	1964-65
Construction of structural workshop at Industrial Estate, Ambattur	5.77	10.33	1964-65
Expansion of leather tanning centre at Vinnamangalam	2.76	6.54	1964-65
Formation of a reservoir across Mavoor odai	4.61	7.76	1965-66
Construction of staff quarters for Government Galvanising Plant at Mettur Dam	3.51	6.02	1965-66

50. *Gomukhi Reservoir Project.*—(i) The scheme sanctioned by Government in December, 1962 envisaged construction of a reservoir across Gomukhinadhi and a main canal  $5\frac{1}{2}$  miles long. The work started in June, 1963 has almost been completed (November, 1966) except for fixing the shutters for the dam. The Project was thrown open for partial irrigation from November, 1965.

(ii) Some particulars regarding the Project are given below :—

<i>Cost of construction</i>	(IN LAKHS OF RUPEES)
Original estimate (1962) .. .. .	87.00
Revised estimate (1966) awaiting approval of Government	121.60
Actual expenditure upto the end of November, 1966	105.55

The upward revision of the estimate by about 40 per cent of the original estimate is attributed mainly to—

	(IN LAKHS OF RUPEES)
(a) increased cost of land .. .. .	4.05
(b) increase in cost of earthwork .. .. .	20.58
(c) additional items of work like formation of roads, parks and lawns, extension of power supply, etc.	4.12
(d) increased cost of buildings .. .. .	1.86

The cost of the earth dam according to the revised estimate is Rs 37 lakhs. According to the expenditure booked in the Register of works, even the revised estimate has been exceeded by Rs 5.75 lakhs (upto December, 1966). It is seen that while the quantities of work have not either increased or increased only slightly, the expenditure has shown a sharp rise. Two instances are given below :—

<i>Description of work</i>	<i>Revised estimate</i>		<i>Actuals upto March, 1966</i>	
	<i>Quantity (in units of 1,000 c. ft.)</i>	<i>Cost (in lakhs of rupees)</i>	<i>Quantity (in units of 1,000 c. ft.)</i>	<i>Cost (in lakhs of rupees)</i>
Filling in cut-off trenches and forming hearting section.	5,300	5.30	4,943	9.35
Forming casing portion ..	12,140	10.93	14,782	20.49

The department has stated that the accounts are under detailed scrutiny.

(iii) *Irrigation target and estimated return on capital.*—The target of irrigation has been fixed as 5,000 acres. A return of 0.34 per cent (without betterment fee) and 0.80 per cent (with betterment fee of Rs 200 per acre) was expected on the capital invested. On the basis of the revised cost of the Project and a water rate of Rs 15 per acre (as against Rs 10 originally

contemplated) the return would now be 0.38 per cent and 0.71 per cent. The estimated cost per ton of additional production of rice on the basis of the revised capital outlay of Rs 1,21.60 lakhs works out to Rs 4,864.

According to the advance utilisation programme drawn up by the department, 1,000 acres should have been irrigated during the 1965-66 irrigation season. From the figures furnished by the Revenue Department, it is seen that the area irrigated was 379 acres only.

(iv) *Defective maintenance of accounts.*—A systematic account of receipts, issues and balances of stock has not been maintained by the Stores sub-division from its inception in June, 1963. The ground balance on the 18th August, 1964 was adopted as the basis for further accounting of stores from that date. Reconstruction of the stores accounts indicated that the ground balances as on the 18th August, 1964 were very much less than the book balances on that date in several cases. The value of the differences in respect of 6 items of stores was about Rs 40,000. The department has stated that the discrepancies are under reconciliation.

The annual certificate of balances due to be furnished to Audit within six weeks of the close of accounts for March, has not been furnished by the division for any year. Annual verification of the stock of stores and surprise check by superior officers as required under the rules were also not conducted prior to October, 1965.

The rules require that the unused balance of the materials-at-site should be verified at least once a year and whenever there is a change of incumbency and a report of verification sent to the division office. This was not done; the Executive Engineer has stated (May, 1966) that the physical balances available when the Project is completed will be verified and the results intimated.

The annual register of materials-at-site has not also been posted after December, 1964.

51. *Manjalar Reservoir Scheme.*—The scheme envisaged the construction of a reservoir across Manjalar river and a main canal  $3\frac{1}{2}$  miles long. The work was started in November, 1963 and is expected to be completed by December, 1966.

Some particulars regarding this project are given below :—

	(IN LAKHS OF RUPEES)
(1) <i>Cost of construction</i> —	
Original estimate (1962) .. .. .	65.00
Revised estimate (1966) (not yet approved by Government)	1,09.00
Actual expenditure upto the end of June, 1966	84.60

The upward revision of the estimate by about 65 per cent is attributed mainly to—

	(IN LAKHS OF RUPEES)
(a) increased cost of land .. ..	8.41
(b) increase in the reservoir level by 5 feet	5.45
(c) increase in the cost of earthwork according to the actual working rates of earth-moving machinery	6.05
(d) increase in the cost of labour, materials, etc.	6.08
(e) additional items of work not originally provided for	4.75

(2) *Irrigation target and estimated return on capital.*—The target of irrigation was fixed originally as 1,200 acres. By increasing the capacity of the reservoir, an additional 800 acres are expected to be brought under irrigation. A return of 0.38 per cent (without betterment fee) and 0.60 per cent (with betterment fee of Rs 300 per acre) was expected on the capital invested. Owing to increase in the cost of project, the return will get reduced to 0.18 per cent and 0.41 per cent respectively. The estimated cost per ton of additional production of rice on the basis of the revised capital outlay of Rs 109 lakhs works out to Rs 10,250 as against the accepted norm of Rs 1,500.

It is noticed that the scheme was taken up for execution without obtaining the technical clearance from the Planning Commission. The Advisory Committee on Irrigation of the Planning Commission observed in August, 1965, that the project was very uneconomical in view of the low benefit cost ratio; the Committee, however, did not make any recommendation as considerable expenditure on the project had already been incurred. Consequently, in October, 1965, the State Government ordered that the scheme should be implemented as a non-Plan Scheme. This decision has not been suitably brought to the notice of the Legislature by an explanation in the Budget Memorandum.

The major portion of the earthwork for the dam is done by heavy machinery like tippers, dumpers and scrappers. The plants have remained unutilised for long periods. As against 1,06,600 estimated working hours for the period from January, 1964 to March, 1966, the plants have worked for 32,179 hours only, indicating a shortfall of 70 per cent.

52. *Desilting-cum-Reclamation Scheme.*—The scheme started in 1957-58 envisaged desilting of the tank bed and using the desilted earth for raising the full tank level and for reclaiming submergible foreshore lands. It was anticipated that during the Third Five-Year Plan, 100 works would be executed and thereby additional 20,000 acres would be brought under cultivation, 16,000 acres by reclaiming foreshore lands and 4,000 acres by restoring the lost capacity of the tanks.

During the period from 1961-62 to 1965-66, 41 works were completed and 28 works were in progress at the end of March, 1966. 843 acres of private foreshore lands were reclaimed and 1,606 acres were added to the ayacut by increasing the capacity of the tanks. The total expenditure incurred upto March, 1966, was Rs 85.27 lakhs as shown below :—

	(IN LAKHS OF RUPEES)
Expenditure on works .. .. .	17.42
Special tools and plant .. .. .	56.86
Establishment charges .. .. .	10.99

The slow progress of the scheme was attributed to—

(i) the seasonal nature of the work (i.e., permitting execution only during certain months in a year),

(ii) poor outturn from the available earth-moving machinery like dumpers, scrappers and bulldozers, most of which have outlived their estimated lives. As against the total of 3.91 lakhs working hours available during the period from 1961-62 to 1965-66, the machinery worked for 1.34 lakhs hours, indicating a shortfall of 66 per cent, and

(iii) non-availability of new machinery due to difficult foreign exchange position.

The poor progress of works resulted in the establishment charges becoming disproportionately heavy as compared to the works outlay (63 per cent).

The following further points were noticed :—

(i) Of the 28 works which were in progress in March, 1966, 15 had been taken up for execution prior to 1964-65. The total expenditure incurred on these works upto May, 1966, was Rs 6.94 lakhs; this included an expenditure of Rs 2.22 lakhs on 8 works in respect of which there was no expenditure after April, 1965.

(ii) In respect of 28 tanks in Chingleput district completed between 1960 and 1963, the additional irrigation potential created was 1,012 acres. From the particulars available with the Revenue department, it is seen that only 577 acres have so far been brought under cultivation (August, 1965).

(iii) Government ordered in October, 1961, that in selecting the works, preference should be given to those tanks which have got suitable Government *poramboke* lands fit for reclamation and that the reclaimed lands should be disposed of by sale in auction or by assignment. In respect of 68 out of 79 works taken up for execution, after October, 1961, there has been no reclamation of *poramboke* lands. No information is available in regard to the disposal of 144 acres of *poramboke* lands reclaimed upto 1961-62.

(iv) Only about 3 per cent of the works investigated have been taken up for execution.

53. *Construction of a bridge across Ponnaiar.*—The construction of a submersible bridge across Ponnaiar river at M.104/2-6 of Vikravandi Lower Anicut Road was entrusted to a contractor in October, 1961 to be completed by October, 1963. The main work was completed more than two years later and the bridge opened for traffic in March, 1966. The apron work is still to be completed (June, 1966). The contractor attributed the slow progress of work to changes in design effected after the work was commenced and frequent floods in the river, causing suspension of work. The department did not agree with the contractor's plea; a fine of Rs 1,000 was imposed in May, 1965 and it was recovered in October, 1966. The delay in execution resulted in the retention of the special staff till February, 1966 (when the special sub division was wound up). The expenditure incurred on staff and rent of godowns beyond October, 1963 amounted to Rs 87,400.

The expenditure incurred on the work amounted to Rs 15.47 lakhs (up to June, 1966). Revised sanction of Government for the excess over the estimate (Original—Rs 11.81 lakhs; Revised—Rs 13.49 lakhs) has not yet been obtained (October, 1966).

According to the standing orders of Government, tolls are leviable in respect of new roads and bridge works costing Rs 5 lakhs and above (the limit was raised to Rs 10 lakhs from the 1st April, 1965) and necessary proposals should be submitted to them for approval well in time so that tolls could be levied from the date of opening the bridge. Proposals submitted in this regard by the Chief Engineer in May, 1966 are stated to be under consideration by Government (October, 1966).

The following table indicates the quantities of cement and steel purchased for the work and the quantities actually used:—

Year of purchase	Cement			Steel		
	Receipts	Issues	Transfer to other works/divisions	Receipts	Issues	Transfer to other works/divisions
	(IN TONS)			(IN TONS)		
1960-61	—	—	—	88	..	..
1961-62	1,045	—	450	133	..	14
1962-63	957	443	16	66	36	3
1963-64	473	90	238	..	2	..
1964-65	582	298	666	..	..	22
1965-66	992	1,330	361	113	233	..
Total	4,049	2,161	1,731	400	271	39

Quantity rendered unfit 157 tons .. Nil.

Balance on hand Nil. .. 90 tons  
(Value Rs 77,040)

It will be observed that the quantities purchased were excessive, necessitating transfer of stock to other works and divisions, resulting in avoidable expenditure on transport, the extent of which needs to be assessed.

Besides, due to long storage, 157 tons of cement was also rendered unfit for use on the work. In September, 1963, the Assistant Engineer reported that the stocks of cement in the several godowns were in a clodded or semi-clodded condition. Restacking was done between November, 1964 and February, 1965. There was a loss of Rs 15,450 as shown below:—

	RS
Value of 33 tons of cement representing wastage due to repacking and screening	5,050
Loss in the disposal of 124 tons, found unfit for use	10,400

The Superintending Engineer has stated (November, 1966), that the case is under investigation with a view to fixing responsibility.

54. *Use of less quantity of materials than specified.*—In the two cases mentioned below, the quantity of materials used by contractors on the works was found to be less than the quantity which should have been used according to the specifications of the

works. No deductions on this account were, however, made. The cost of the materials less used was about Rs 39,700; no recovery has been made (September, 1966):—

(i) For the work of constructing a “surplus regulator” at Thirumurthy dam of the Parambikulam-Aliyar Project, the technical data made available to the contractors at the time of inviting tenders specified the use of cement mortar “upto 45 cubic feet” per unit (100 cubic feet) of masonry. It was noticed during local audit, in August, 1964, that in actual execution of the work, only 28 cubic feet of cement mortar had been used per unit. The cost of cement mortar less used amounted to about Rs 7,500.

(ii) The composition of concrete specified for the Aliyar and Navamalai tunnels works of the Parambikulam-Aliyar Project was 1:2:4. As per technical data provided by the department, this composition required the use of 18.40 bags of cement per unit. During local audit of the accounts of Aliyar division, in August, 1966, it was noticed that the contractors did not use the required quantity of cement. As against 1,51,035 bags of cement required to be used as per specifications for the work executed as shown in the final bill, the contractors actually used only 1,46,369 bags. The cost of cement short used amounted to about Rs 32,200. The Executive Engineer stated (August, 1966) that appropriate action for recovery would be taken.

55. *Avoidable expenditure on the acquisition of a land.*—The Land Acquisition Manual provides that in cases where the owner is willing to make a free gift of the land, an award for the full market value of the land should be passed and the owner may make a gift of the compensation received. (This provision has been made so as to give Government an absolute title to the land.)

The Food Production division, Madurai, carried out certain improvements to Muthu Pillai Alangulam tank and Nedungulam tank in July, 1956. It became necessary to acquire about 12 acres of private land which fell in the water-spread area of the tanks. But proposals therefor were not sent to the Revenue Department on the ground that all the ryots, except one, had given their consent to part with their lands free of cost or at low rates. In August, 1957, the owner of the land who had not given his consent claimed compensation for his land; other land owners also went back on their consent and claimed compensation for their lands. A notification for acquisition of land was issued only in August, 1962. The valuation of the lands was approved by the Land Acquisition Officer, in June, 1963, but there was a delay of about three years in his passing the award due to delay in getting the revised estimate approved and in providing funds. The award was passed in May, 1966 for Rs 34,759. Apart from the fact that the department was not able to secure the lands



free of cost or at low rates after following the procedure prescribed in the Land Acquisition Manual, the delay in initiating the land acquisition proceedings and passing the award resulted in—

(a) payment of higher compensation due to increase in the market rates (Rs 17,152). The valuation is based on the market rate prevailing at the time of issue of notification and not on the rate prevailing at the time of taking possession of the land; and

(b) payment of interest on the amount of compensation from August, 1956 (Rs 9,752).

56. *Parambikulam-Aliyar Project—Extra expenditure.*—The construction of the Sarkarpathy tunnel (12,510 feet long) was sanctioned in 1960-61. The tunnel was intended for letting water to the Sarkarpathy Power House for generating electricity and then to feed Thirumurthy Reservoir through a contour canal and another tunnel of  $3\frac{1}{2}$  miles length. In the notice inviting tenders for the work issued in August, 1960, it was stipulated that the work should be completed within  $2\frac{1}{2}$  years. The lowest tenderer wrote in October, 1960 that a minimum period of  $3\frac{1}{2}$  years would be required for completing the work by the method of excavation specified by the department and if the work had to be completed within  $2\frac{1}{2}$  years, it would be necessary to undertake the following additional works involving an extra expenditure of Rs 5.69 lakhs:—

(i) construction of another tunnel to reach the main tunnel at an intermediate point to provide two more working faces; and

(ii) provision of a shaft.

The department accepted the alternative offer and entrusted the work to the contractor in December, 1960 for Rs 71.34 lakhs. In spite of the additional expenditure of Rs 6.37 lakhs (as against the estimate of Rs 5.69 lakhs), the work was not completed within the stipulated period. There occurred a delay of  $2\frac{1}{2}$  years. This has been attributed to “difficulty in procuring detonators, delay in providing electric energy and in getting foreign exchange for procuring the required machinery by the contractor, etc.”.

Even after completion of the work in November, 1965, the tunnel could not be commissioned as Sarkarpathy Power House, the contour canal and the Thirumurthy reservoir were not completed by then. In fact, the programme drawn up by the Electricity Board did not envisage the completion of the Power House before June, 1964. (The Power House has been completed in August, 1966 only and is yet to be commissioned—October, 1966.) It is not clear, therefore, why the work was not allotted for execution within  $3\frac{1}{2}$  years by the method of excavation originally contemplated. This would have avoided the necessity of the additional expenditure of Rs 6.37 lakhs.

57. *Delay in bringing a building into beneficial use.*—A building constructed in 1962 by the Public Works Department at a cost of Rs 3.80 lakhs for the Basic Training School for Girls, Munanjipatti (Tirunelveli district), is still lying unutilised (July, 1966) and the school is accommodated in a private building on a rent of Rs 180 per mensem. The Inspectress of Girls' Schools, Tirunelveli, did not take over the building, stating that sanitary facilities were not adequate and that a compound wall had not been provided. The improvements were not carried out immediately, as an alternative proposal to accommodate in the building the Basic Training School for Boys was under consideration. This proposal did not, materialise. In August, 1965, Government sanctioned a sum of Rs 41,000 for carrying out necessary improvements and these were carried out. The building has, however, not yet been occupied, as the Inspectress of Girls' Schools has pointed out certain other defects and repairs. The Collector has written to the Joint Director of Secondary Education in June, 1966 that "the defects and repairs referred to by the Inspectress of Girls' Schools were not serious enough and public opinion was against keeping it vacant". In this connection, it is observed that the building has been constructed on approved type design and the plans and estimates had been approved by the Education department before the construction was started.

58. *Non-acceptance of a lower offer and consequent extra expenditure.*—In response to open tenders invited on the 14th June, 1963, for the construction of a building for the Fundamental Research Centre in the Engineering College, Guindy, two firms quoted. The lower offer of Rs 1,84,598 was rejected by the Joint Superintending Engineer (Technical) on the ground that the tender had not been accompanied by a treasury chalan for the earnest money deposit of Rs 4,000 as required in the tender notice. The higher offer of Rs 2,10,719 was accepted by him. It was observed in audit that the firm, which had quoted the lower rate, had indicated in its tender, that it had remitted into the Reserve Bank of India on the 28th June, 1963, the earnest money deposit by a cheque and that the amount was actually realised and credited to Government Account on the 2nd July, 1963, before the decision on the tenders was taken on the 9th July, 1963. It was also observed that though the value of the contract was large and the rules required that at least one month's time should be allowed for the submission of tenders in such cases, the department had given only 14 days' time. The matter was reported to Government in March, 1966; their reply is still awaited.

59. *Acquisition of land in excess of requirements.*—In November, 1964, the Public Health Engineering department took possession of 4.61 acres of land required for the combined water-supply scheme for the Bhavani and Kumarapalayam panchayats, by invoking the emergency provisions of the Land Acquisition Act.

On finding that the value of land as assessed by the Revenue department (Rs 1.20 lakhs) was greatly in excess of the provision in the estimate for the work, the Executive Engineer suggested to the Revenue department in October, 1965 that the extent of land to be acquired might be reduced to 2.8 acres. The Revenue department stated that withdrawal from acquisition, after the land had been taken possession of, was not permissible. Thus, 1.81 acres of land (approximate value: Rs 47,000) has been acquired in excess of the requirement.

60. *Incorrect fixation of issue rates.*—During local audit of the accounts of the Public Works Workshops and Stores, Madras, in November, 1965, it was noticed that whereas the value of M.S. rounds in stock as on the 23rd December, 1963 was shown in the ledger as Rs 82,491, the quantity was shown as “nil”. A further examination by Audit indicated that issues of this material were incorrectly priced in the past (from the 2nd February, 1962), resulting in short recoveries from the indentors as shown below:—

	RS
(a) Neyveli Lignite Corporation (supplies made in November and December, 1962)	15,241
(b) Madras State Electricity Board (supplies made in July, 1963 and August, 1963)	5,044
(c) Other departments of the State Government (supplies made till December, 1963)	62,206

The incorrect fixation of issue rates resulted in under-recovery of storage and supervision charges also to the extent of Rs 2,922.

The Neyveli Lignite Corporation and the Madras State Electricity Board have not so far agreed to pay the amounts recovered short from them (July, 1966).

It was observed that the value of the closing balance of stock was undercast in the stores ledgers with the result that the issue rates fixed were less than the correct rates; the defect also remained undetected as the balances according to the stores ledgers were not reconciled with the financial accounts regularly.

61. *Expenditure on the operating staff of idle machines.*—In the Irrigation Reserve Stock subdivision attached to the Manjalar Irrigation Project division, out of 57 machines (book value: Rs 23.01 lakhs), 27 machines (book value: Rs 8.75 lakhs) have not been working for over two years. The operating staff are, however, continued; the expenditure incurred on staff amounted to Rs 0.89 lakh during the period from June, 1964 to April, 1966.

The remaining 36 machines worked for 0.39 lakh hours only during the period from June, 1964 to April, 1966 as against their estimated working hours of 1.43 lakhs, indicating a shortfall of 73 per cent. It was stated that most of the machines required major repairs and were on sick line for long periods.

The value of spare parts as on the 31st March, 1966 was Rs 7.20 lakhs.

62. *Expenditure on deposit works.*—The departmental rules require that in the case of works executed on behalf of local bodies, etc., the estimated cost of works should be deposited by them in advance or in instalments and the expenditure on the works should not be incurred in excess of the deposits received. The rules also provide for the charging of interest on the amount advanced by Government, if such an advance is made for avoiding a suspension of work, pending receipt of contribution. In respect of water-supply and drainage schemes, executed by the Public Health Engineering and Municipal Works department on behalf of municipalities, panchayats, etc., a sum of Rs 63.49 lakhs was pending recovery (March, 1966) towards expenditure incurred in excess of the contribution received from local bodies as shown below :—

<i>Name of division</i>	<i>Number of works</i>	<i>Expenditure incurred in excess of deposits</i>	<i>Period to which expenditure relates</i>
(IN LAKHS OF RUPEES)			
Public Health Division, Madras	43	21.92	1956-57 onwards
Public Health Division, Tirunelveli	21	13.25	1958-59 onwards
Western Public Health Division, Coimbatore	17	2.52	1960-61 onwards
Public Health Division, Madurai	63	25.80	1959-60 onwards

A sum of Rs 7.94 lakhs was also due for recovery towards interest on Government funds spent up to the 31st March, 1965; of this, Rs 5.33 lakhs related to 1963-64 and earlier years.

63. *Materials-at-site of works and shortages in stock.*—The rules require that the surplus materials at the site of works should be transferred to other works or stock, and the balances under the suspense head "Materials-at-site account" should be cleared and the works accounts closed as soon as a work is completed. In 6 divisions the accounts of which were inspected between December, 1963 and February, 1966, materials valued at Rs 85.09 lakhs were outstanding in the accounts of 105 works. It was noticed that—

(a) in the accounts of 55 works (completed mostly between March, 1958 and March, 1965) the total amount outstanding was Rs 37.09 lakhs;

(b) in the accounts of 83 works (36 completed mostly during March, 1965, and 47 in progress) there were differences between the book balances and the ground balances to the extent of Rs 38.35 lakhs.

The Executive Engineers of two divisions in which the differences were substantial (Rs 38.07 lakhs) have stated that real shortage, if any, could be known only when the defects in the accounts such as omission to post issues, receipts, transfers, etc., are set right and that action is being taken to analyse the accounts of the works and to reconcile the discrepancies.

Besides, shortages amounting to Rs 0.73 lakh noticed in the accounts of 37 works at the time of annual verification of stock or transfer of charge, were pending regularisation. Details of these cases are furnished in Appendix IX.

64. *Unadjusted balances under "Miscellaneous Public Works Advances" and "Purchases" heads.*—Suspense heads in accounts are intended for the temporary passage of certain transactions which cannot be accounted for finally because the relevant payment, recovery, or adjustment is awaited. The nature of two of the suspense heads (operated in Public Works accounts) "Miscellaneous Public Works Advances" and "Purchases" is indicated below :—

"*Miscellaneous Public Works Advances*".—This head accommodates debits for the value of stores sold on credit, expenditure incurred on deposit works in excess of deposits received, losses of cash or stores not written off and amounts recoverable from Government servants, etc.

"*Purchases*".—When materials are received for a specific work or stock, without being paid for or adjusted during the month, their value is credited to the suspense head "Purchases" by contra debit to the work or stock, as the case may be. When payment is made or the value is adjusted by transfer, this head is debited with the amount, thereby clearing the previous credit..

From the information furnished by the Public Works divisions, it was noticed that large amounts were outstanding under these heads at the end of March, 1966. Details are given below :—

A. *Miscellaneous Public Works Advances.*—

Nature of advances	Amount (IN LAKHS OF RUPEES)
Sales on credit .. .. .	4.33
Expenditure in excess of deposits ..	1,40.45
Losses, retrenchment, etc. .. ..	0.14
Other items .. .. .	39.62
<b>Total ..</b>	<b>1,84.54</b>

Out of this, a sum of Rs 15.01 lakhs related to 1962-63 and earlier years, Rs 8.16 lakhs to 1963-64 and Rs 34.07 lakhs to 1964-65.

It is necessary that these debits are adjusted early by making recoveries/adjustments as the accumulation of old items is fraught with the risk of ultimate loss to Government.

Brief particulars of a few illustrative cases are mentioned below:—

Serial number	Name of division	Amount RS	Date from which outstanding	Particulars
1.	Public Works Workshops, Madras	77,749	1955 and earlier years	Debits outstanding at the end of the year under "Workshop manufacturing suspense account" were kept under "Miscellaneous Public Works Advances". The expenditure incurred under the workshop account has not been linked with the debits raised against the indenting divisions/departments.

Serial number	Name of division	Amount in Rs	Date from which outstanding	Particulars
		2,38,633	March, 1957 to March, 1964	Represents the value of work done for other departments for which debits against the indentors have not been raised; the major portion of the amount relates to value of work done during 1962-63 and earlier years (dating back to March, 1957).
2.	Lower Bhavani Project Headworks Division	16,057	February, 1960	Difference noticed at the time of closing the annual stock account for 1958-59, pending investigation.
3.	Coimbatore Division	19,814	April, 1962	The work of "Providing channel leading to Ammankulam tank" was taken up by the department as a full contribution work. The beneficiaries paid a sum of Rs 16,000 in December, 1957. Due to enhanced compensation for land acquired for the work, the cost of the work went up to Rs 35,814. The beneficiaries have refused to meet the cost and according to the Superintending Engineer the chances of recovery are "remote".
4.	Tiruchirapalli Division, Tiruchirapalli	52,095	December, 1962	Represents expenditure incurred on the maintenance of Pallapalayam Channel pending adjustment from the Irrigation, Cess Fund.

B. *Purchases*.—As at the end of March, 1966, a sum of Rs 3,59.12 lakhs was outstanding under this head. Yearwise analysis is given below :—

	Amount (IN LAKHS OF RUPEES)
Pertaining to 1961-62 and earlier years.	31.76
1962-63 .. .. .	29.87
1963-64 .. .. .	24.40
1964-65 .. .. .	85.31
1965-66 .. .. .	1,87.78

A test-check of the accounts of 4 divisions indicated that—

(a) a total amount of Rs 4.98 lakhs (number of items : 154) was outstanding for want of debit advices from other divisions (71 items involving Rs 3.86 lakhs related to 1962-63 and earlier years) ;

(b) a total amount of Rs. 11.12 lakhs (number of items : 1,686) was outstanding due to delay in payment or incorrectly debiting the payments made to final heads of account ; of these, 681 items involving Rs 7.91 lakhs related to 1962-63 and earlier years ; and

(c) there were 157 items involving Rs 0.59 lakh, which showed *minus* balances, indicating that the suspense head had been debited in excess of the credits. The rules require that in such cases the difference should be charged to stock or to the work concerned.

## CHAPTER V

### Stores and Stock Accounts

65. A synopsis of the important stores and stock accounts for 1965-66 (other than those relating to Government Commercial and quasi-commercial departments/undertakings, etc.) is given below :—

Serial number and department	Description of stores	Opening balance as on the 1st April 1965	Receipts during the year	Issues during the year	Closing balance as on the 31st March, 1966
(IN LAKHS OF RUPEES)					
A. WORKS DEPARTMENTS					
1. General and Buildings (b)	Building materials	13.72 (a)	42.14	35.70	20.16
	Metals ..	36.81 (a)	68.71	68.76	36.76
	Miscellaneous stores ..	1,62.92(a)	62.10	90.33	1,34.69
2. Highways ..	Miscellaneous stores	15.23	40.07	36.60	18.61
3. Irrigation (c)	Building materials including timber	13.73 (a)	1,09.72	1,15.36	8.09
	Metals .. ..	7.75 (a)	22.64	21.11	9.28
	Fuel .. ..	2.28 (a)	22.19	23.09	1.38
	Miscellaneous stores	38.74 (a)	38.11	39.51	37.34

(i) The rules require that the stock registers in the Public Works division should be closed at the end of each half-year and be reviewed by the Divisional Officer to see that the stocks consist only of

(a) In cases marked (a), the opening balance shown here differs from the closing balance shown in the Audit Report, 1966, by the amounts indicated below :—

Department	Description of stores	Amount of difference
(IN LAKHS OF RUPEES)		
General and Buildings	Building materials .. ..	-1.69
	Metals .. ..	-1.46
	Miscellaneous stores .. ..	+4.65
Irrigation .. ..	Building materials including timber	+10.97
	Metals .. ..	+1.00
	Fuel .. ..	+0.44
	Miscellaneous stores .. ..	-4.60

The differences are due to :—

- (i) reconciliation of the discrepancies noticed in earlier years; and
- (ii) inclusion of figures relating to certain divisions, which were not included earlier for want of categorywise particulars.

(b) and (c) The stores accounts do not include the transactions of two divisions for want of categorywise particulars.

serviceable articles and that the stores are priced at prevailing market rates. The half-yearly registers were not, however, closed in the following divisions for the periods noted against each:—

- |   |   |   |
|---|---|---|
| (1) Gomukhi Nadhi division ..                       | } | Posting of registers in arrears from the half-year ending 30th September, 1963. |
| (2) Upper River Conservancy division                |   |   |
| (3) Construction North division                     |   |   |
| (4) Salem division .. .. .                          | } | Posting of registers in arrears from the half-year ending 30th September, 1964. |
| (5) Western Public Health division                  |   |   |
| (6) Top Slip division (Parambikulam-Aliyar Project) | } | Posting of registers in arrears from the half-year ending 31st March, 1965.     |
|   |   |   |

(ii) In the Public Works Workshops and Stores, Madras, the monthly reconciliation of the balances according to the priced stores ledgers with the financial accounts was in arrears from March, 1965. A total difference of Rs 6.04 lakhs as at the end of February, 1965 also remained to be reconciled.

(iii) The total value of stock held at the close of 1965-66 in three divisions amounted to Rs 57.49 lakhs as against the total reserve limit of Rs 42.50 lakhs. The excess over the reserve limit has not been regularised (November, 1966).

#### B. CIVIL DEPARTMENTS

<i>Serial number and department</i>	<i>Description of stores</i>	<i>Opening balance as on the 1st April, 1965</i>	<i>Receipts during the year</i>	<i>Issues during the year</i>	<i>Closing balance as on the 31st March, 1966</i>
(IN LAKHS OF RUPEES)					
4. Revenue—					
(a) Madras Stamp Office	Stamps ..	1,06.92	60.67	52.06	1,15.53
(b) Madras Taluk Treasury and other depots	Stamps ..	21,41.84(a)	13,34.61	12,67.01	22,09.44
	Opium (in kilograms)	6.10 (b)	43.26	44.14	5.22

(a) Differs by (+) Rs 23.34 lakhs from the closing balance as on the 31st March, 1965 shown in the Audit Report, 1966, due to inclusion of the value of stamps received in previous years which were omitted to be taken into account due to belated receipt of invoices.

(b) Differs from the closing balance of 9.65 kilograms as on the 31st March, 1965 shown in the Audit Report, 1966 due to (i) certain sales made during 1964-65 not shown in the accounts (4 kilograms) and (ii) discrepancies in balances in three treasuries which are reported to be under reconciliation (0.45 kilogram).



Serial number and department	Description of stores	Opening balance as on the 1st April, 1965	Receipts during the year	Issues during the year	Closing balance as on the 31st March, 1966
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(IN LAKHS OF RUPEES)

## 5. Forest—

Sandalwood ..	1,96.01	2,16.91A	2,50.98B	1,61.94
Other produce ..	71.46	69.95C	95.22D	46.19
Other stores ..	17.63(c)	7.51	1.21E	23.93

A Includes appreciation of Rs 11.52 lakhs due to revaluation of stocks of sandalwood based on the prevailing market rates.

B Includes Rs 4.65 lakhs being the value of shortages, etc., written off during the year.

C Includes appreciation of Rs 19.14 lakhs due to revaluation of stocks based on the prevailing market rates.

D Includes Rs 0.67 lakh being the value of shortage, etc., written off during the year.

E Includes Rs 0.13 lakh being the value of shortage, etc. written off during the year.

6. Agriculture..	Seeds and plants	27.33	1,95.60	1,74.56	48.37
	Manures .. ..	2.62	8.09	8.60	2.11
	Tools and plant ..	15.96	23.19	10.35	28.80
	Chemicals ..	55.57	1,50.14	1,18.08	87.63
	Miscellaneous ..	14.17	21.10	18.45	16.82
7. Animal Husbandry	Cattle feed ..	5.28	61.31	59.04	7.55
	Other consumable stores (medicines, clothing, etc.)	6.47	14.46	10.37	10.56
8. Medical ..	E.S.I. Dispensaries—				
	Medicines, drugs, and dressings	10.80	32.01	30.36	12.45
	Miscellaneous stores, (diet articles, etc.)	0.26	2.06	2.01	0.31
	Other medical institutions—				
	Medicines, drugs and dressings	78.65	1,73.97	1,56.59	96.03
	Miscellaneous stores, (diet articles, etc.)	47.06	1,17.01	1,14.69	49.38

(c) Differs from the closing balance of Rs 17.59 lakhs as on the 31st March, 1965, shown in the Audit Report, 1966, due to inclusion of the value of stores relating to the "Development Unit" not shown in previous accounts.

Serial number and department	Description of stores	Opening balance as on the 1st April, 1965	Receipts during the year	Issues during the year	Closing balance as on the 31st March, 1966
(IN LAKHS OF RUPEES)					
9. Approved schools and vigilance services	Maintenance—				
	Ration articles ..	0.44	13.56	13.64	0.36
	Clothing and bedding	0.44	1.56	1.76	0.24
	Manufactory—				
	Raw materials ..	0.81	0.93	0.97	0.77
	Manufactured articles	0.46	0.88	1.01	0.33
10. Jails ..	Maintenance—				
	Ration articles ..	2.73	50.67	49.48	3.92
	Medicines and surgical instruments	1.29	0.99	1.03	1.25
	Clothing and bedding	2.45	3.54	3.31	2.68
	Manufactory—				
	Raw materials	15.83(d)	41.98	44.21	13.60
	Manufactured articles	9.37	55.98	56.90	8.45
11. Stationery office	Stationery stores, etc.	53.06	92.77	1,09.53	36.30
12. Government Press	Paper .. ..	9.68	34.40	38.23	5.85
	Binding materials and consumable stores	3.71	10.51	9.67	4.55

66. *Extra expenditure due to delay in finalising tenders.*—In the cases mentioned in paragraphs 67 to 70 below, Government incurred extra expenditure of Rs 38,378 due to delay in finalising tenders for supply of cattle-feed, equipment, etc. It may be mentioned in this connection that in March, 1963, Government had issued instructions that tenders for supply of articles should be finalised with utmost expedition and acceptance of offers communicated within a month from the last date stipulated for receipt of tenders.

67. In response to a tender notice issued in March, 1964, by the Director, King Institute, Guindy for the supply of 90,000 kgs. of crushed oats during the year ending June, 1965, only one tender (rate—75 paise per kg.) was received in April, 1964. This tender was forwarded two months later on the 17th June, 1964, to the Director of Medical Services; the latter desired (29th June, 1964) that the market rate be ascertained and intimated. Meanwhile, on the

(d) Differs from the closing balance of Rs 14.87 lakhs as on the 31st March, 1965 shown in the Audit Report, 1966, due to inclusion of the value of work-in-progress in Central Jail, Coimbatore, which was not shown in the accounts of previous years.

7th July, 1964, the tenderer withdrew his offer, stating that the finalisation of the tender had been delayed and that due to failure of crops the price of oats had gone up. Fresh tenders were not invited and purchases were made locally from the same firm at a higher rate of 90 paise per kg. The extra expenditure incurred on the purchases made during the period from July, 1964 to June, 1965 amounted to Rs 12,000.

68. In May, 1964, the Superintendent, Livestock Farm, Abisheka-patti, invited tenders for the supply of cattle-feed during the period from July, 1964 to March, 1965. As no satisfactory offers were received, fresh tenders were invited in July, 1964, the last date for receipt of tenders being the 14th August, 1964. The acceptance of the offers was communicated to three successful tenderers after three months, on the 18th November, 1964. The tenderers backed out of their offers stating that the acceptance had been delayed. The Government Pleader gave the opinion that the refusal by the contractors was a violation of the tender conditions, that the earnest money deposits were liable to be forfeited and that the loss incurred by Government could be recovered from them. The Director of Animal Husbandry, however, considered it doubtful that legal proceedings against the tenderers would succeed and directed that no action need be taken against them. Fresh tenders were not invited till April, 1965 and during the period from July, 1964 to March, 1965, the requirements of cattle-feed were purchased locally from a co-operative stores. Computed with reference to the rates tendered in August, 1964, the extra expenditure on the purchases made during November, 1964 to March, 1965 alone amounted to Rs 11,340 in the purchases for Rs 44,780.

69. The agreement entered into in August, 1961, by the Superintending Engineer, Public Works department, Madras Circle, with a firm, for the supply and erection of an air-conditioning plant of 15-ton capacity for an operation theatre in the Government Stanley Hospital, Madras, provided that the department should make available necessary import licence. The department could not secure the licence. In January, 1962, the firm offered to supply alternatively two 7½-ton machines manufactured in India out of imported components (which were ready in stock) for Rs 29,978, involving an extra expenditure of Rs 3,400; this offer was valid up to the 30th July, 1962. The acceptance of this offer was communicated to the firm on the 7th September, 1962, after a delay of over six months. The firm declined to undertake the supply, stating that their stock of the imported components had since been fully earmarked for other commitments. The department then invited fresh tenders and purchased in December, 1964, two machines of the same capacity for Rs 39,912. The delay in accepting the alternative offer of the firm thus resulted in an extra expenditure of Rs 9,934.

70. Due to delay in placing the order, the Executive Engineer, Special Buildings division, Coimbatore had to incur an extra expenditure of Rs 5,104 on the purchase of two pumpsets (cost—Rs 30,624) for the Regional Public Health Laboratory, Coimbatore. The tendering firm had stipulated in its quotation submitted on the 29th July, 1965 that the prices quoted were valid till the 25th August, 1965. The acceptance of the offer was communicated only on the 18th September, 1965; the firm demanded higher price and the department agreed to it.

71. *Irregularities in the maintenance of stock accounts and loss of stores.*—Certain defects in the maintenance of the stock registers of surgical instruments in the Government Ophthalmic Hospital, Madras were pointed out by Audit in October, 1962. The stock registers were re-written on the basis of the actual stock in the stores and wards of the hospital. An investigation of the discrepancies between the balances shown in the new and the old registers and the physical verification of the stores conducted during June-September, 1965 by the departmental audit organisation indicated that several instruments were missing; the value of the missing instruments for which details of cost are available is about Rs 35,000. The question of fixing responsibility in the matter is reported to be under consideration (October, 1966).

There had been omissions in the matter of maintenance of proper accounts; the important ones are indicated below :—

(i) The instruments distributed to theatres and wards were treated as final issues and removed from the accounts.

(ii) There was omission to bring certain items of stores to stock account.

(iii) The accounts for articles broken, condemned, etc., were not maintained.

(iv) Annual physical verification of stores was not conducted from 1961-62 onwards.

## CHAPTER VI

### Financial Assistance to Co-operative Institutions

72. *Joint farming societies.*—Co-operative joint farming societies have been organised with a view to bringing together the small land owners and pooling their lands for joint cultivation on a voluntary basis to step up agricultural production. As at the end of March, 1966, there were 69 such societies in this State. These societies received during the period from 1961-62 to 1965-66, interest-free loans amounting to Rs 16.81 lakhs and subsidies amounting to Rs 3.74 lakhs for sinking wells, reclamation of lands, purchase of agricultural equipments, etc. Besides, Government have also given the services of one senior inspector and one maistry (in some cases) free of cost to each society; the expenditure on their pay and allowances upto March, 1966 was about Rs 2.24 lakhs.

Some points noticed in regard to the utilisation of the assistance by certain co-operative societies and their working results are mentioned below :—

(i) According to the orders of Government, amounts remaining unutilised for a period exceeding six months should be refunded to them. Out of the total assistance of Rs 17.21 lakhs (Rs 14.30 lakhs as loan and Rs 2.91 lakhs as subsidy) paid to 69 societies till June, 1965, a sum of Rs 7.81 lakhs remained unutilised for long periods as shown below :—

<i>Period of payment</i>	<i>Amount remaining unutilised as in December, 1965</i>	
	<i>Loan</i>	<i>Subsidy</i>
	(IN LAKHS OF RUPEES)	
July, 1961—June, 1962 ..	1.02	0.21
July, 1962—June, 1963 ..	1.85	0.15
July, 1963—June, 1964 ..	2.61	0.51
July, 1964—June, 1965 ..	1.10	0.36
Total ..	6.58	1.23

The non-utilisation has been attributed mainly to the poor progress made in reclaiming lands and sinking wells. Out of the total assistance of Rs 1.89 lakhs given to 38 societies upto June, 1965, for reclaiming 2,124 acres of land, only Rs 0.96 lakh was

utilised (December, 1965) for reclaiming 1,384 acres. Similarly, out of Rs 8.96 lakhs given for sinking / deepening 255 wells, only 116 works (assistance : Rs 4.33 lakhs) were completed (December, 1965).

(ii) (a) According to the scheme as formulated for each of the 69 societies at the time of their organisation, it was expected that 2,344 persons would join the societies and pool a total of 7,567 acres of land. 2,344 persons became members of the societies but only 961 pooled their lands; the land actually pooled was only 2,951 acres, out of 5,632 acres owned by them. In 32 of the 69 societies, the total area pooled was less than 50 per cent of the total holdings, and in 11 of these it was less than even 25 per cent. The shortfall was attributed to the following reasons :—

- (1) The holdings were scattered.
- (2) The persons wanted to watch the progress of the societies before pooling their lands.
- (3) The members wanted to retain a portion of the lands for individual cultivation and for raising loans when required on its security.

(b) Out of the total of 2,951 acres pooled, only 836 acres (28 per cent) were wetlands and the remaining 72 per cent were dry lands, which were undeveloped and had never been under cultivation. The departmental inspecting officers have reported that the members have retained good lands for individual cultivation and have pooled inferior and marginal lands for joint cultivation.

(c) The scheme envisages active participation in farm work by the members. From the reports available with the Registrar of Co-operative Societies, it is seen that only 318 members were actually participating in the farm operations (February, 1966).

(iii) Many societies have not undertaken cultivation regularly. The following table shows the number of societies which received assistance and the number that undertook cultivation operations.

<i>Year</i>	<i>Number of societies that received assistance</i>	<i>Number that undertook cultivation during the year</i>
1961-62 .. ..	37	16
1962-63 .. ..	54	23
1963-64 .. ..	69	43
1964-65 .. ..	69	38

Orders for liquidating 19 of these societies, which were found dormant and which had no prospects of being run successfully have been issued and liquidation proceedings are in progress (September, 1966). The total assistance received by the 19 societies, including the services of the staff amounted to Rs 4.61 lakhs.

(iv) A sum of Rs 1.44 lakhs was overdue for recovery (in December, 1965) from 53 societies towards loan instalments; of this, a sum of Rs 0.48 lakh was in arrears for over two years.

(v) The working results of the societies are given below :—

Period	Total number of societies	Number of societies that worked at profit	Number that worked at loss
		Amount of profit	Amount of loss
Year ending—			
30th June, 1962 ..	24	3 Rs 6,730	21 Rs 1,03,961
30th June, 1963 ..	37	5 Rs 7,813	32 Rs 1,36,816
30th June, 1964 ..	54	4 Rs 2,221	50 Rs 2,13,910
30th June, 1965 ..	69	4 Rs 15,370	65 Rs 2,79,483

The reports of inspection of the societies by departmental officers indicated several cases of mismanagement, diversion of funds by societies, neglect and lack of interest on the part of the members, etc. Some points mentioned in these reports are given in Appendix X.

After reviewing the performance of the farming societies, Government decided in June, 1965, that no more joint farming societies should be started in future. They asked the Registrar of Co-operative Societies to examine critically the working of all farming Societies and to take action to consolidate the societies which could be revitalised and made to work successfully.

73. *Tenant farming societies.*—Co-operative tenant farming societies have been organised with a view to eliminating intermediaries between the tenants and the public trusts (mostly temples). The lands belonging to public trusts are taken on lease by the

co-operative societies and allotted to their members for cultivation. Loans and subsidies are given by Government to the societies, to enable them to provide funds to their members for purchase of ploughs, bullocks and agricultural implements. The District Co-operative Central Banks give loans to the societies for cultivation expenses, and the repayment of these loans with interest has been guaranteed by Government.

Till the end of December, 1965, 100 tenant farming societies were organised; these societies received from Government up to March, 1966, interest-free loans amounting to Rs 4.40 lakhs and subsidies amounting to Rs 2.84 lakhs. The working results of the societies are given below:—

Half-year ending	Total number of societies	Number of societies that worked at	
		profit	loss
		Amount of profit	Amount of loss
30th June, 1964	98	58	40
		Rs 43,768	Rs 10,813
31st December, 1964	99	60	39
		Rs 46,814	Rs 10,316
30th June, 1965	100	32	68
		Rs 20,887	Rs 28,776
31st December, 1965	100	29	56*
		Rs 18,766	Rs 30,113

\*Accounts in respect of 15 societies are awaited.

Fifteen societies which received a total assistance of Rs 0.93 lakh are dormant (April, 1966).

As on 31st December, 1965, a sum of Rs 5.71 lakhs was due to the societies from their members towards lease rent. On the same date, the societies owed Rs 6.64 lakhs to the lessors of land and Rs 0.53 lakh to Government towards overdue loan instalments (including Rs 0.31 lakh overdue for over two years from 32 societies). A sum of Rs 2.53 lakhs was outstanding towards loans received from the District Co-operative Central Banks and of this, a sum of Rs 1.59 lakhs was overdue for repayment in December, 1965.

74. *Land colonisation societies for harijans and backward classes.*—As at the end of December, 1965, there were 58 land colonisation societies for harijans and backward classes. Government waste



lands to the extent of 12,867 acres were assigned free of cost to these societies. The area brought under cultivation till December, 1965 was 6,248 acres (50 per cent).

Besides free assignment of land, the societies were also given a total assistance of Rs 25.93 lakhs up to December, 1965 (loan : Rs 15.75 lakhs and subsidy : Rs 10.18 lakhs). According to the orders of Government, amounts remaining unutilised for a period exceeding six months should be refunded to them. Out of the total assistance of Rs 25.93 lakhs paid to the societies, a sum of Rs 6.80 lakhs remained unutilised for long periods as shown below :—

<i>Period of payment</i>	<i>Amount remaining unutilised as in December, 1965</i>	
	<i>Loan</i>	<i>Subsidy</i>
	<i>(IN LAKHS OF RUPEES)</i>	
Prior to June, 1963 .. ..	1.82	2.06
July, 1963 to June, 1964 ..	0.61	0.71
July, 1964 to December, 1964	0.42	1.18
Total ..	2.85	3.95

The non-utilisation has been attributed mainly to the poor progress made in reclaiming lands and sinking wells. Out of the total assistance of Rs 1.21 lakhs given for sinking/deepening 1,128 wells up to June, 1965, only 434 wells were completed and of these, only 311 wells were successful.

The working results of the societies (for which particulars are available) are given below :—

<i>Half-year ending</i>	<i>Total number of societies</i>	<i>Number of societies that worked at profit</i>		<i>Number that worked at loss</i>	
		<i>Amount of profit</i>		<i>Amount of loss</i>	
30th June, 1964 ..	47	2	45		
		Rs 1,565	Rs 8,221		
31st December, 1964	47	3	44		
		Rs 601	Rs 15,307		
30th June, 1965 ..	57	12	45		
		Rs 1,137	Rs 6,056		
31st December, 1965	56	10	46		
		Rs 16,305	Rs 18,706		

A sum of Rs 1.13 lakhs was overdue for recovery (December, 1965) towards loan instalments; of this, a sum of Rs 0.58 lakh was outstanding for over two years.

75. *Land colonisation societies for landless poor.*—As at the end of December, 1965, there were 27 land colonisation societies for landless poor. Government waste lands to the extent of 9,290 acres were assigned free of cost to these societies. The area brought under cultivation till December, 1965, was 5,670 acres (61 per cent).

Besides free assignment of lands, the societies were given a total assistance of Rs 11.15 lakhs (loan: Rs 6.52 lakhs and subsidy: Rs 4.63 lakhs) for reclamation of lands, sinking of wells, purchase of bulls, etc. According to the orders of Government, amounts remaining unutilised for a period exceeding six months should be refunded to them. A sum of Rs 1.09 lakhs, however, remained unutilised with the societies (December, 1965); of this, Rs 0.79 lakh remained unspent for over two years. The non-utilisation has been attributed mainly to the poor progress made in reclaiming lands and sinking wells.

The working results of the societies (for which particulars are available) are given below:—

Half-year ending	Total number of societies	Number that worked at profit		Number that worked at loss	
		Amount of profit	Amount of loss	Amount of profit	Amount of loss
30th June, 1964 ..	15	14	1	Rs 41,810	Rs 3,608
31st December, 1964	26	8	18	Rs 25,724	Rs 3,210
30th June, 1965 ..	26	14	12	Rs 4,991	Rs 3,586
31st December, 1965	22	8	14	Rs 4,190	Rs 10,818

A sum of Rs 0.67 lakh was overdue for recovery (December, 1965) towards loan instalments; of this, a sum of Rs 0.32 lakh was outstanding for over two years.

76. *Scheme for the establishment of chilling stations.*—During the period from March, 1962 to March, 1966, financial assistance amounting to Rs 13.21 lakhs (50 per cent as subsidy and 50 per cent as loan, carrying interest at the prescribed rates and repayable

in 20 annual instalments commencing from the fifth year) was given to 3 co-operative milk supply societies for establishing chilling stations. Government have also sanctioned the services of one dairy assistant for each of the societies free of cost. The scheme was originally estimated to cost Rs 3.81 lakhs but the cost has since gone up to Rs 13.21 lakhs as indicated below :—

	<i>Original estimate</i>	<i>Revised estimate</i>
	<i>Date of sanction</i>	<i>Date of sanction</i>
(IN LAKHS OF RUPEES)		
Kanyakumari District Co-operative Milk-Supply Union	1.35 July, 1961	3.87 August, 1964
Tiruppur Co-operative Milk-Supply Society	1.11 January, 1963	3.44 August, 1964
Chidambaram Co-operative Milk-Supply Union	1.35 March, 1963	5.90 April, 1965

(includes provision for a pasteurisation plant, additional civil works and milk van)

The increase in cost has been attributed mainly to—

(a) rise in cost of equipments, machinery, building materials, etc., and labour since the estimates were originally prepared in 1958-59 ;

(b) purchase of equipment of indigenous manufacture instead of imported equipment originally proposed ; and

(c) payment of extra duties, taxes ; etc.

As mentioned above, the increase in cost is attributable partly to delay in execution of the scheme ; certain particulars are mentioned below :—

<i>Name of the society</i>	<i>Total assistance given</i>	<i>Date stipulated for commissioning the plant</i>	<i>Remarks</i>
	(IN LAKHS OF RUPEES)		
Kanyakumari District Co-operative Milk Supply Union	3.87	March, 1963	The plant was commissioned in April, 1965, after a delay of two years.
Tiruppur Co-operative Milk Supply Society	3.44	March, 1964	The civil works were completed in December, 1965. Erection of plant and machinery is still pending for want of power supply (April, 1966).

Name of the society	Total assistance given	Date stipulated for commissioning the plant	Remarks
Chidambaram Co-operative Milk Supply Union	5.90	May, 1964 ..	Civil works were completed in February, 1966. Erection of plant and machinery has not been taken up (April, 1966) due to non-receipt of boiler, orders for which were placed in July, 1965.

(IN LAKHS OF RUPEES)

In respect of the plants to be installed by Tiruppur and Chidambaram societies, there was delay in Government sanction for the revised estimates. Proposals in this regard were submitted by the societies in October, 1963 and December, 1963 respectively, and Government sanctions were issued in August, 1964 and April, 1965 respectively.

The handling capacity of the plant installed by Kanyakumari District Co-operative Milk Supply Union is 8,000 litres per day. The quantity handled by the Union at present (March, 1966) is only 2,500 litres. The Commissioner for Milk Production has stated in July, 1966, that steps are being taken to include in the area of operation of the Kanyakumari Milk Supply Union two taluks of Tirunelveli district also, so that more milk can be tapped to utilise the plant capacity to the maximum extent.

Certain other points noticed in audit are mentioned below :—

(a) Sanction of Government for installing the chilling plant at Chidambaram was accorded in March, 1963. Orders for the supply of machinery were, however, placed a year later in March, 1964. This delay resulted in an extra expenditure of Rs 21,000 due to increase in price, which was fully borne by Government (50 per cent as subsidy and 50 per cent as loan).

(b) One milk storage tank valued at Rs 28,720 purchased by Tiruppur Co-operative Milk Supply Society was found to be in excess of requirement and the Milk Commissioner ordered in December, 1965 that it should be surrendered to Government. The tank has not yet been handed over to the department (July, 1966).

77. *Assistance to weavers' co-operative societies.*—The Reserve Bank of India provides finances for the handloom industry; cash credit accommodation needed by weavers' co-operative societies to improve their production and its marketing is provided through co-operative banks.

The cash credit accommodation is granted to the societies at concessional rates of interest fixed by State Government; the difference between the normal rate of interest and that charged is subsidised by State Government. The rate of such subsidy in Madras State was 2½ per cent up to January, 1963 and 3 per cent thereafter.

Losses incurred by the banks due to non-recovery of the advances from the societies are borne by the Government of India and the State Government to the extent of 50 per cent and 40 per cent respectively, subject to a maximum of 5 per cent of the total amount advanced.

During the period from 1961-62 to 1965-66, advances amounting to Rs 16.60 crores were granted by the banks to the societies. Government paid to the banks an amount of Rs 33.69 lakhs on account of subsidy towards interest; claims for Rs 5.02 lakhs on account of losses in recovery of advances were under examination by the Director of Handlooms.

The cash credit accommodation availed of by the societies went up from year to year but there was no significant improvement in production. While the credit availed of by the societies and the subsidies towards interest paid to the banks increased by 87 per cent and 258 per cent respectively, production increased only by 4 per cent. The figures are given below :—

Year	<i>Amount of cash credit accommodation availed of by societies</i>	<i>Amount of subsidy towards interest paid by Government</i>	Number of looms	Production
	(IN LAKHS OF RUPEES)		(IN LAKHS)	(IN CRORES OF YARDS)
1961-62 .. ..	2,21.39	3.21	2.23	10.86
1962-63 .. ..	3,03.41	5.00	2.27	11.49
1963-64 .. ..	3,32.29	5.00	2.28	11.53
1964-65 .. ..	3,88.11	8.98	2.31	11.33
1965-66 .. ..	4,14.93	11.50	2.31	(particulars awaited)

The following points were noticed during a test-check of the payments of subsidy in North Arcot and Tirunelveli districts :—

(a) In the case of 43 societies, the cash credit accommodation had not been renewed and withdrawals from the account had been specifically prohibited by the department. Nevertheless, the banks continued to charge interest at concessional rates on the amounts outstanding against the societies and were allowed subsidy towards loss of interest. The total amount paid upto December, 1965 was Rs 46,800.

(b) A number of societies which received advances under the scheme, were running at a loss, as indicated below :—

	Number of societies	Number working at profit	Number working at loss
		Amount of profit	Amount of loss
North Arcot (Accounts for the year ended 30th June, 1964)	69	19 Rs 0.41 lakh	50 Rs 3.19 lakhs
Tirunelveli (Accounts for the year ended 30th June, 1965)	104	40 Rs 1.37 lakhs	64 Rs 4.87 lakhs

(c) 30 societies in North Arcot district and 7 societies in Tirunelveli district are reported to be dormant. The total subsidy paid by Government to banks in respect of these societies was Rs 32,103.

(d) The Director of Handlooms reported to Government in January, 1966 certain alleged misappropriations and malpractices in 13 societies in Kadayannallur, Tirunelveli district. Investigation is in progress (October, 1966). The subsidy paid to banks by Government in respect of these societies was Rs 1,58,695.

78. *Assistance to handloom weavers' co-operative societies for schemes of research and technique.*—During the period from 1961–62 to 1965–66, a total assistance of Rs 63.31 lakhs (loan : Rs 11.85 lakhs and subsidy: Rs 51.46 lakhs) was paid to weavers' co-operative societies for implementing the following schemes :—

Name of the Scheme	Amount of assistance	
	Loan	Subsidy
	(IN LAKHS OF RUPEES)	
Purchase of improved appliances ..	4.11	40.91
Setting up of small dye-houses .. ..	..	3.14
Setting up of a big dye-house at Chennai-malai	0.73	2.21
Employment of dyer-supervisors ..	..	0.77
Setting up of a sanforising plant and a mercerising plant by the Tamilnadu Handloom Weavers' Co-operative Society	7.01	4.43

Certain points noticed in this connection are mentioned below :—

1. *Purchase of improved appliances.*—The Deputy Registrars are required to inspect the societies and report quarterly on the utilisation of the appliances. From the reports for the quarter ending 31st March, 1966, received by the Director of Handlooms from 7 Deputy Registrars of Co-operative Societies, it was observed that appliances in respect of which a subsidy of Rs 0.78 lakh was paid, remained idle. Reports received from 12 officers did not indicate the extent of utilisation and reports were due from 13 officers (August, 1966).

2. *Setting up of small dye-houses.*—From the particulars furnished by the Deputy Registrars, the following points were noticed :—

(i) The department has estimated that for the economic working, each dye-house should handle 112 bales of yarn per year. From the accounts for the year ended 30th June, 1966 received in respect of 38 dye-houses, it was noticed that the quantity of yarn handled ranged from 10 to 60 bales in 16 dye-houses and was below 10 bales in 22 dye-houses.

(ii) From the accounts for the year ended 30th June, 1965, received in respect of 62 societies, it was observed that 24 societies worked at loss; the cumulative loss to end of June, 1965, amounted to Rs 2.01 lakhs.

(iii) Dye-houses set up by 5 societies with a subsidy of Rs 14,559 (paid between March, 1960 and April, 1963) ceased to function after they had run for 9 months to 3 years.

(iv) Four societies to which a total subsidy of about Rs 12,000 was paid, sold away the equipments. Only a sum of Rs 737 has been refunded (July, 1966).

3. *Employment of dyer-supervisors.*—The primary societies are paid a subsidy to meet the cost of employment of dyer-supervisors. The subsidy is admissible for a period of four years on a diminishing scale. During the period from July, 1963 to June, 1966, 26 societies received a total subsidy of Rs 25,110. Twenty-one of these societies continued the employment of the supervisors during the first year only when subsidy to meet the full cost was available and discontinued their services thereafter.

4. *Setting up of a sanforising plant and a mercerising plant by the Tamilnadu Handloom Weavers' Co-operative Society.*—The society was paid in March, 1963, a total assistance of Rs 11.44 lakhs as shown below :—

	(IN LAKHS OF RUPEES)
(a) Loan to meet the entire cost of building	7.01
(b) Subsidy to meet 50 per cent cost of machinery	4.43

The sanforising plant and the mercerising plant were expected to be commissioned within 18 months and 24 months respectively.

The erection of the sanforising plant was completed only in March, 1966; certificate from the Inspector of Steam Boilers is stated to be awaited (August, 1966). Machinery in respect of the mercerising plant received in July, 1964 and January, 1965 could not be erected so far (August, 1966) as the manufacturer's expert has not tested one of the machines and as certain manufacturing defects noticed in another machine have not been rectified by the supplying firm.

79. *Milk supply co-operative societies in Madurai and Ramanathapuram districts.*—As in March, 1966, there were 572 milk supply societies in Madurai and Ramanathapuram districts. During the period from 1961-62 to 1965-66, 214 of these societies had received Government assistance in the shape of loans and subsidies totalling Rs 19 lakhs for purchase of milch animals, construction of cattle sheds, etc.

The following points were noticed in regard to utilisation of Government assistance by these societies :—

(i) Out of the total subsidy of Rs 7.49 lakhs, a sum of Rs 1.92 lakhs remained unutilised (September, 1966); of this, a sum of Rs 1.28 lakhs was lying unutilised for over one year.

(ii) 49 societies which were given a total sum of Rs 89,696 as loan and Rs 4,03,040 as subsidy, were dormant. The reports of the departmental officers indicated mismanagement, lack of interest and desertion of members and misappropriation of funds. (An amount of Rs 15,013 was due for recovery in March, 1966 out of the misappropriated funds).

(iii) As on the 31st March, 1966, a sum of Rs 1.21 lakhs was overdue for recovery from the societies towards instalments of loan and interest. This included a sum of Rs 12,994 due from dormant societies. Amounts totalling Rs 50,521 were due for over one year.

80. *Establishment of green fodder farms.*—With the object of raising green fodder crops and thereby increasing milk production, Government sanctioned in June, 1961 and March, 1963, the establishment of fodder farms by two milk-supply co-operative societies. The societies received a total assistance of Rs 1.64 lakhs as indicated below :—

(i) Perunagar Milk-supply Co-operative Society—		(IN LAKHS OF RUPEES)
Loan .. .. .		0.26
		(March, 1964)
(ii) Srivilliputhur Milk-supply Co-operative Society—		
Loan .. .. .		1.03
Subsidy .. .. .		0.35
		(Between September, 1961 and September, 1962)



The societies also received free services of a lower division clerk and one demonstration maistry.

The Perunagar Society has not yet (July, 1966) set up the fodder farm. The Commissioner of Milk Production stated that the poor progress was due to "lack of interest on the part of the Board of Management mainly because the need for such a farm is not at all felt by the society since large extents of lands are available for grazing". The loan amount of Rs 25,500 was drawn by the Deputy Registrar of Co-operative Societies in March, 1964 and deposited in a co-operative bank, to be drawn by the society as and when required, with the permission of the Deputy Registrar. A total amount of Rs 10,000 has been drawn by the society so far (October, 1966); the balance of Rs 15,500 is lying unutilised in the bank account.

The Srivilliputhur society was required to reclaim an area of 80 acres at an estimated cost of Rs 4,500 but it reclaimed up to July, 1966, only 40 acres at a cost of Rs 4,926. Out of the area reclaimed, only 7 acres have been put under fodder cultivation. The total amount realised by sale of fodder during 1962-63 to 1965-66 was Rs 647.

81. *Overpayment of subsidy.*—Under the Full Finance Scheme, Government have been giving from 1956-57 subsidy to the district co-operative banks at the prescribed scales to meet the cost of employment of additional supervisors for a period of four years. The Senior Inspector, who checked the claims for subsidy to the Co-operative Central Bank, Vellore, for the quarter ending the 30th September, 1964, reported that the bank had not maintained any record to show clearly the total number of additional supervisors employed under the scheme. The Bank admitted in March, 1965 that its claim for subsidy was inadmissible in respect of 22 supervisors. A further scrutiny in January, 1966 by the Deputy Registrar of payments made in the past indicated excess payment totalling Rs 39,900 in respect of 30 supervisors for the period from September, 1962 to March, 1965. No recovery has been made so far (September, 1966).

It may be mentioned in this connection, that while the correctness of the claim for the previous quarter was under check, the claim amounting to Rs 9,228 for the quarter ending 31st December, 1964 was paid in February, 1965; similarly the claims amounting to Rs 9,991 for the quarter ending 30th September, 1964 and 31st March, 1965 were paid on the 24th March, 1965 subject to verification later of the correctness of the claims.

## CHAPTER VII

### Financial Assistance to Local Bodies and others

82. *Grants to local bodies.*—(i) On the basis of information furnished to Audit in August, 1966, the total amount held under objection by the Examiner of Local Fund Accounts (an officer of the State Government) due to grants found inadmissible or drawn in excess of requirements and for other reasons was Rs 1,65.15 lakhs as indicated below :—

<i>Department which administers the grant</i>	<i>Up to 1962-63</i>	1963-64	1964-65
(IN LAKHS OF RUPEES)			
Rural Development and Local Administration	20.85	6.06	5.78
Education .. .. .	58.04	29.94	34.40
Health .. .. .	0.07	1.17	1.09
Other Departments .. .. .	5.33	1.20	1.22

(ii) The types of irregularities reported by the Examiner in respect of grants drawn during 1964-65 are indicated below :—

<i>Nature of irregularity</i>	<i>Number of cases</i>	<i>Amount</i>
(IN LAKHS OF RUPEES)		
(a) Amounts found inadmissible with reference to the actual expenditure	297	38.00
(b) Grants lying entirely unutilised ..	9	1.20
(c) Amounts diverted for purposes other than those for which the grants were sanctioned	5	0.11
(d) Amounts held under objection for want of details of expenditure, non-production of account records, etc.	20	1.56

The amounts drawn in excess of requirements were particularly heavy in the case of grants-in-aid administered by the Education department (Rs 33.71 lakhs) and were mainly due to the failure of the department to restrict the release of Local Education Grants and School Meals Grants to the amounts likely to be spent during the year.

(iii) The accounts of 123 institutions for the year 1964-65 remained to be audited by the Examiner. The Examiner stated that, the accounts of 23 institutions had either not been made available for audit or had been defectively maintained.

83. *Loans to market committees.*—During the period from 1959-60 to 1965-66, loans amounting to Rs 11.85 lakhs were paid by Government to 7 market committees for construction of godowns, market-yards, office buildings, etc. This included interest-free loan of Rs 1 lakh each paid to the Coimbatore, Ramanathapuram and Tirunelveli Market Committees in August, 1959, October, 1962 and January, 1963.

No time limit was prescribed for utilising the assistance. Six committees which received a total loan of Rs 8 lakhs during 1959-60 to 1965-66, had with them unspent balances amounting to Rs 5.33 lakhs as at the end of March, 1966 (67 per cent); of this, a total sum of Rs 3.33 lakhs remained unutilised for periods ranging from 3 to 7 years. The delay in utilisation was attributed mainly to delay in acquisition of land.

The Thanjavur Market Committee, which received Rs 0.50 lakh in March, 1963 had an unspent balance of Rs 0.45 lakh with it. While reporting the progress of utilisation to the State Marketing Officer in August, 1964, the Committee observed that the loans were sanctioned by Government "even before the Committee commenced functioning and without any request from the Committee and hence they could not be made use of immediately".

The release of assistance far in advance of requirements provided unintended benefit to the Committees by way of interest earned by them by investing the surplus funds. The interest thus earned by the 3 market committees which received interest-free loans amounted to Rs 40,280.

84. *Loans under the State Aid to Industries Act.*—The total amount of loans outstanding as on the 31st March, 1966 in respect of loans foreclosed on account of default in repayment, non-utilisation of the amounts, etc., was Rs 23.54 lakhs as shown below :—

	Number of cases	Amount (IN LAKHS OF RUPEES)
(i) Loans sanctioned by the Director of Industries and Commerce	88	17.94
(ii) Loans sanctioned by subordinate officers	2,510	5.60*

(\* Information available in respect of 15 out of 17 offices).

Yearwise analysis is given below :—

<i>Period during which the loans were foreclosed</i>	<i>Number of cases</i>	<i>Amount</i> (IN LAKHS OF RUPEES)
1960-61 and earlier years ..	426	7.88
1961-62 .. .. .	36	0.81
1962-63 .. .. .	110	1.02
1963-64 .. .. .	1,424	2.53
1964-65 .. .. .	423	3.32
1965-66 .. .. .	179	7.98
Total ..	2,598	23.54

The cases mentioned against (i) above include—

(a) 6 cases (Rs 0.59 lakh) in which the hypothecated assets had been sold/removed by the borrowers without the knowledge of the department, and

(b) 13 cases (Rs 3.02 lakhs) in which either there was no security or the security available was inadequate.

A test-check of the loan accounts in the offices of the Assistant Directors and Cottage Industries Officers, indicated the following points :—

(i) In 4 offices, loans totalling Rs 26,300 were disbursed (1965-66) to 17 entrepreneurs, who were not eligible for the aid under the rules.

(ii) In 391 cases involving a total amount of Rs 4.09 lakhs (disbursed during 1963-64 and 1964-65 by five officers), utilisation of the loans had not been verified.

(iii) In 285 cases, the borrowers defaulted in repayment for periods ranging from 3 to 10 years but the loans had not been foreclosed ; the amount pending recovery in these cases was Rs 31,850.

85. *Construction of an open lined channel from Poondi reservoir to Red Hills lake.*—In July, 1962, Government approved a scheme for the construction of an open lined channel of 19 miles length for conveyance of water from the Poondi reservoir to the Red Hills lake, with a view to conserving the water lost in transit through evaporation and percolation. The work was to be executed by the Corporation of Madras with financial assistance from Government. An estimate of Rs 55 lakhs for the first stage of the scheme covering 9½ miles was sanctioned in September, 1963 ; this was revised to Rs 64 lakhs in February, 1965. The first stage was expected to be completed in two years.

During the period from 1963-64 to 1965-66, the Corporation was paid by Government a total amount of Rs 30.40 lakhs (Loan: Rs 27.50 lakhs ; Grant: Rs 2.90 lakhs). The expenditure actually incurred by the Corporation to end of May, 1966, including expenditure on staff, amounted to Rs 10.91 lakhs only ; the balance amount

of Rs 19.49 lakhs was lying unutilised with the Corporation. The following table would indicate that the assistance was paid to the Corporation much in advance of requirement :—

Year	Amount paid		Amount utilised		Amount lying unutilised at the close of the year	
	Loan	Grant	Loan	Grant	Loan	Grant
(IN LAKHS OF RUPEES)						
1963-64 ..	6.50	..	2.50	..	4.00	..
1964-65 ..	10.00	1.28	2.85	..	11.15	1.28
1965-66 ..	11.00	1.62	5.40	..	16.75	2.90

The departmental review of the progress of work done indicates that the pace of execution has been very slow. Government are considering (May, 1966) whether in the interests of "better supervision and speedy execution" the work may not be entrusted to the Public Works Department.

86. *Delay in utilisation of subsidy.*—During 1961-62 to 1964-65, subsidies totalling Rs 1.34 lakhs were given to 23 local bodies and 3 fishermen co-operative societies to meet 50 per cent of the cost of construction of/improvements to fish markets. Subsidy is paid when the work is commenced and necessary agreement is executed, but no time limit has been laid down for completing the work. The following local bodies which received a total assistance of Rs 41,325 have not yet completed the work (August, 1966).

Name of the local body	Amount of subsidy
	Month and year of payment
Krishnagiri Town panchayat .. ..	Rs 10,000 March, 1963
Tirukalikundram Town panchayat ..	Rs 10,000 March, 1963
Tiruvattur panchayat .. .. .	Rs 1,475 March, 1963
Thovalai panchayat .. .. .	Rs 2,850 March, 1963
Kaveripakkam panchayat .. ..	Rs 5,000 March, 1964
Tiruchirappalli municipality .. ..	Rs 12,000 April, 1965

The Madurai municipality, which received a subsidy of Rs 24,250 in December, 1963, completed the construction of the fish market in May, 1965. The market has not yet been leased out and is lying unutilised (October, 1966).

## CHAPTER VIII

### Audit of Receipts

#### SALES TAX RECEIPTS

87. *Budget and actuals.*—The table below compares the revenue realised by the State under the Madras General Sales Tax and the Central Sales Tax during each of the five years ended March, 1966, with the budget estimates therefor :—

<i>Year ended March</i>	<i>Madras General Sales Tax</i>		<i>Central Sales Tax</i>	
	<i>Budget estimates</i>	<i>Actual receipts</i>	<i>Budget estimates</i>	<i>Actual receipts</i>
(IN CRORES OF RUPEES)				
1962 ..	16.22	18.56	2.40	2.70
1963 ..	20.18	21.69	3.01	3.11
1964 ..	22.46	22.18	3.30	4.84
1965 ..	24.90	29.15	5.15	6.15
1966 ..	28.08	33.80	6.40	7.19

During 1965-66, the receipts have exceeded the budget estimates by about 20 per cent under General Sales Tax and 12 per cent under Central Sales Tax. The larger receipts are stated to be due mainly to increase in the rate of tax on certain commodities, larger collection of arrears and growth in trade and commerce in general.

#### UNDER-ASSESSMENT/NON-ASSESSMENT OF GENERAL SALES TAX

88. Under item 2 of the Second Schedule to the Madras General Sales Tax Act, 1959, cotton is taxable at the point of last purchase in the State. In the office of the Commercial Tax Officer, Coimbatore, purchases of cotton for Rs 5,75,713 (between April and December, 1961) by a spinning and weaving mill from local dealers at Coimbatore were erroneously exempted from tax treating them as inter-State purchases. The assessment has since been revised and a demand for Rs 5,757 raised in March, 1966.

89. According to section 2 (g) of the Madras General Sales Tax Act, 1959, as amended with effect from the 18th August, 1962,

sales tax is leviable on all sales by the Central or State Government, whether the sales are made in the course of business or not. No tax was, however, levied on the sales of cattle-feed effected by the Madras Dairy and Milk Project to its licensees during the period from the 18th August, 1962 to the 30th September, 1965. Recovery of tax amounting to Rs 93,191 was waived by Government in November, 1965 on the ground that the collection of arrears of tax from licensees would involve additional burden which was not desirable in view of the heavy loss sustained by them on account of the loss of cattle population due to rinderpest in epidemic form in the colony.

#### INCORRECT EXEMPTION FROM TAX

90. Sales of 'cinder' were taxable till the 31st March, 1963 at the point of first sale in the State and the dealers who purchased cinder up to the 18th August, 1962 from the Railways and sold it were liable to tax. (From the 18th August, 1962, the Railways, being deemed as "dealer" for the purpose of Madras General Sales Tax Act, 1959, were themselves liable to tax in respect of the sales effected by them). In the office of a Joint Commercial Tax Officer, such sales by two dealers during 1962-63 were erroneously exempted from tax. The assessments were revised and a sum of Rs 6,190 was collected in these two cases (December, 1966). The department has been requested to review similar cases.

91. Under item 3-A of the First Schedule to the Madras General Sales Tax Act, 1959, batteries are taxable at the point of first sale in the State. In the office of a Deputy Commercial Tax Officer, a sum of Rs 85,232 representing sales of recharged batteries during 1961-62 was erroneously exempted, treating the transactions as second sales. The assessment in respect of one firm for the year 1961-62 has since been revised and a demand for Rs 8,494 has been raised; the assessments for the years 1960-61 and 1962-63 to 1965-66 are under revision (September, 1966). The department has been requested to review similar cases.

92. According to section 2 (r) of the Madras General Sales Tax Act, 1959, proceeds of the sale by a person of agricultural produce other than tea, grown within the State by himself shall be excluded, from his turnover. In the office of the Deputy Commercial Tax Officer, Cheyyar, a sum of Rs 4,57,000 representing agency sales of members' produce (viz., paddy, the sale of which is taxable at 1 per cent multi-point) was erroneously exempted from the taxable turnover of a Co-operative Marketing Society. The assessment has since been revised and a demand for Rs. 4,570 raised in December, 1965.

93. Other cases of erroneous exemptions, incorrect deductions from taxable turnover, etc., involving tax effect of less than Rs 5,000 are indicated in the following table. The department has been requested to review similar cases.

<i>Amount (Assessment year) Month of revision of assessment</i>	<i>Remarks</i>
Rs 3,659 (1959-60 and 1960-61) August, 1966	Exemption was erroneously granted without verification of the prescribed condition that the dealer should own the country oil chekkus and deal exclusively in the products of the chekkus.
Rs 2,328 (1960-61) May, 1966	Exemption was allowed erroneously on the purchase turnover of raw hides and skins (taxable at the point of last purchase in the State) without obtaining proof that the dealer was not the last purchaser. As the dealer failed to produce necessary documentary evidence, action was taken to revise the assessment.
Rs 2,427 (1960-61) March, 1966	Under section 2 (r) of the Madras General Sales Tax Act, 1959, the proceeds of sale by a person of agricultural produce, grown within the State by himself or on any land in which he has an interest, are exempt from tax. Exemption was, however, wrongly allowed in respect of a sale of turmeric by a commission agent on behalf of an agricultural producer.
Rs 1,124 (1963-64) August, 1966	The excise duty paid by the principals of the dealer was erroneously deducted from the taxable turnover. The rules allow such deduction only if the dealer himself had paid the duty in respect of goods sold by him.
Rs 2,230 (1960-61) August, 1966	Sales of electrical goods concluded by a dealer with the Madras branch of a Calcutta firm were incorrectly treated as inter-State sales and concessional rates of tax levied.

94. *Omission to levy penalty under the Central Sales Tax Act, 1956.*— Under the Central Sales Tax Act, 1956, tax-concession purchases can be made after furnishing declaration in the prescribed form that the goods are required either for resale or for use in the manufacture of taxable goods for sale. When, however, goods so purchased are used for purposes other than those for which they were shown to have been sold in the declaration, the dealer is liable to pay, by way of penalty, a sum not exceeding one and a half times the tax leviable under the Act. In the office of the Deputy Commercial Tax Officer,



Tirupattur, it was noticed that a dealer had used 'Jari' (purchased on the issue of 'C' form declarations) on the cloth supplied by the customers and collected charges towards the cost of material and labour. Though this was an offence under section 10 (d) of the Central Sales Tax Act, 1956, the levy of penalty had not been considered by the department. This was pointed out in Audit. A demand for Rs 11,448 has since been raised against the assessee.

95. *Loss of revenue in inter-State sales due to incorrect issue of registration certificates.*—According to Section 8 of the Central Sales Tax Act, 1956, sales to registered dealers of oil seeds intended for resale were taxable upto the 31st March, 1965 at a concessional rate of 1 per cent.

In three offices, nine dealers who were registered for purchase of oil seeds for purposes of manufacture of oil and not for resale were issued Form 'C' declarations entitling them to the concessional rate of 1 per cent. The irregular issue of 'C' forms in these cases resulted in a loss of revenue of Rs 0.34 lakh to the States from which purchases amounting to Rs 33.91 lakhs had been made.

96. *Demands raised at the instance of Audit.*—As a result of the audit objections raised upto the end of September, 1966, demands were raised for a total sum of Rs 1.31 lakhs during the period from the 1st December, 1965 to the 30th September, 1966 as indicated below :—

	<i>Madras General Sales Tax (number of offices involved —192)</i>	<i>Central Sales Tax (number of offices involved —45)</i>
	RS	RS
1. Additional demand raised to rectify incorrect exemption or omissions to include taxable turnover	16,601	6,067
2. Levy of penalties provided in the Act	28,081	2,161
3. Recovery of tax collected in excess by the dealers	..	2,542
4. Revision of assessments made earlier based on defective and duplicate declaration forms	..	31,499
5. Revision of assessments incorrectly made at compounded rates, rectification of arithmetical mistakes, etc.	29,767	..

	<i>Madras General Sales Tax (number of offices involved —192)</i>	<i>Central Sales Tax (number of offices involved —45)</i>
	RS	RS
6. Rectification of mistakes in assessments such as adoption of incorrect rates, etc.	10,651	1,191
7. Omission to collect registration and permit fees	2,290	..
Total ..	87,390	43,460

97. *Write-off*.—During 1965–66 a total amount of Rs 7.94 lakhs was written off.

### Other Receipts.

#### AGRICULTURE DEPARTMENT

98. *Government rubber plantations, Nagercoil—Loss of revenue*.—The right to cut, collect and remove the forest produce was auctioned in February, 1964. The highest bids of Rs 24,325 and Rs 13,100 for two coupes were not accepted by the department, as they were less than the fair prices fixed (*viz.*, Rs 29,642 and Rs 24,235 respectively). In the six re-auctions held subsequently, either there were no bids or the bid amounts were lower than the fair prices. On the 2nd November, 1964, the General Manager of the Plantations estimated the net revenue by clearing the forest growth departmentally as Rs 14,938 but even then fair price was not re-fixed; the offer of Rs 36,167 for the two coupes received in the auction held on the 23rd November, 1964, was also rejected. The coupes were ultimately worked departmentally during the period from January, 1965 to May, 1965 and the net revenue earned was Rs 17,200. The non-acceptance of the bid received in November, 1964 thus resulted in a loss of revenue of Rs 18,967. Due to delay in clearing the forest site, the department could not also complete the target fixed for planting rubber during 1965–66.

#### HOME DEPARTMENT

99. *Taxes on vehicles—Under assessment of tax*.—According to Section 2 (29) of the Madras Motor Vehicles Act, 1939, read with Schedule II (4) (ii) of the Madras Motor Vehicles Taxation Act, 1931 as amended in 1962, motor vehicles used for the transport of passengers and plying for hire at varying rates depending upon the stages of journey are treated as “stage carriages” and assessed to tax on the

basis of total seating capacity. However, transport vehicles owned by and run solely by educational institutions are taxed at a concessional rate on the basis of the unladen weight of the vehicles.

In the course of the audit of receipts under the Madras Motor Vehicles Taxation Act, 1931, it was noticed that three buses registered in 1962 and 1963 and owned by the Indian Institute of Technology, Madras (transporting members of general public on payment of hire charges at varying rates and classifiable as "Stage carriages") were incorrectly assessed at the concessional rates on the basis of unladen weight. The resultant short levy of tax, inclusive of surcharge, as at the end of March, 1966 amounted to about Rs 49,700.

In August, 1966, Government have issued a notification for the levy of tax at Rs 5 per seat per quarter in respect of these vehicles from the dates on which they were registered; they have asked the Transport Commissioner to collect the arrears of tax, if any, in respect of the vehicles.

#### PUBLIC WORKS DEPARTMENT

100. *Short recovery of tax on coconut trees.*—The rate of tax leviable on coconut trees on Government *patta* lands was revised from 25 paise per tree to Re 1 from 1947-48 and to Rs 2 from 1963-64. In three Public Works divisions and one Highways division, the taxes were recovered at the old rates of 25 paise/Re 1 per tree; the short recovery on this account amounted to Rs 11,800.

101. *Loss in disposal of waste paper.*—In terms of the agreement entered into with the contractors for the purchase of waste paper from Government offices in Madras city, waste paper not lifted within the stipulated time would be sold by public auction or private sale and the loss, if any, recovered from them. During the years 1959-60, 1962-63 and 1964-65, Government incurred a loss of Rs 61,162 in this regard; a sum of Rs 39,162 is still pending recovery (December, 1966). Further details are given below:—

<i>Period</i>	<i>Amount</i>	<i>Particulars of the case</i>
	RS	
1959-60	38,138	The security deposit of the contractor (Rs 15,000) was forfeited. Government ordered (November, 1965) that the balance need not be written off and a suit filed for recovery if and when the contractor became solvent during the period of limitation of 30 years. It has not been filed so far (December, 1966).

<i>Period</i>	<i>Amount</i>	<i>Particulars of the case</i>
	RS	
1962-63 ..	16,882	The loss due to sale in 13 offices amounted to Rs 16,882.
		The security deposit of the contractor (Rs 6,000) was forfeited. In one of the offices, the highest bidder in the auction failed to lift the paper ; the earnest money deposited by him (Rs 1,000) was also forfeited.
		Government decided (November, 1965) to file a suit after verifying the solvency of the contractor ; but no suit has so far been filed as the contractor's whereabouts are not known. The net loss of Rs 9,882 has not been written off (December, 1966).
1964-65 ..	6,142	The contractor failed to lift the paper even within the extension of time up to January, 1966 granted to him. The loss in the sale conducted in 8 offices amounted to Rs 6,142. Reports are awaited from other offices (December, 1966). The security deposit of Rs 6,000 has not been refunded.

102. *Loss of revenue due to delay in issuing the notification for levy of water cess.*—Water was let out for irrigation from the Neyyar Project in June, 1964. The question of levying water cess from 1373 *fasli* (July, 1963 to June, 1964) was under correspondence between the Board of Revenue and Government ; the notification was not, however, issued until September, 1965. The cess could not, therefore, be collected for the 1374 *fasli* year (July, 1964 to June 1965) as there was no provision in the Act for its retrospective levy. Records showing the extent of land irrigated during the year were not maintained ; computed with reference to the area irrigated during 1375 *fasli*, the loss of revenue amounted to Rs 23,000.

103. *Arrears of revenue*—(i) *Sales tax.*—From the demand, collection and balance statement submitted to Government by the Board of Revenue, it was noticed that as on the 31st March, 1966,

tax to the extent of Rs 5,38.13 lakhs and penalty to the extent of Rs 1,25.76 lakhs were pending collection as shown below :—

	<i>Tax</i>	<i>Penalty</i>
	(IN LAKHS OF RUPEES)	
Madras General Sales Tax .. ..	4,00.63	1,25.76
Central Sales Tax .. ..	1,37.50	..
<b>Total ..</b>	<b>5,38.13</b>	<b>1,25.76</b>

As regards the General Sales Tax, out of the total sum of Rs 526 lakhs due for recovery on account of tax and penalty on the 31st March, 1966, a sum of Rs 1,61.18 lakhs related to 1963-64 and earlier years (dating back to 1944-45). A sum of Rs 19.91 lakhs has become irrecoverable as the defaulters are reported to have no properties. The arrears are particularly heavy in the districts of Madras, Coimbatore, Madurai and North Arcot. Out of the total sum of Rs 1,37.50 lakhs due for recovery on account of Central Sales Tax, a sum of Rs 33.58 lakhs related to 1963-64 and earlier years (dating back to 1957-58).

(ii) *Other receipts*.—(1) From the particulars furnished to Audit by the departmental officers, it was noticed that the total arrears in the collection of land revenue, taxes, duties and other principal sources of revenue as at the end of March, 1966, amounted to Rs 2,49.60 lakhs ; of this, a sum of Rs 80.41 lakhs was pending recovery for over two years. The details of the arrears are given below :—

<i>Nature of revenue</i>	<i>Amount of arrears</i> (IN LAKHS OF RUPEES)	<i>Remarks</i>
(a) Land revenue ..	228.87	(i) A sum of Rs 3.07 lakhs was reported to be irrecoverable and was awaiting orders of write off as all attempts for collection have been exhausted. (ii) The arrears were attributed by the department to difficulty in tracing the old defaulters and evasion/inability on the part of the ryots to pay the dues. A sum of Rs 76 lakhs related to the period 1956-57 to 1963-64 as shown below :—

<i>Period</i>	<i>Amount</i> (IN LAKHS OF RUPEES)
1956-57 and earlier years	14.90
1957-58 .. ..	4.83
1958-59 .. ..	3.81
1959-60 .. ..	7.21
1960-61 .. ..	5.77
1961-62 .. ..	6.15
1962-63 .. ..	10.58
1963-64 .. ..	22.75

<i>Nature of revenue</i>	<i>Amount of arrears</i>	<i>Remarks</i>
	(IN LAKHS OF RUPEES)	
(b) Taxes on motor vehicles	12.26	A sum of Rs 1.33 lakhs related to the period 1963-64 and earlier years. The department has not explained the reasons for the outstandings.
(c) Agricultural Income tax	8.47	The arrears pending for over two years amounted to Rs 3.08 lakhs. The Commissioner of Agricultural Income tax reported that action had been taken for the recovery of the dues under the Revenue Recovery Act.

(2) The arrears in collection as at the end of March, 1966 for supplies made and services rendered in respect of a few departments are indicated below :—

<i>Department</i>	<i>Amount of arrears</i>	<i>Remarks</i>
	(IN LAKHS OF RUPEES)	
(a) Stationery department.	48.14	Represents the dues from the paying departments of the Government of Madras (including local bodies) and the Governments of Andhra Pradesh, Kerala and Mysore being the cost of forms supplied from 1954-55 to 1965-66 as shown below :—
		(IN LAKHS OF RUPEES)
		Madras (Paying departments and local bodies) 29.20
		Andhra Pradesh .. .. 17.65
		Kerala .. .. 1.24
		Mysore .. .. 0.05
(b) Jails department ..	13.51	The delay in adjustment of cost was attributed to non-receipt of counter-signed invoices from the receiving departments. The arrears relating to 1963-64 and earlier years amounted to Rs 2.83 lakhs.
(c) Public Health department.	8.90	Represents the amount due for recovery from local bodies.
(d) Medical department.	1.83	Represents the arrears in collection of hospital stoppages, medical college receipts, etc. A sum of Rs 0.50 lakh was pending for over two years.
(e) Electrical Inspectorate.	3.76	The arrears are reported to relate mainly to receipts from Electricity duties due from the Madras State Electricity Board.
(f) Forest department ..	57.92	Pending adjustment against earnest money deposits, kist amounts, etc. A sum of Rs 4.04 lakhs is pending collection for over two years.

## CHAPTER IX

### Government Commercial and Trading Activities

#### SECTION A—GENERAL

104. This Chapter deals with the results of audit of—

- (i) Statutory Corporations/Boards,
- (ii) Government Companies,
- (iii) Departmentally-managed Government Commercial/Quasi-Commercial Undertakings, and
- (iv) Investments and guarantees by the State Government.

#### SECTION B—STATUTORY CORPORATIONS/BOARDS

105. On the 31st March, 1966, there were two Corporations/Boards in the State, viz.—

- (i) Madras State Warehousing Corporation, and
- (ii) Madras State Electricity Board.

#### MADRAS STATE WAREHOUSING CORPORATION

106. *Financial results.*—(i) The financial results of the Corporation for the years 1963-64 to 1965-66 are given below :—

	1963-64	1964-65	1965-66
(IN LAKHS OF RUPEES)			
1. Paid-up capital .. .. .	38·00	47·00	60·00
2. Investment in shares by Madras Government	19·00	25·00	31·00
3. Income—			
(i) Warehousing receipts .. .. .	3·04	4·24	8·76
(ii) Other receipts .. .. .	0·45	0·26	0·67
Total ..	3·49	4·50	9·43
4. Expenditure—			
(i) Establishment .. .. .	2·08	2·40	3·17
(ii) Rent, etc. .. .. .	1·40	1·40	2·30
(iii) Other expenditure .. .. .	1·27	1·30	2·08
Total ..	4·75	5·10	7·55

(ii) The Corporation, which has ever since its inception been working at a loss (except for the first year of its working, *viz.*, 1958-59) has shown a net profit of Rs 1.88 lakhs during 1965-66. This has been mainly due to Government diverting the civil supplies stock to certain warehouses of the Corporation for storage. At the end of 1965-66, the Corporation had 27 warehousing centres with a total storage capacity of 57,247 tonnes. The occupancy ratio which stood at 45.7 per cent in 1964-65 increased to 49.5 per cent in 1965-66. Out of this, the utilisation by the different categories of users is given below :—

	1964-65	1965-66
	(PERCENTAGE)	
(a) Co-operatives ..	8	0.4
(b) Producers ..	2	0.8
(c) Traders .. ..	89	32.9
(d) Government ..	1	65.9

(iii) According to the Madras Warehouses Act, 1951, the goods stored in the warehouses are to be insured against loss or damage by fire, floods, theft or any other accident. As the expenditure incurred by the Corporation on insurance was large and the claims few, a provision was made in the Madras Warehouses Act, 1951 for a scheme under which the Warehousing Corporation itself would pay compensation to the depositors against damage or loss arising from the prescribed risks. The Madras State Warehousing Corporation has not, however, implemented the scheme so far, since the Government of Madras have not (October, 1966) framed the rules under the said Act. During the years 1962-63 to 1965-66, a sum of Rs 1,46,366 was paid by the Corporation as insurance premium against which Rs 463 was claimed towards losses.

#### MADRAS STATE ELECTRICITY BOARD

107. *Working results.*—(i) Particulars of capital outlay, loans, reserves, etc., and working results of the Board for the years 1963-64 to 1965-66 are given below :—

	<i>As on the 31st March, 1964</i>	<i>As on the 31st March, 1965</i>	<i>As on the 31st March, 1966</i>
	(IN LAKHS OF RUPEES)		
(i) Capital outlay .. .. .	2,01,41.97	2,28,60.76	2,54,42.41
(ii) Loans—			
(a) From the Government of Madras	1,46,19.66	1,61,49.66	1,76,21.66
(b) Public loan under Section 65 of the Electricity (Supply) Act	15,10.23	18,40.23	20,60.23
(c) Short-term loans .. ..	3,00.00	1,16.41	1,09.59
(d) Mortgage loan from the Life Insurance Corporation of India	..	..	4,00.00



	<i>As on the 31st March, 1964</i>	<i>As on the 31st March, 1965</i>	<i>As on the 31st March, 1966</i>
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(IN LAKHS OF RUPEES)

## (iii) Reserves—

(a) Depreciation reserve ..	24,63.85	28,34.77	32,78.94
(b) Special reserve .. ..	2,90.12	2,97.79	3,03.51
(c) General reserve .. ..	3,80.71	4,60.97	5,61.04
(d) Pension reserve .. ..	69.81	87.96	1,05.85
(e) Capital reserve .. ..	..	..	2,13.49

## (iv) Working results—

(a) Gross revenue .. ..	23,79.66	28,86.90	34,67.00
(b) Working expenses ..	12,86.28	14,56.42	19,83.39
(c) Net revenue—			
(a) minus (b) ..	10,93.38	14,30.48	14,83.61

(ii) As at the end of March, 1966, the arrears of interest on loans advanced by Government amounted to Rs 75.34 lakhs.

108. *Supply of power to a bulk consumer.*—In December 1959, at the instance of Government, the Board agreed to supply power for the smelter plant to be set up by the Madras Aluminium Company, Limited at Rs 120 per k.w. per year, subject to the condition that if there was an overall loss to the Board in its Revenue Account in any year, the difference between the actual grid cost and the concessional rate would be paid by Government as subsidy. The smelter plant started functioning from March, 1965 and power is being supplied at Rs 120 per k.w. per year. Consequent on a general revision of tariff from the 1st December, 1964, the Board considered the question of revising the rate to Rs 150 but decided to retain the lower rate. Orders of Government agreeing to subsidise the loss have, however, not so far been issued (December, 1966).

On the basis of the overall cost per unit of power generated in the hydro and thermal stations of the Board during 1962-63 (information about which alone is available) the amount of concession involved for power supplied during 1965-66 was about Rs 26.55 lakhs.

The accounts of the Board for the year 1965-66 indicated that due to inadequate profits, interest on the loans obtained from State Government could not be paid in full ; as at the end of March, 1966 the arrears amounted to Rs 75.34 lakhs.

109. *Extra expenditure due to delay in placing orders.*—In the notice inviting tenders for the supply of 11 K.V. power cables for the Mettur Tunnel Scheme (the last date for receipt of tenders being the 23rd December, 1963), the firms were required to quote their prices based on certain rates stipulated by the Board for the metals used (*viz.* copper and lead). The tendering firms had, therefore, stipulated that the final price would be computed on the basis of the ruling rates for the metals on the date of receipt of firm order with import licence. On the 14th August, 1964, the Board obtained necessary foreign exchange sanction for importing the cables from Belgium. A firm order was, however, placed with the lowest tenderer only two months later, on the 20th October, 1964. The Board could have saved a sum of Rs 47,000 representing the extra cost due to the increase in the price of metals between August, 1964 and October, 1964, if it had placed the order in August, 1964, soon after the release of foreign exchange.

110. *Non-acceptance of lowest tender.*—On the basis of open tenders for the supply of 800 kilometers of A.C.S.R. conductors, a provisional order was placed by the Board with the lowest tenderer (Rs 11.48 lakhs) in December, 1964. It was stipulated in the order that 90 per cent of the contract value would be paid on receipt of materials in good condition at the site and the balance of 10 per cent after three months after approval of the test certificates. The Board later (January, 1965) agreed to pay 90 per cent advance payment against railway receipt "since most conductor manufacturers insist on such terms" but stipulated that the firm should furnish a bank guarantee to cover the advance payment. As the firm did not agree to this, the provisional order was cancelled in March, 1965 and an order was placed with the next higher tenderer at an extra cost of Rs 2.37 lakhs (The Board agreed to pay this firm 95 per cent advance against railway receipt).

The Chief Engineer stated in February, 1966, that as the lowest tenderer was a new firm with whom the Board did not have any contacts in the past, a bank guarantee was insisted upon to safeguard the interests of the Board. It was, however, noticed that—

(a) this firm had agreed to the manufacture and testing of the conductors being subjected to inspection by an officer of the Board ; and

(b) it had been supplying conductors to other Electricity Boards satisfactorily.

111. *Non-levy of excess charges from film studios, etc., under the Madras Essential Articles Control Requisitioning (T.P.) Act, 1949.*—In view of the need to conserve power for defence purposes due to National Emergency, Government ordered on the 13th December, 1962 that a 10 per cent cut should be imposed with immediate effect on domestic and commercial services consuming more than 100 units per month based on the average of the last six months' consumption; any excess consumption was chargeable at double the normal rates. The cut was in force till the 14th July, 1963. When the omission to apply the order in respect of film studios and a printing firm was pointed out in Audit in December, 1963, bills for Rs 33,000 (approximately) were issued to the parties concerned for the excess consumption. The Board, however, approved in April, 1965, the non-imposition of the cut and non-levy of the excess charge in respect of the film studios and the printing firm and withdrew the claims already made on the ground that the application of non-industrial and commercial tariff to these classes of consumers "does not necessarily follow that these services are commercial by nature" and that supply of energy should be treated as for industrial purposes. It was, however, noticed that when similar orders on power cut were issued by Government on subsequent occasions, in June, 1963 and June, 1964, these categories of consumers were subjected to the cuts applicable as for commercial services.

112. *Open market borrowings.*—(i) The State Government have guaranteed the repayment, with interest, of the bonds issued by the Madras State Electricity Board subject to a maximum of Rs 30 crores; upto the 30th June 1966, the total borrowings of the Board amounted Rs 20.60 crores.

(ii) Under the terms and conditions of guarantee, the Board should make contributions annually to a Sinking Fund for the redemption of loans. As against Rs 7.77 crores that should have been contributed to the Sinking Fund, the contributions actually made upto 1965-66 amounted to Rs 2.91 crores only.

(iii) In August, 1964, out of the balance in the Depreciation Reserve Fund, the Board purchased securities of the face value of Rs 40.10 lakhs ( $4\frac{3}{4}$  per cent Madras Government Loan, 1976) at a discount of 0.25 per cent. In November, 1964, the Board raised in the open market a loan of Rs 3.30 crores at 5 per cent which was also issued at a discount of 0.25 per cent.

The annual return on the investment of the face value of Rs 40.10 lakhs at  $4\frac{3}{4}$  per cent is Rs. 1,90,475. In respect of Rs 40.10 lakhs out of the loan of Rs. 3.30 crores raised in the open market the Board is required to pay annually Rs 2,00,500 as interest calculated at 5 per cent. Thus, the Board is required to pay

annually an extra amount of Rs 10,025 being the difference between the two rates of interest on the same amount, *i.e.*, Rs 40.10 lakhs.

Had the Board not invested a part of its Depreciation Reserve Fund in Government securities in August, 1964, the open market loan floated by it in November, 1964, could have been reduced to that extent.

(iv) The incidental expenses connected with the floating of the loans, like travelling allowance to Government staff engaged on canvassing subscriptions are borne by Government. The expenditure thus incurred in regard to the 4 $\frac{3}{4}$  per cent Bonds, 1975 and 5 per cent Bonds, 1976 amounted to Rs 1.14 lakhs. This has not been recovered from the Board.

113. *Stores accounts.*—Stores of the value of Rs 19.18 lakhs were lying unused in eight construction, operation and maintenance systems for over 2 years.

The closing stock of certain iron and steel materials (value : Rs 50.83 lakhs) as on the 31st March, 1966 represented about four years' requirements on the basis of the average issues made during the past three years.

In certain cases, stores transferred from one system to another remained unused in the latter system for long periods and had to be re-transferred to yet another place. The avoidable expenditure incurred in the movement of stores during 1963-64 to 1965-66 amounted to Rs 0.69 lakh in about 40 cases.

The matter was reported to the Chief Engineer for Electricity in March, 1966; his reply is still awaited (December, 1966).

#### SECTION C.—GOVERNMENT COMPANIES

114. The shareholding by Government in 4 Government companies in the State amounted to Rs 6,28.28 lakhs, out of the total paid-up capital of Rs 7,14.72 lakhs. During the year 1965-66, two of these companies showed an aggregate profit of Rs 18.07 lakhs. The remaining two companies, *viz.*, Madras State Industrial Development Corporation, Limited (investment: Rs 75 lakhs) and the Banana and Fruit Development Corporation, Limited (investment: Rs 1.28 lakhs) have not yet commenced operation. The cumulative loss of these two companies to end of March, 1966 amounted to Rs 0.39 lakh.

THE MADRAS INDUSTRIAL INVESTMENT CORPORATION

115. *Financial results.*—The financial results of the Madras Industrial Investment Corporation, Limited, for three years ending June, 1966, are given below :—

*Date of incorporation*—26th March, 1949

	30th June, 1964	30th June, 1965	30th June, 1966
	(IN LAKHS OF RUPEES)		
1. Paid-up capital ..	1,32.11	1,84.56	2,34.56
2. Loans .. .. .	13,15.55	14,55.49	17,78.41
3. Free reserves .. ..	4.36	6.76	7.48
4. Fixed deposits with a periodicity of not less than 5 years.	7,64.36	8,38.20	9,14.91
Total capital invested	22,16.38	24,85.01	29,35.36
5. Trade dues and other current liabilities	15.04	8.85	17.75
6. Block assets (net) ..	0.40	0.36	0.95
7. Depreciation .. ..	0.22	0.26	0.34
8. Total excess of income over expenditure	1.70	3.51	4.39
9. Interest on loans ..	65.46	72.46	94.86
10. Total return (8 plus 9)	67.16	75.97	99.25
11. Percentage of return on capital invested	3.03	3.06	3.38

The net profit for the year ending 30th June, 1966 available for payment of dividend after providing for taxation, expenses, etc., and transfer to special reserve, was Rs 4.39 lakhs as against Rs 3.51 lakhs for the previous year. The increase in profit has been mainly due to increased earnings under "Interest on loans", "Dividends", "Guarantee Commission" and "Commitment charges". The profit earned during the year was sufficient to pay the minimum guaranteed dividend (amounting to Rs 2,16,961) to non-Government share holders. The dividends amounting to Rs 20.06 lakhs on the shares held by the Madras Government were in arrears for the six years ending June, 1966.

116. *Non-charging of full guarantee commission.*—In respect of counter-guarantees given to industrial concerns for the loans raised by them, the Corporation charges a commission of 1 per cent. In January, 1964, the Corporation gave a guarantee, jointly with a commercial bank, for the prompt repayment of principal and interest in respect of the loan of 3.15 million dollars (Rs 1.5 crores) obtained by a company from a foreign bank. The guarantee

agreement executed jointly with the commercial bank provided that the liability was joint and several, *i.e.*, in the event of either of the guarantors being unable to pay his share of liability, the other party could be bound to pay the full amount of guarantee given. The mortgage deed executed by the company also provided that the bank's commission and the Corporation guarantee commission will be each 1 per cent per annum on the amount guaranteed by the bank and the Corporation. The Corporation, however, resolved that the commission should be the same as was charged by the co-guarantor. As the Commercial Bank had collected commission only on the 50 per cent of the total guaranteed amount, the corporation decided to collect commission only on 50 per cent of the total guarantee amount. In this connection, it may be mentioned that the company was agreeable to pay commission on the total guarantee amount, if the Corporation so insisted, but the Corporation did not consider it necessary to modify the terms. The financial advantage lost by the Corporation in not charging the full commission amounts to Rs 75,000 per annum.

117. *Other comments.*—(i) In May, 1963, the Corporation guaranteed the loans taken by a private firm from a commercial bank upto Rs 25 lakhs. The firm was, however, allowed to avail of only Rs 20 lakhs from the commercial bank and the balance of Rs 5 lakhs was retained by the Corporation as margin towards another deferred payment guarantee for Rs 19.53 lakhs issued by the Corporation to the same firm for supply of machinery. The margin retained was released on the 17th May, 1965; on the same date, at the request of the company, the Corporation sanctioned a cash loan of Rs 5 lakhs and treated it as forming part of the original sanction and charged the rate of  $7\frac{1}{2}$  per cent obtaining in May, 1963, though the Corporation's lending rate prevailing in May, 1965, was 9 per cent. The loss of interest works out to Rs 7,500 per annum.

(ii) A guarantee of Rs 25 lakhs was sanctioned by the Corporation in September, 1963, to a private mill; the mill availed of only Rs 20 lakhs. In December, 1965, at the request of the party, the Corporation sanctioned a cash loan of Rs 2.23 lakhs and charged interest at  $7\frac{1}{2}$  per cent (which was obtaining in September, 1963) treating the loan as forming part of the unavailed portion of the guarantee sanctioned in 1963. The Corporation's lending rate prevailing in December, 1965, was 9 per cent. The loss of interest due to charging lower rate works out to Rs 3,300 per annum.

#### MADRAS STATE SMALL INDUSTRIES CORPORATION

118. (i) The Madras State Small Industries Corporation, Limited, was incorporated as a private limited company on the 10th September, 1965, with an authorised share capital of Rs 10 crores. The

Corporation took over 65 small-scale industrial units from the State Government on the 1st December, 1965, along with their assets and liabilities, at the depreciated book value. The value of the net assets, after adjusting Rs 4 crores as initial contribution by Government to the share capital, was treated as a loan. The loan liability thus incurred by the Corporation and outstanding on the 31st March, 1966, was Rs 5.67 crores. Besides, the Corporation also received cash loans from Government amounting to Rs 1.10 crores up to March, 1966.

(ii) The financial results of the Corporation from the date of incorporation to the 31st March, 1966 are given below :—

*Date of incorporation* : 10th September, 1965

(IN LAKHS OF RUPEES)

Paid-up capital .. .. .	4,00.00
Loans .. .. .	6,76.99
Free reserves .. .. .	11.07
<b>Total capital invested ..</b>	<b>10,88.06</b>
Trade dues and other current liabilities	1,90.95
Block assets (net) .. .. .	3,12.28
Depreciation .. .. .	6.52
Excess of income over expenditure for the period (10th September, 1965 to 31st March, 1966)	13.68
Percentage of return on capital invested	1.26

(iii) The Corporation has not paid for cost of lands in respect of 15 industrial units taken over. The value of land in these cases has not yet been assessed.

(iv) The incidental expenses connected with the formation of the Corporation, such as registration charges, stamp duty, etc., amounting to Rs 77,147 have been met by Government. Final orders regarding recovery of this amount from the Corporation are awaited (December, 1966).

#### SECTION D.—GOVERNMENT COMMERCIAL AND QUASI-COMMERCIAL DEPARTMENTS/UNDERTAKINGS

119. As indicated in paragraph 118, the small-scale industrial units run by the Industries department were transferred to the Madras State Small Industries Corporation on the 1st December, 1965, with their assets and liabilities. The *pro forma* accounts of

these units for the period from the 1st April, 1965 to the 30th November, 1965, indicated that 34 units incurred loss (Rs 22.88 lakhs) and 25 units worked at profit (Rs 15.86 lakhs).

On the 31st March, 1966 there were 13 departmentally-managed Government commercial and quasi-commercial undertakings. The *pro forma* accounts for the year 1965-66 of the following units have not yet been submitted to Audit:—

- (i) Madras Dairy and Milk Project ;
- (ii) Wool Processing Centre, Vinnamangalam ;
- (iii) Agricultural Engineering Workshop, Madras ;
- (iv) Pearl Fisheries ;
- (v) Chank Fisheries.

Eight concerns which have furnished their *pro forma* accounts for 1965-66 earned a net profit of Rs 16.38 lakhs giving a return of 1.36 per cent on the mean capital of Rs 12.05 crores. A synoptic statement showing the financial results of the eight concerns is given in Appendix XI.

#### MADRAS STATE TRANSPORT DEPARTMENT

120. *Government bus service*—(i) *Working results*.—The results of the working of the Government bus service, Madras, for the year 1964-65 to 1965-66 are given below :—

	1964-65	1965-66
Fleet strength as on the 31st March ..	815	953
Total revenue kilometerage (in lakhs).	4,68.46	5,64.58
Total receipts (in lakhs of rupees) ..	4,39.42	5,02.70
Total expenditure (in lakhs of rupees)	4,63.30	5,36.61
Net loss (in lakhs of rupees) .. ..	23.88	33.91
Average cost per kilometer (in rupee)	0.99	0.95
Average earning per kilometer (in rupee)	0.94	0.89
Average net earning per kilometer (in rupee)	-0.05	-0.06
Average kilometerage obtained per litre of fuel consumed	3.92	4.06



The loss incurred during the year 1965-66 amounted to Rs 33.91 lakhs (in spite of an increase in the fleet strength by about 17 per cent) against a loss of Rs 23.88 lakhs in the previous year. The loss was attributed mainly to increased cost of operation on account of increase in the price of fuel and enhancement of dearness allowance to staff with effect from March, 1965, and inability of city buses to do the minimum distance required for their economic operation.

(ii) *Stores account.*—(a) Mention was made in paragraph 99(ii) of the Audit Report, 1966 about non-reconciliation of the value of closing stock of stores of the priced stores ledgers with the balance in the general ledger from 1960-61 onwards. The balances have not been reconciled yet and in the absence of such reconciliation, the balance of stock appearing in the general ledger has been adopted as the closing balance in the Balance Sheet.

(b) Obsolete spare parts (book value : Rs 1.22 lakhs) were disposed of in public auction for Rs 0.21 lakh during the year.

(iii) *Other points.*—(a) *Financial assistance for construction of shelters for passengers.*—Out of Rs 1 lakh paid as grant to the Corporation of Madras for construction of bus shelters (Rs 50,000 in October, 1961 and Rs 50,000 in January, 1963) the Corporation has spent only a sum of Rs 88,418 ; the unutilised grant of Rs 11,582 has not been refunded so far (December, 1966). The accounts rendered by the Corporation have also not been audited by the Examiner of Local Fund Accounts and consequently the utilisation certificate has not been furnished to audit.

(b) *Extra expenditure on purchase of high speed diesel oil.*—With a view to inducing prompt payment of the bills for supplies of high speed diesel oil, the Indian Oil Company offers rebates at varying rates. During the period from April, 1963 to March, 1966 the rebate not availed of by the department amounted to Rs 14,938 as under :—

	RS
Amount lost due to delay in the payment of bills (Rs 1.10 to Rs 1.85 per kilo litre—April, 1963 to August, 1964)	5,400
Amount lost on account of claim at lower rates (Rs 1.50 instead of at Rs 2.00 per kilo litre—April, 1965 to March, 1966)	9,538

*Pro forma* commercial accounts of the concern are appended (Appendix XII).

121. *Loss of revenue.*—Incorrect fixation of fares of express bus services was noticed in the following ten routes :—

<i>Route</i>	<i>Date of commencement of operation</i>
Madras to Tiruchirappalli .. ..	1st June, 1960
Madras to Salem .. ..	16th December, 1961
Madras to Coimbatore .. ..	2nd October, 1962
Nagercoil to Ramanathapuram ..	1st March, 1963
Salem to Ootacamund .. ..	20th May, 1963
Madurai to Krishnagiri .. ..	2nd October, 1963
Coimbatore to Ramanathapuram ..	25th April, 1964
Thanjavur to Vellore .. ..	12th July, 1964
Madras to Coimbatore .. ..	24th August, 1964
Madras to Neyveli .. ..	27th October, 1963

In respect of the first nine routes, the fares were revised from the 19th October, 1966, while in the case of Madras-Neyveli route, the fares were revised with effect from January, 1966. The loss of revenue in all the routes calculated from the date of commencement of operation till the dates on which the fares were revised amounted to Rs 2.07 lakhs.

122. *Refund of motor vehicles tax.*—Under the provisions of the Motor Vehicles Taxation Act, refund of road tax paid in advance can be claimed in respect of vehicles, which remain off the road for a period not less than one month provided the claim is made within the 7th of the month in which the vehicle has remained unused. It was, however, seen that, though 98 vehicles had remained off the road for periods ranging from 1 to 6 months during 1964-65 and 1965-66, refund of tax amounting to Rs 50,000 in respect of these vehicles had not been claimed. The omission to claim refund was admitted to be due to lack of co-ordination between the headquarters and the various outlying depots. The work connected with payment of taxes and claiming of refund is reported to have been decentralised (July, 1966) to avoid such lapses.

## FOOD DEPARTMENT

123. *Grain Supply Scheme.*—The State Trading Scheme for the purchase and distribution of foodgrains introduced in 1964-65 continued during the year 1965-66. The *pro forma* accounts of the scheme for 1965-66 have not yet been prepared (December, 1966).

124. *Loss in the purchase and distribution of potatoes.*—Between 2nd and 23rd April, 1966, the department received 1,711 tonnes of potatoes from the Uttar Pradesh Co-operative Federation at a total cost of Rs 7.20 lakhs, including railway freight. A quantity of 218 tonnes only could be sold as good quality potatoes without loss to the department and the remaining quantity, which had deteriorated, was either discarded or disposed of as compost or piggery feed. There was a total loss of Rs 6.56 lakhs in the transaction, after taking into account storage, handling, transport and other incidental expenses. The loss has not been regularised (December, 1966).

The following points were noticed.—(i) The storage Officer, who had inspected the goods on their receipt, stated (May, 1966) that the “physical condition of the potatoes when they arrived was not satisfactory because of their journey in closed wagons extending over several days and many of them were damaged on arrival and good potatoes too developed decay with rapidity.” The loss in transit, dryage and decay worked out to 87 per cent. The Regional Storage Officer stated in June, 1966 that the deterioration was also due to packing in hessian gunnies instead of small-sized loose-textured gunnies and improper storage in heaps for want of godown space. It is observed that the Uttar Pradesh Co-operative Federation informed the Commissioner of Civil Supplies before the consignments were despatched that the stocks were being sent in special block rakes as Quick Transport Service wagons were not available.

(ii) No agreement was executed with the Uttar Pradesh Co-operative Federation binding it to bear the loss due to deterioration in quality. The financial rules of Government require that, in the case of perishable articles, a separate warranty clause should always be included. The federation has stated that as the transaction is with reference to the “Support Price Policy” the loss should be borne by the Government of India and the Uttar Pradesh Government and that it would bear “as a very special gesture a loss up to Rs 1 lakh over and above any amount reimbursed by the Government of India and Uttar Pradesh Government”. The question of reimbursement of the loss has not yet been taken up with the two Governments (December, 1966).

(iii) Based on the report of the Storage Officer that the off-take of the potatoes in Madras City “is not very high and the State Government are facing a problem of quick disposal”, bulk of the

stock was transferred to the districts between 21st April, 1966 and 7th May, 1966. Out of 1,008 tonnes thus transferred only 55 tonnes could be sold. The expenditure incurred on transport and incidental charges was about Rs 34,000.

125. *Loss in disposal of bad quality rice.*—On receipt of complaints from the public during December, 1964, that the rice distributed through some wholesalers in Madras City was of bad quality, Government ordered that the damaged stocks should be withdrawn after inspection. A total quantity of 276 tonnes of rice was withdrawn (between January and December, 1965) from the wholesalers and retailers. Out of this, 165 tonnes were repolished and cleaned (resulting in a wastage of 11 tonnes), 67 tonnes were transferred to districts and 13 tonnes were issued as poultry feed at Rs 450 per tonne as against the issue price of Rs 703 per tonne. The total loss due to wastage, cleaning and sale at reduced rate was Rs 13,000. The book balance of stock after the sales and transfers was 31 tonnes, while the quantity actually available was 2 tonnes. The difference of 29 tonnes (value: Rs 20,058) remains to be accounted for.

126. *Non-collection of sales tax on sale of wheat.*—(i) During the test-check conducted by Audit, it was noticed that sales tax was not collected till August, 1965 on sales of wheat from Government stocks to wholesalers though the formula for the fixation of selling price provided for inclusion of sales tax. The total amount not collected in four districts during the period November, 1964 to August, 1965 was Rs 66,081. The Board of Revenue has decided (September, 1966) that the "sales tax not collected on the sales already effected need not now be recovered and that it may be deemed to have been included in the extra amount provided in the fixation of release price".

(ii) In respect of wheat sold (November, 1964 to January, 1965) to wholesalers from the stocks purchased from Government of India, the issue price did not include the sales tax on the sale by the Central Government to the State Government. In February, 1965, the Board informed the District Officers that the question of exempting the sales made by Government of India from sales tax was under the consideration of Government and that, pending final orders, sales tax should be added to the issue price and collected from the wholesalers. Even after the issue of these instructions, sales tax was not added to the issue price. The amount short collected in respect of sales made during February, 1965 to August, 1965 in Madras City was Rs 98,650.

127. *Non-return of surplus gunnies by millers.*—According to the terms of agreement with the millers for hulling Government stocks of paddy (delivered to them in bags), the millers should deliver rice in quantities not below the percentage prescribed in terms of the weight of paddy entrusted to them. They should also

return surplus gunnies at the rate of one gunny for each bag of rice delivered. The agreement did not however specify the rate at which recovery should be made for gunnies not so returned.

As in May 1966, 55,150 gunnies were due to be returned by the millers in Ramanathapuram district. The value on the basis of the purchase price of Government was Rs 66,180. In Tiruchirappalli district, recovery of cost for 27,825 gunnies not returned by the millers was made at 75 paise per gunny instead of Rs 1.20 per gunny, resulting in short recovery of about Rs 12,000.

In Madras City, the condition regarding the return of surplus gunnies was not enforced from April, 1965. On a representation from the millers in September, 1965, the department permitted them to retain the surplus bags "in view of the high percentage of outturn of rice". This was approved by Government in October, 1965 and the relevant condition in the agreement was deleted. It is, however, seen that Government have not been informed of the grounds on which the concession is allowed and that the outturn has not exceeded the prescribed percentage. The value of the surplus gunnies (2.46 lakhs) not returned during the period April, 1965 to September, 1966 was Rs 2.96 lakhs.

128. *Loss due to delay in revision of issue price.*—(i) The wholesale issue price of Thanjavur boiled rice for the different districts was fixed by the Board of Revenue in May, 1965 and communicated to the Collectors. The Collectors were required to ensure that the price fixed covered adequately all the charges actually incurred. The Collectors of Madurai and Tirunelveli districts, who found the prices to be inadequate to cover the transport and incidental charges revised the prices immediately with the approval of the Board. The Collector of Kanyakumari district sent up proposals to the Board for upward revision of price in July, 1965. The Board's approval was communicated by the middle of September, 1965 and the revised price was given effect to from the 22nd September, 1965. The loss due to delay in revision of price, as computed in Audit on the basis of the revised price subsequently adopted, amounted to Rs 2.92 lakhs for the period from June, 1965 to September, 1965.

In the same district the wholesale issue price of paddy received from Thanjavur in August, 1965 was fixed without taking into account the cost of gunny and sales-tax. The issue price was revised in October, 1965; the loss in respect of sales made at reduced rates during the period August, 1965 to October, 1965 amounted to Rs 12,800.

(ii) The wholesale issue price of wheat in Madras City fixed in November, 1964 did not take into account transport, handling and godown charges. The price was revised in September, 1965; the

loss in respect of sales made at reduced rates during the period November, 1964 to August, 1965 amounted to Rs 3.75 lakhs, on the basis of the margin subsequently provided in the issue price.

129. *Irregularities noticed by the Chief Auditor, State Trading Schemes.*—The initial accounts of the scheme are audited by the Chief Auditor, State Trading Schemes. Certain irregularities pointed out by the Chief Auditor in his inspection reports relating to the period October, 1964 to September, 1965 are mentioned below :—

<i>Nature of irregularity</i>	<i>Number of offices</i>	<i>Amount involved</i>
		RS
• Payment for grains made on the basis of gross weight without deducting the weight of gunnies	4	12,000
Omission to impose the prescribed reduction in the purchase price for admixture of red grains in excess of the tolerance limits and supply of grains in old gunnies	5	59,400
Payments made in excess of the prescribed rates for the purchase of gunnies and grains	2	18,600
Delay in clearing consignments resulting in payment of demurrage and wharfage charges	5	51,600
Errors in arithmetical calculations	1	4,200

130. *Shortages in stock.*—The surprise verification of stocks conducted during 1965 and 1966 by the Stock Verification Officer, in 18 taluk godowns in seven districts indicated shortages to the extent of 608 tonnes valued at Rs 3.27 lakhs. This included shortage of 231 tonnes of wheat (value : Rs 1.27 lakhs) noticed during the verification of stocks in Coimbatore godown, conducted in August, 1966.

131. *Irregular payment of advances.*—Advances were paid to procuring agents without authority and without obtaining security. The amount paid in Tirunelveli district in March, 1966 totalled Rs 13 lakhs ; these were subsequently adjusted against cost of grains procured or recovered in cash.

## INDUSTRIES, LABOUR AND HOUSING DEPARTMENT

132. *Government Handloom Parts Factory, Salem.*—Mention was made in the Audit Report, 1964, about the recurring loss in the working of the unit since its inception (October, 1960). The unit was taken over by the Madras State Small Industries Corporation on the 1st December, 1965 along with other industrial units. During the period from the 1st April, 1965 to the 30th November, 1965, also, it incurred loss; the cumulative losses amounted to Rs 5.19 lakhs, which works out to 25.2 per cent of the capital of Rs 20.57 lakhs. Some particulars of the working results are given below :—

	1963-64	1964-65	1965-66 (up to November, 1965)
(IN LAKHS OF RUPEES)			
Production	6.62	6.81	6.03
Administrative expenses (including indirect works expenses)	3.10	3.23	2.64
Sales	5.52	6.33	6.32
Loss	1.07	0.81	1.37
Finished goods at close— (Percentage of production)	39	54	61

The continued loss has been attributed to the unit working below its capacity for want of demand and increased administrative expenses.

While giving evidence before the Committee on Public Accounts (1964-65), the department stated that unless the unit produced goods worth about Rs 10 to Rs 12 lakhs it could not work at profit. It was, however, seen that when the weavers' co-operative societies placed orders in July, 1964, for supply of certain improved appliances the unit was actually not in a position to take in large orders and supply in time the appliances as per the specifications required by the societies.

The following further points of interest have also come to notice :—

(i) The unit has not started the manufacture of the essential handloom parts though the required machinery has been purchased (in 1961) from abroad and two persons have been trained (October, 1963) specifically for working these machines. The department explained that, besides lack of imported raw materials, the trained personnel have not also been able to set the machines to working conditions.

(ii) At the instance of the Government of India, the Director of Industries and Commerce undertook in October, 1964, the manufacture of 20 looms and preparatory equipment for supply to the Government of Uganda on the following terms and conditions:—

(a) that the looms would be manufactured according to the specification obtained from the Indian Institute of Handloom Technology, Salem; and

(b) that the supply would be completed by January, 1965.

Four sample units were manufactured in February, 1965; they were rejected by the Principal of the Indian Institute of Handloom Technology, Salem, after inspection, as being not suitable. Despite discussions between this unit and the Institute about the materials to be used and the specifications to be adopted, no decision was arrived at, even by the end of June, 1965, resulting in holding up of the manufacture. As by this time more than five months had elapsed beyond the stipulated delivery schedule and as the department had not even commenced the supply, the order placed with it was cancelled by the Government of India in July, 1965. Looms and equipment valued at Rs 17,800 are lying undisposed of in the unit (October, 1966).

(iii) *Stores accounts.*—(a) Shortages in stock to the extent of Rs 11,037 were reported during the physical verification conducted in July, 1964; these are pending regularisation (October, 1966).

(b) The value of stores held in stock without issue or with negligible off-take for more than two years amounted to Rs 66,445.

(c) Finished goods valued at Rs 46,700 are lying (October, 1966) without demand for over three years.

(d) The total recoveries due as on the 30th November, 1965 on account of stores supplied, services rendered, etc., amounted to Rs 6.46 lakhs (Government departments: Rs 4.78 lakhs; local bodies: Rs 1.17 lakhs; private parties: Rs 0.51 lakh); out of this, a sum of Rs 2.03 lakhs (including Rs 1.67 lakhs from Government departments) is outstanding for more than two years.

*Pro forma* commercial accounts of the unit are appended (Appendix XII).

#### *Foot-wear Production-cum-Service Centres*

133. *Supply of dust-shields by the Foot-wear Unit, Pallavaram.*—In March, 1965, the Director of Industries and Commerce entered into a contract with the Director General, Supplies and Disposals,



for supplying to the Northern Railway, 39,228 numbers of Axle box dust shields, at Rs 3.10 each on the following terms and conditions :—

(a) Delivery should be made at the rate of 6,000 numbers per month, commencing from the 29th April, 1965 and completed by the 5th November, 1965 ; and

(b) supply should be made after inspection by the Directorate of Inspection. For this purpose it was stipulated that the supplier should keep a constant liaison with the local inspection authorities.

The manufacture of the shields was undertaken by the Foot-wear Unit, Pallavaram, from May, 1965 and till January, 1966 (when further production was stopped) a total quantity of 41,000 shields was manufactured at a cost of Rs 1.47 lakhs. Till November, 1965, when the period of contract expired, 35,000 shields had been manufactured and out of these, only 16,000 shields had been delivered by the unit after inspection. The Director General, Supplies and Disposals, who was addressed in November, 1965, to extend the delivery date stated that it would not be possible to grant extension at the original rate of Rs 3.10 per shield, as a lower rate of Rs 2.75 had been subsequently obtained. The department agreed to the reduction in price to Rs 2.75 and on the 20th April, 1966, the Director General, Supplies and Disposals, communicated the extension of delivery date till the 30th April, 1966. No further quantity has, however, been lifted so far (December, 1966).

The actual cost of production worked out to Rs 3.60 per shield. There has been a loss of Rs 8,000 to the department in respect of the quantity (viz. 16,000 shields) supplied so far ; the remaining quantity valued at Rs 90,000 is still awaiting disposal (December, 1966).

134. *Defective production.*—The agreement entered into by the Industries Department with the State Trading Corporation of India in October, 1965 for the supply of 2,000 pairs of shoes at Rs 22.85 per pair for export to Russia stipulated that—

(a) the supply should be completed by the 30th November, 1965 ;

(b) goods not delivered by the scheduled date might be refused at the discretion of the buyer ; and

(c) goods rejected by the Inspectors of foreign buyers in India would be taken back by the suppliers at their own cost.

The manufacture was undertaken by the Government Foot-wear Production Centre, Perambur in October, 1965. Supplies were not made by the 30th November 1965. In December, 1965, the State Trading Corporation reduced the quantity covered by the order to 1,000 pairs. Till the end of February, 1966, the department manufactured 1,765 pairs at a total cost of Rs 47,300, which worked out to Rs 26.80 per pair. After inspection in February, 1966, the Inspector of the foreign buyer rejected the shoes, as the materials used were sub-standard. The entire quantity manufactured is lying in stock; its disposal at a reasonable price in the local market is stated to be under consideration.

135. (a) *Surplus and obsolete stock and stores.*—The closing stock in the three units at Pallavaram, Perambur and Triplicane included several items of foot-wear, cut-components and raw materials (book value : Rs 78,700), which had not moved at all for over 5 years. The efforts of the department to dispose of the surplus foot-wear have not so far been successful.

(b) *Shortages.*—The value of shortages noticed during physical verification of stock of the Perambur and Triplicane units conducted in March, 1966, was Rs 81,900. These are yet to be regularised (December, 1966).

(c) *Outstanding dues.*—A sum of Rs 20,275 due from stockists for supplies made by the three units during the period 1961-62 has become a doubtful debt. Legal proceedings proposed in 1964 against four parties, from whom an amount of Rs 8,800 had become due, are yet to be finalised (October, 1966). Of these, one of the parties (from whom Rs 7,100 is due from 1961) is reported to have left the country with no valuable assets left behind.

136. *Government Electrical Goods Unit, Guindy.*—*Extra expenditure.*—In April, 1962, the Director of Industries and Commerce placed an order with a firm in Madras for supply of 300 tonnes of hard-drawn copper wire for the Electrical Goods Unit, Guindy. According to the terms of the purchase order, the department was to release the permit for the supply of the copper bars required in favour of the firm and reimburse to the firm the Central Sales Tax at 1 per cent actually payable by it to the State Trading Corporation. The permit was endorsed on the 20th June, 1962 by the department in favour of the Bombay agents of the firm and the State Trading Corporation, Bombay, charged the firm, 5 per cent Maharashtra Sales Tax amounting to Rs 50,480 on the ground that delivery of the material was effected at Bombay. The Superintendent of the Electrical Goods Unit reported to the Director in December, 1962 that "the authorisation was given in favour of the Bombay firm to encash the permit within the short period left

at their disposal". The amount was reimbursed in full to the firm in January, 1963. Apart from the fact that reimbursement of tax at 5 per cent was not provided for in the contract, the extra payment of Rs 40,400 could have been avoided if the permit had been endorsed in favour of the Madras firm, leaving it to make its own arrangements for obtaining delivery at Madras.

137. *Idle machinery.*—Plant and machinery valued at Rs 3.39 lakhs purchased for various industrial units were lying unutilised for long periods as indicated below :—

<i>Serial number and name of the industrial unit</i>	<i>Description of plant and machinery</i>	<i>Value/Date of purchase</i>	<i>Remarks</i>
RS			
(i) General Purpose Engineering Workshop, Karur	Horizontal Turret Lathes	48,191 February, 1963 and May, 1964.	The machines are lying idle (August, 1966) from the date of purchase. Reasons for non-utilisation are awaited.
(ii) General Purpose Engineering Workshop, Rajapalayam	Stone Enamelling oven and Exhaust fan	10,832 October, 1963 and January, 1964.	The machines could not be commissioned for want of power supply (June, 1966). The transformer purchased in September, 1965 has not also been erected (June, 1966).
(iii) General Purpose Engineering Workshop, Kodaikanal	Super craft lathes	9,390 March, 1964	The unit has not started functioning and the machines are consequently idle (December, 1966.)
	Power hammer	50,768 April, 1964	
	Hydraulic lift	8,585 April, 1964	
	Valve master and refacer	5,157 June, 1963	
	Portable greasing unit	6,479 July, 1963	
	Cooper Shaping machine	11,460 July, 1963	

<i>Serial number and name of the industrial unit</i>	<i>Description of plant and machinery</i>	<i>Value/date of purchase</i>	<i>Remarks</i>
		RS	
(iv) General Purpose Engineering Workshop, Tuticorin.	Milling machine	90,620 <u>November, 1962</u>	The machine which was erected in August, 1964 is lying idle due to certain defects. The Superintendent has stated that the machine is not required by the unit.
	Cupola .. ..	6,695 <u>April, 1962</u>	The machine which was erected in August, 1964 could not be commissioned for want of power connection and water facilities (July, 1966).
	Turret lathe ..	18,894 <u>June, 1963</u>	The machine is lying idle ever since its erection in August, 1964 for want of jobs and a skilled turner. Its transfer to some other unit is stated to be under consideration (July, 1966).
(v) Forge and Heat Treatment shop, Guindy	Hydraulic cold machine	35,657 <u>September, 1963.</u>	Lying idle from September, 1963 for want of spare parts. Action for importing them was taken in January, 1965 and the spare parts have not been received (June, 1966).
	Pneumatic circular saw sharpening machine	11,819 <u>August, 1963</u>	During trial test, certain defects were noticed and the matter has been taken up with the suppliers in November, 1965.
(vi) General Purpose Engineering Workshop, Vellore	Bright nickel and chromium plating equipments	24,374 <u>1959</u>	The machine could not be commissioned (August, 1966) due to defects in equipments. The suppliers have not yet rectified the defects. The balance 10 per cent value of the equipments and the security deposit of Rs 4,000 have been withheld by the department.

SECTION E.—INVESTMENTS AND GUARANTEES BY THE  
STATE GOVERNMENT

138. *Investments of Government.*—(i) The figures of investments by the State Government in share of Statutory Corporations, Government Companies, Joint Stock Companies, Co-operative Banks/institutions, etc., at the end of the last three years are shown below:—

	<i>Statutory Corporations, Government Companies and Joint Stock Companies</i>	<i>Co-operative Institutions</i>
(IN LAKHS OF RUPEES)		
1963-64 .. .. .	1,88.05	6,88.94
1964-65 .. .. .	2,31.44	8,09.17
1965-66 .. .. .	7,40.44	8,95.62

The amount of dividend credited during 1965-66 amounted to Rs 17.29 lakhs as indicated below:—

(IN LAKHS OF RUPEES)	
Joint Stock Companies, Statutory Corporations, etc.	2.98
Co-operative Institutions .. .. .	14.31

(ii) The total investment by Government in the share capital of six co-operative sugar mills as at the end of March, 1966 was Rs 1.45 crores. Two mills (investment: Rs 47.50 lakhs) have not yet started production. Of the remaining four mills, three mills worked at loss, the cumulative losses amounting to Rs 1,18.31 lakhs (Rs 78.37 lakhs in respect of two mills to end of June, 1965 and Rs 39.94 lakhs in respect of the other mill to end of June, 1964). The fourth mill earned a profit of Rs 7.40 lakhs for the year ending June, 1965; a dividend of Rs 1.20 lakhs was received on Government investment of Rs 22.50 lakhs, and this represented a return of 5 per cent.

(iii) A review of the audited accounts of 470 co-operative institutions (in which the Government had invested Rs 1,78.61 lakhs as at the 31st March, 1966) indicated that 142 institutions worked at loss. According to the latest audited accounts available, 39 of

these institutions incurred a total loss of Rs 3.66 lakhs up to June, 1964 and 103 institutions incurred a total loss of Rs 9.22 lakhs up to June, 1965 as shown below :—

	<i>Period ending June</i>	<i>Number of societies</i>	<i>Amount invested by Government</i>	<i>Loss incurred</i>
(IN LAKHS OF RUPEES)				
Marketing societies ..	1964	6	3.57	3.18
	1965	2	0.45	0.74
Agricultural banks ..	1964	28	2.17	0.44
	1965	52	3.06	0.75
Other credit societies	1964	5	0.40	0.04
	1965	45	1.14	0.81
Spinning mills ..	1965	4	49.50	6.92

139. The accounts of the co-operative institutions are required to be audited by auditors so authorised by the Registrar of Co-operative Societies. The audit is required to be completed within one year from the date of closure of the accounts. As in November, 1966, the accounts of 29 societies for the year 1962-63, 488 societies for 1963-64 and 2,225 societies for 1964-65 remained to be audited.

140. *Guarantees given by the State Government.*—The State Government have given guarantees in respect of share capital and loans raised by Statutory Corporations, Government Companies, Co-operative institutions, etc., to the extent of Rs 1,16.72 crores to end of 1965-66. Brief particulars are given below :—

<i>Institution on whose behalf guarantee was given</i>	<i>Maximum amount guaranteed as on</i>		<i>Sums guaranteed outstanding on</i>	
	<i>31st March, 1965</i>	<i>31st March, 1966</i>	<i>31st March, 1965</i>	<i>31st March, 1966</i>
Statutory Corporations	18.40	22.57	18.40	20.44

(IN CRORES OF RUPEES)

<i>Institution on whose behalf guarantee was given</i>	<i>Maximum amount guaranteed as on</i>		<i>Sums guaranteed outstanding on</i>	
	<i>31st March, 1965</i>	<i>31st March, 1966</i>	<i>31st March, 1965</i>	<i>31st March, 1966</i>

(IN CRORES OF RUPEES)

Government Companies	16.31	24.99	14.96	16.92
Co-operative Institutions	66.83	69.11	41.13	40.65
Joint Stock Companies	3.85	0.05	3.84	0.04

## CHAPTER X

### Outstanding Audit Objections and Inspection Reports

141. *Outstanding Audit Objections.*—(a) The number of audit objections raised in Central Audit (other than those reported through inspection reports) pertaining to the period upto the 31st March, 1966 awaiting settlement by departmental officers as in October, 1966 was 29,032 items, involving a total amount of Rs 10.58 crores.

Yearwise analysis of outstanding objections is given below :—

Year	Number of items	Amount (IN LAKHS OF RUPEES)
1961-62 and earlier years	4,114	1,28.75
1962-63 • .. ..	2,339	60.02
1963-64 .. ..	3,540	1,17.81
1964-65 .. ..	6,656	1,72.28
1965-66 .. ..	12,383	5,79.51

The objections are communicated to the departmental officers and reports of outstanding audit objections are forwarded half-yearly to the heads of departments for taking steps to expedite their settlement. It is necessary that the objections are settled expeditiously, as with the lapse of time it becomes difficult for the departments to settle the objections mainly on account of difficulty in locating the relevant records.

Departmentwise and yearwise analyses and nature of the items held under objection are given in Appendix XIII.

(b) The more important types of objections are indicated below :—

(i) *Non-submission of detailed contingent bills.*—(Rs 2.31 crores).—The amounts held under objection for want of detailed contingent bills represent advances drawn by disbursing officers on abstract bills to meet certain types of contingent expenses, for which detailed accounts countersigned by the controlling authority (in token of approval to incurring of the expenditure) have not been furnished to Audit. The rules require that the detailed bills should reach the Audit office not later than one month from the date of drawal of an abstract bill. Detailed bills in 2,236 cases involving Rs 95.91 lakhs have, however, not been furnished for over three years.



The outstandings are very heavy in respect of Agriculture, Home and Revenue Departments, as indicated below :—

	<i>Number of items</i>	<i>Amount</i>
		(IN LAKHS OF RUPEES)
Agriculture .. ..	1,627	47.93
Home .. .. .	1,247	17.71
Revenue .. .. .	1,265	99.07

The non-submission of detailed contingent bills for long periods must be regarded as a serious lapse as no audit scrutiny can be exercised in the absence of these essential documents and there is a likelihood of serious irregularities remaining undetected for long periods.

(ii) *Delay in rendering detailed accounts of temporary advances.*—According to the financial rules, temporary advances drawn for the purposes of meeting contingent expenditure of a specified kind or on a specific occasion should be adjusted by submission of detailed bills and vouchers as soon as possible. During the period 1958-59 to 1961-62, temporary advances amounting to Rs 3.24 lakhs were drawn by the Commissioner, Corporation of Madras for meeting expenses connected with the annual revision of electoral rolls and general elections. These advances are still (November, 1966) outstanding in the books of the Pay and Accounts Officer, Madras for want of detailed accounts supported by vouchers duly checked by the Examiner of Local Fund Accounts.

(iii) *Non-receipt of vouchers in support of payments made at Treasuries, Public Works and Forest divisions.*—The number of items held under objection pertaining to the period up to March, 1966 and awaiting settlement as in October, 1966, is 770 items, involving an amount of Rs 2,82.81 lakhs; yearwise analysis is given below :—

<i>Year</i>	<i>Number of items</i>	<i>Amount</i>
		(IN LAKHS OF RUPEES)
1961-62 and earlier years	198	32.68
1962-63 .. .. .	80	2.29
1963-64 .. .. .	73	2.46
1964-65 .. .. .	95	1.92
1965-66 .. .. .	324	2,43.46

The inordinate delay in furnishing vouchers in support of payments results in large amounts of expenditure escaping audit scrutiny for long periods and there is likelihood of serious irregularities remaining unnoticed.

142. *Outstanding Inspection Reports.*—(a) Important irregularities and defects in the accounts noticed during local audit and inspections are included in the inspection reports which are sent to the departmental officers and also to heads of departments and Government, wherever necessary. Of the inspection reports issued to end of March, 1966, 12,023 paragraphs in 2,550 inspection reports remained unsettled (October, 1966).

Some of these have been outstanding for considerably long periods ; yearwise analysis of the outstanding reports/paragraphs is given below :—

Year	Number of outstanding	
	Inspection Reports	Paragraphs
1961-62 and earlier years .. .. .	335	936
1962-63 .. .. .	198	564
1963-64 .. .. .	358	1,253
1964-65 .. .. .	730	3,229
1965-66 .. .. .	929	6,041

Departmentwise details of the outstanding reports are given in Appendix XIV.

It is necessary that points raised in the inspection reports are settled expeditiously by departmental officers as delay in this regard is likely to lead to the continuance of irregularities with attendant risk of loss to Government.

(b) The important types of irregularities noticed during 1965-66 are given in Appendix XV.

MADRAS,

The

Accountant General, Madras.

Countersigned.

NEW DELHI,

The

Comptroller and Auditor General of India.

The following information is being furnished to you for your information and use. It is based on the information available to the Bureau at this time. It is not intended to constitute a report of the Bureau and should not be relied upon as such. It is subject to change without notice.

Case No.	Date	Name	Address
101	10/1/51	John Doe	123 Main St., New York, N.Y.
102	10/2/51	Jane Smith	456 Elm St., Chicago, Ill.
103	10/3/51	Bob Johnson	789 Oak St., Los Angeles, Calif.
104	10/4/51	Mary White	101 Pine St., Philadelphia, Pa.
105	10/5/51	Frank Green	202 Cedar St., Pittsburgh, Pa.

APPENDICES

The following information is being furnished to you for your information and use. It is based on the information available to the Bureau at this time. It is not intended to constitute a report of the Bureau and should not be relied upon as such. It is subject to change without notice.

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STATEMENT SHOWING THE PARTICULARS OF GRANTS/APPROPRIATIONS  
EXTENT TO WHICH

(Referred to in paragraph

*Particulars of Grant/ Appropriation*(i) *Six Grants/Appropriations in which the supplementary provision proved wholly unnecessary—*

IX. District Administration and Miscellaneous (Voted)	..	..	..	..
XV. Public Health (Voted)	..	..	..	..
XX. Industries (Voted)	..	..	..	..
XXXIII. Miscellaneous (Voted)	..	..	..	..
XXXVIII. Capital outlay on Public Health (Voted)	..	..	..	..
Public Debt—Repayment ( <i>Charged</i> )	..	..	..	..

(ii) *Fourteen Grants/Appropriations in which the supplementary provision proved excessive and the final saving exceeded 20 per cent of the supplementary provision—*

I. Land Revenue Department (Voted)	..	..	..	..
Debt Charges ( <i>Charged</i> )	..	..	..	..
X. Administration of Justice ( <i>Charged</i> )	..	..	..	..
XIII. Education (Voted)	..	..	..	..
XVIII. Animal Husbandry (Voted)	..	..	..	..
XXIV. Labour including Factories (Voted)	..	..	..	..
XXVII. Public Works—Works ( <i>Charged</i> )	..	..	..	..
XXXIII-A. National Emergency (Voted)	..	..	..	..
XXXVII. Compensation to Zamindars (Voted)	..	..	..	..
XXXIX. Capital Outlay on Agriculture (Voted)	..	..	..	..
XLII. Capital Outlay on Irrigation (Voted)	..	..	..	..
XLIII. Capital Outlay on Public Works—				
(Voted)	..	..	..	..
( <i>Charged</i> )	..	..	..	..
XLVII. Capital Outlay on Schemes of Government Trading (Voted).	..	..	..	..

## DIX-I

IN WHICH SUPPLEMENTARY PROVISION WAS OBTAINED AND THE  
IT WAS UTILISED

17 of Chapter II)

<i>Amount of grant/appropriation</i>			<i>Actual expendi- ture</i>	<i>Saving</i>	
<i>Original</i>	<i>Supple- mentary</i>	<i>Total</i>		<i>Amount</i>	<i>Perce- tage</i>
(IN LAKHS OF RUPEES)					
7,41.08	6.42	7,47.50	7,17.48	30.02	4.0
4,21.36	8.46	4,29.82	3,83.36	46.46	10.8
6,29.96	15.42	6,45.38	6,12.72	32.66	5.1
8,92.79	2,25.45	11,18.24	4,38.01	6,80.23	60.9
16.98	8.65	25.63	14.23	11.40	44.5
<b>71,60.05</b>	<b>2,56.70</b>	<b>74,16.75</b>	<b>70,10.08</b>	<b>4,06.67</b>	<b>5.5</b>

98.94	17.55	1,16.49	1,12.59	3.90	3.4
<b>17,04.12</b>	<b>97.93</b>	<b>18,02.05</b>	<b>17,62.73</b>	<b>39.32</b>	<b>2.2</b>
<b>20.37</b>	<b>19.02</b>	<b>39.39</b>	<b>22.12</b>	<b>17.27</b>	<b>43.8</b>
37,23.12	1,65.83	38,88.95	38,20.34	68.61	1.8
2,91.79	55.14	3,46.93	3,32.19	14.74	4.2
1,61.96	40.15	2,02.11	1,88.56	13.55	6.7
<b>2.71</b>	<b>2.02</b>	<b>4.73</b>	<b>3.78</b>	<b>0.95</b>	<b>20.0</b>
..	6.00	6.00	3.41	2.59	43.1
5.00	9.25	14.25	9.30	4.95	34.8
18.15	26.26	44.41	38.89	5.52	12.4
10,98.99	25.38	11,24.37	11,09.94	14.43	1.3
5,13.85	1,30.66	6,44.51	5,73.61	70.90	11.0
..	<b>4.91</b>	<b>4.91</b>	<b>1.38</b>	<b>3.53</b>	<b>71.9</b>
60,54.41	6,35.26	66,89.67	63,55.11	3,34.56	5.0

## APPEN

STATEMENT SHOWING THE PARTICULARS OF GRANTS/APPROPRIATIONS  
 EXTENT TO WHICH  
 (Referred to in paragraph  
*Particulars of Grant/ Appropriation*)

(iii) 8 Grants in which the supplementary provision obtained proved largely inadequate and the final excess over the total grant (including the supplementary provision) formed more than 10 per cent of the supplementary provision—

X. Administration of Justice	..	..	..	..	..	..
XVI. Agriculture	..	..	..	..	..	..
XVII. Fisheries	..	..	..	..	..	..
XXV. Welfare of the Scheduled Tribes, Castes and other Backward Classes						
XXVI. Irrigation	..	..	..	..	..	..
XXVII. Public Works—Works	..	..	..	..	..	..
XXXI. Famine Relief	..	..	..	..	..	..
XLIV. Capital Outlay on Road Transport Schemes	..	..				



## DIX I—concl'd.

IN WHICH SUPPLEMENTARY PROVISION WAS OBTAINED AND THE  
IT WAS UTILISED

17 of Chapter II)

<i>Amount of grant/appropriation</i>			<i>Actual expen- diture</i>	<i>Excess</i>	
<i>Original</i>	<i>Supple- mentary</i>	<i>Total</i>		<i>Amount</i>	<i>Percen- tage</i>

(IN LAKHS OF RUPEES)

1,60.75	1.49	1,62.24	1,77.18	14.94	9.2
8,72.40	1,53.74	10,26.14	10,55.36	29.22	2.8
85.32	28.45	1,13.77	1,22.48	8.71	7.7
4,83.74	48.88	5,32.62	5,38.08	5.46	1.0
6,58.21	44.65	7,02.86	7,18.54	15.68	2.2
6,59.68	1,22.48	7,82.16	8,16.33	34.17	4.4
6.14	29.94	36.08	44.37	8.29	23.0
2,23.03	6.58	2,29.61	2,33.47	3.86	1.7

## APPEN

STATEMENT SHOWING THE PARTICULARS OF GRANTS IN WHICH THERE

(Referred to in paragraph

<i>Number and name of grant</i>	<i>Original grant (O)</i>		<i>Supplementary grant (S)</i>	
	(IN LAKHS OF			
IV. Stamps Administration .. ..	O.	35.25	}	
	S.	..		
XV. Public Health .. ..	O.	4,21.36	}	
	S.	8.46		
XXXIII. Miscellaneous .. ..	O.	8,92.79	}	
	S.	2,25.45		
XXXIII-A. National Emergency .. ..	O.	..	}	
	S.	6.00		
XXXVII. Compensation to Zamindars ..	O.	5.00	}	
	S.	9.25		
XXXVIII. Capital Outlay on Public Health	O.	16.98	}	
	S.	8.65		
XXXIX. Capital Outlay on Agriculture ..	O.	18.15	}	
	S.	26.26		
XLIII. Capital Outlay on Public Works	O.	5,13.85	}	
	S.	1,30.66		

## DIX II

WERE SAVINGS EXCEEDING 10 PER CENT OF THE TOTAL GRANT

20 of Chapter II)

<i>Total grant</i>	<i>Expenditure</i>	<i>Saving</i>	<i>Percentage of saving</i>
RUPEES)			
35.25	25.21	10.04	28.4
4,29.82	3,83.36	46.46	10.8
11,18.24	4,38.01	6,80.23	60.9
6.00	3.41	2.59	43.1
14.25	9.30	4.95	34.8
25.63	14.23	11.40	44.5
44.41	38.89	5.52	12.4
6,44.51	5,73.61	70.90	11.0

## APPENDIX III

STATEMENT SHOWING GRANTS UNDER WHICH SAVING OF MORE THAN 10 PER CENT OF THE PROVISION OCCURRED DURING THE PREVIOUS YEAR ALSO

(Referred to in paragraph 20 of Chapter II)

Serial number	Name of grant	Amount of saving	
		Percentage of saving to total provision	
		1964-65	1965-66
(IN LAKHS OF RUPEES)			
1	IV. Stamps Administration ..	3.87	10.04
		(10.9)	(28.4)
2	XV. Public Health .. ..	35.28	46.46
		(10.3)	(10.8)
3	XXXVII. Compensation to Zamindars.	3.63	4.95
		(13.0)	(34.8)
4	XXXVIII. Capital Outlay on Public Health.	4.74	11.40
		(29.6)	(44.5)
5	XXXIX. Capital Outlay on Agriculture.	3.53	5.52
		(10.9)	(12.4)

## APPENDIX IV

## CASES OF NON-UTILISATION OF PROVISION.

(Referred to in paragraph 20 of Chapter II)

Serial number	Number, name of grant and description of scheme, item, etc.	Funds provided	Amount and percentage of saving
		(IN LAKHS OF RUPEES)	
1	XIII. Education—28. y. VI (iv) Government Polytechnics.  Mainly non-purchase/non-receipt of furniture, books, equipment, etc. (Rs 5.14 lakhs), non-starting of Junior Technical School Course in Government Polytechnic, Tuticorin, due to paucity of accommodation (Rs 3.25 lakhs) and vacant posts (Rs 2.41 lakhs).	44.45	15.62 (35 per cent).
2	XIV. Medical—g.I.F. Presidency Hospitals—Intensive Scheme for popularisation of surgical methods of Family Planning (Crash Programme)— Less number of operations performed than anticipated.	18.31	13.81 (75 per cent).
3	XV. Public Health—f. A-XIII. Family Planning.  Mainly non-utilisation, in full, of the advances sanctioned to the Medical Officers for intensive family planning work in rural areas.	23.36	16.52 (70 per cent).
4	XV. Public Health—f. B. Grants to Corporation for Water-supply and Drainage Schemes.—  Slow progress in the execution of schemes (Rs. 16.61 lakhs) and recovery of grants paid in excess during previous years from the grants paid in the current year (Rs 5.39 lakhs).	60.00	22.00 (37 per cent).
5	XVI. Agriculture—o. EE. Works  Non-completion of road works in sugar factory areas mainly due to delay in acquisition of land.	25.00	10.91 (44 per cent).
6	XXXII. Pensions — 65. d. E. Death-cum-Retirement Gratuity sanctioned under Rule 19 of the All-India Services (Death-cum-Retirement) Rules, 1958. Reasons are awaited.	14.84	14.04 (95 per cent).
7	XXXIII. Miscellaneous — 71. c. E. Items controlled by the Home Department.  Reasons are awaited.	22.00	10.20 (46 per cent).
8	XLI. Capital Outlay on Industrial Development —109 II. a. (v) Indo-Norwegian Projects—Boats, engines, machinery, vans, etc.— Mainly non-receipt of machinery and equipment from the Norwegian Foundation. During 1963-64 and 1964-65 also there were savings of Rs 1.37 lakhs (60 per cent) and Rs 9.60 lakhs (96 per cent).	26.60	23.23 (87 per cent).
9	XLI. Capital Outlay on Industrial Development 109. IV. (ii). B. II (xlx). Developed Plots.—  Reasons are awaited.	14.33	11.83 (83 per cent).

## APPENDIX IV—concl'd.

CASES OF NON-UTILISATION OF PROVISION.  
(Referred to in paragraph 20 of Chapter II)

Serial number	Number, name of grant and description of scheme, item, etc.	Funds provided	Amount and percentage of saving
(IN LAKHS OF RUPEES)			
10	<p>XL I. Capital Outlay on Industrial Development—109. IV. (ii) C. (vii). Advance action for implementation of schemes under the Fourth Five-Year Plan—Expansion of existing Industrial Training Institutes.—</p> <p>Non-receipt of debit advices for stores supplied through rate contracts entered into by the Director General, Supplies and Disposals (Rs 7.03 lakhs). Reasons for the balance saving are awaited.</p>	45.00	16.64 (37 per cent).
11	<p>XLII. Capital Outlay on Irrigation—100. II. A. 2. A (e). Works.</p>	30.97	12.63 (41 per cent).
12	<p>XLIII. Capital Outlay on Public Works — a. Original Works — Buildings — L. Co-operation.</p> <p>Reasons are awaited in the above-mentioned cases.</p>	12.00	12.00 (100 per cent).
13	<p>XLIII. Capital Outlay on Public Works—g. (ii). Highways and Rural Works Department.—</p> <p>Mainly late receipt of sanction of Government for new works (Rs. 8 lakhs) and poor response to tenders for works (Rs. 4 lakhs).</p>	28.76	11.70 (41 per cent).
14	<p>XLVII. Capital Outlay on schemes of Government Trading—d. 2. Cost of materials under bulk purchase.—</p> <p>Less supply of materials and equipment than anticipated.</p>	12.11	10.15 (83 per cent).
15	<p>XLVII. Capital Outlay on Schemes of Government Trading — h. D. Madras Dairy and Milk Project—Milk Colony.—</p> <p>Mainly shortfall in the number of animals in the colony.</p>	25.59	11.64 (45 per cent).
16	<p>XLVII. Capital Outlay on Schemes of Government Trading—j. B. Madurai Milk Project.—</p> <p>Mainly non-execution of electrical and water-supply works, non-erection of plant and machinery and non-purchase of tractors and other vehicles for want of Government sanction (Rs 13 lakhs) and reduction in the capital cost of buildings on a review of the building programme (Rs 6 lakhs).</p>	39.75	20.25 (51 per cent).
17	<p>XLVIII. Loans and Advances by the State Government—g. B. I. Loans for water supply and drainage schemes.—</p> <p>Mainly non-execution of works for want of sanction, delay in acquisition of land, poor response to tenders, non-receipt of materials, etc. (Rs 11.28 lakhs) and withdrawal of provision for loans to four panchayats on their conversion into municipalities (Rs 7.54 lakhs).</p>	40.97	21.10 (52 per cent).

## APPENDIX V

## CASES IN WHICH THERE WERE UNSURRENDERED SAVINGS

(Referred to in paragraph 22 of Chapter II)

<i>Serial number</i>	<i>Number and name of grant/ appropriation</i>	<i>Total saving</i>	<i>Amount surren- dered</i>	<i>Amount of un- surrende- red saving</i>
(IN LAKHS OF RUPEES)				
1	I. Land Revenue Department—Voted.	3.90	0.56	3.34
2	V. Registration Department—Voted ..	1.17	..	1.17
3	Debt Charges—Charged .. .. .	39.32	22.74	16.58
4	IX. District Administration and Miscel- laneous—Voted.	30.02	23.39	6.63
5	XIII. Education—Voted .. ..	68.61	33.51	35.10
6	XIV. Medical—Voted .. .. .	8.16	6.10	2.06
7	XV. Public Health—Voted .. ..	46.46	23.61	22.85
8	XVIII. Animal Husbandry—Voted ..	14.74	10.43	4.31
9	XX. Industries—Voted .. .. .	32.66	27.92	4.74
10	XXIII. Community Development Pro- jects, etc.—Voted .. .. .	4.18	..	4.18
11	XXIV. Labour including Factories— Voted .. .. .	13.54	0.97	12.57
12	XXIX. Public Works—Grants-in-aid— Voted .. .. .	2.80	..	2.80
13	XXXII. Pensions—Voted .. ..	37.23	32.13	5.10
14	XXXIX. Capital Outlay on Agricul- ture—Voted .. .. .	5.52	2.07	3.45
15	XLI. Capital Outlay on Industrial Development—Voted .. ..	17.59	5.67	11.92
16	XLII. Capital Outlay on Irrigation— Voted .. .. .	14.43	6.38	8.05
17	XLIII. Capital Outlay on Public Works—Voted .. .. .	70.90	..	70.90
	Charged .. .. .	3.53	1.74	1.79
18	XLVII. Capital Outlay on Schemes of Government Trading—Voted ..	3,34.56	3,22.24	12.32
19	XLVIII. Loans and Advances by the State Government—Voted .. ..	1,29.32	87.18	42.14
20	Public Debt—Repayment—Charged ..	4,06.67	3,81.90	24.77

## APPENDIX VI

STATEMENT SHOWING THE GRANTS/APPROPRIATIONS IN WHICH  
THE SURRENDER WAS NOT JUSTIFIED

(Referred to in paragraph 22 of Chapter II)

<i>Serial number</i>	<i>Number and name of grant</i>	<i>Total grant</i>	<i>Excess</i>	<i>Amount surrendered</i>
(IN LAKHS OF RUPEES)				
1	VII. Elections—Voted .. .. .	31.44	0.15	1.85
2	XXVIII. Public Works—Establishment and Tools and Plant—Voted ..	2,91.85	3.64	2.23
3	XXX. Road Transport Schemes—Voted	8,27.78	3.46	1.19
4	XXXII. Pensions—Charged .. .. .	5.95	2.27	2.13
5	XXXIV. Stationery and Printing— Voted .. .. .	2,12.80	10.57	7.47
6	XLIV. Capital Outlay on Road Transport Schemes—Voted .. .. .	2,29.61	3.87	1.15
7	XLV. Capital Outlay on Forests—Voted	86.59	0.50	6.17
8	XLVI. Commuted Value of Pensions— Voted .. .. .	8.18	0.18	1.02

21 08  
23 21



## APPENDIX VII

STATEMENT SHOWING ANALYSIS OF CASES OF MISAPPROPRIATION OF  
CASH PENDING FINALISATION

(Referred to in paragraph 46 of Chapter III)

(i) *Departmentwise analysis—*

<i>Department/Office</i>						<i>Number of cases</i>	<i>Amount (in thousands of rupees)</i>
1	Land Revenue	..	..	..	..	326	9,16.04
2	Medical	..	..	..	..	4	7.51
3	Administration of Justice	..	..	..	..	4	7.84
4	Industries and Commerce	..	..	..	..	2	19.88
5	Education	..	..	..	..	7	16.63
6	Agriculture	..	..	..	..	10	39.15
7	Forest	..	..	..	..	2	27.89
8	Fisheries	..	..	..	..	2	1.27
9	Police	..	..	..	..	2	1.72
10	Treasury	..	..	..	..	6	56.36
11	Rural Development	..	..	..	..	4	3.12
12	Commercial Taxes	..	..	..	..	6	4.60
13	Milk Commissioner	..	..	..	..	2	2.90
14	Animal Husbandry	..	..	..	..	1	4.57
15	Board of Revenue (other than cases relating to Land Revenue).	..	..	..	..	6	37.49
16	Other departments	..	..	..	..	4	8.60
Total						385	11,55.57

(ii) *Yearwise analysis—*

<i>Year</i>	<i>Amount misappropriated recovered but depart- mental action, etc., pending</i>		<i>Pending for other reasons</i>	
	<i>Number of cases</i>	<i>Amount (in thousands of rupees)</i>	<i>Number of cases</i>	<i>Amount (in thousands of rupees)</i>
1962-63 and earlier years	43	1,20.77	133	5,39.23
1963-64	15	17.73	26	94.18
1964-65	27	68.18	44	1,35.55
1965-66	34	55.05	33	75.54
1966-67 (up to August, 1966)	16	29.38	14	19.96
Total	135	2,91.11	250	8,64.46

## APPENDIX VIII

STATEMENT SHOWING MISCELLANEOUS IRREGULARITIES, ETC.  
(Referred to in paragraph 47 of Chapter III)

## PART I

## PUBLIC WORKS DEPARTMENT

1. *Non-utilisation of machinery.*—Two Aero-foil ventilating fans purchased by the Executive Engineer, Machinery and Stores division, Parambikulam-Aliyar Project in December, 1963 at a cost of Rs 33,600 (foreign exchange portion: Rs 19,000) were lying idle (October, 1966). The fans originally intended for outright sale to a contractor, for "Construction of short tunnels" were subsequently ordered by Government to be issued to him on hire only. They could not be issued even on hire, as the work had, in the meantime, been completed.

Government stated in October, 1966, that the fans would be made use of when the Nirar Tunnel work is taken up for execution, after obtaining the concurrence of the Kerala Government.

## EDUCATION AND PUBLIC HEALTH DEPARTMENT

2. *Vacant buildings.*—2 buildings completed between April, 1963 and December, 1963 in the Veterinary College, Madras at a total cost of Rs 2.64 lakhs are lying vacant (August, 1966) as indicated below:—

<i>Description of buildings</i>	<i>Cost of construc- tion (IN LAKHS OF RUPEES)</i>	<i>Date of completion</i>
1. Pre-professional Block— ground floor and first floor ..	1.71	20th April, 1963
2. New Animal Husbandry Block— second floor .. .. .	0.93	18th December, 1963

The delay in bringing them into use has been attributed to delay in providing furniture; purchase of furniture sanctioned by Government in September, 1965 has not yet been made (August, 1966).

## AGRICULTURE DEPARTMENT

3. *Unsatisfactory working of a weavers' co-operative society.*—The Elankadai Weavers' Co-operative Society in Kanyakumari district, received the following assistance from Government :—

(a) interest-free loan of Rs 17,020 towards working capital (prior to 1956); and

(b) share capital loan of Rs 600 (in December, 1960).

The verification of stock by a senior inspector of co-operative societies in January, 1962 indicated deficit in stock of yarn and sarees, valued at Rs 3,462. Manipulation of accounts and fictitious claims for rebate were also noticed by him. The society became dormant in the same month and immediately the Deputy Registrar, Nagercoil, ordered an enquiry into its affairs under section 45 of the Travancore-Cochin Co-operative Societies' Act. The enquiry has not yet been completed; the delay has been attributed to frequent transfers of staff and "complicated nature of the work involved".

A sum of Rs 8,890 was overdue for recovery from the society towards loan and interest (July, 1966).

## INDUSTRIES, LABOUR AND HOUSING DEPARTMENT

4. *Delay in bringing a canteen building into use.*—In the Industrial Institute, Nagapattinam, a building for the canteen constructed in August, 1959 at a cost of Rs 14,500 is lying vacant (September, 1966). It is stated that there has been no response, in the past, from private caterers for running the canteen.

The Director of Employment and Training stated in September, 1966 that with reference to a single offer received in May, 1966, action was being taken to obtain permission of Government for renting out the building at a reduced rent of Rs 50 per mensem as against Rs 93 assessed by the Public Works department.

## PART

## OTHER

(Referred to in Paragraph

In 605 cases amounts aggregating Rs 11.91 lakhs representing advances, etc., remissions of revenue and abandonment of claims competent authorities as detailed below :—

*Writes off of losses, irrecoverable revenue, duties, advances, etc.*

Name of the department		
	Number of cases	Amount
(1)	(2)	(3)
		RS
Public Works .. .. .	15	5,00,133
Highways .. .. .	1	451
Public Health .. .. .	4	2,632
Industries .. .. .	13	26,073
Revenue .. .. .	3	448
Rural Development and Local Administration.	23	21,905
Forest .. .. .	137	1,16,233
Police .. .. .	68	14,807
Education .. .. .	5	11,675
Jails .. .. .	20	19,809
Commercial Taxes .. .. .	3	289
Agriculture .. .. .	40	89,280
Fisheries .. .. .	2	3,643
Animal Husbandry .. .. .	148	2,60,256
Co-operation .. .. .	..	..
Total ..	482	10,67,634

## II

## CASES.

## 47 of Chapter III)

mainly losses due to theft, fire, etc., irrecoverable revenue, duties, to revenue, etc., were written off/waived during the year by the

<i>Ex-gratia payments</i>		<i>Waiver of recovery</i>		<i>Remissions of revenue (other than land revenue) and abandonment of claims to revenue</i>	
<i>Number of cases</i>	<i>Amount</i>	<i>Number of cases</i>	<i>Amount</i>	<i>Number of cases</i>	<i>Amount</i>
(4)	(5)	(6)	(7)	(8)	(9)
	RS		RS		RS
..	..	..	..	..	..
..	..	..	..	..	..
..	..	..	..	..	..
..	..	3	860	1	2,830
..	..	..	..	..	..
..	..	..	..	..	..
..	..	1	807	..	..
1	250	3	1,089	..	..
..	..	7	16,792	..	..
..	..	2	1,113	..	..
..	..	..	..	..	..
..	..	39	63,493	2	522
..	..	1	10,617	..	..
..	..	..	..	..	..
..	..	63	24,917	..	..
<u>1</u>	<u>250</u>	<u>119</u>	<u>1,19,688</u>	<u>3</u>	<u>3,352</u>

## APPENDIX IX

STATEMENT SHOWING SHORTAGES IN THE MATERIALS-AT-SITE  
PENDING REGULARISATION

(Referred to in paragraph 63 of Chapter IV)

<i>Name of the division</i>	<i>Amount of shortage and when noticed</i>	<i>Remarks</i>
Madurai division, Madurai	Rs 27,999 (May, 1963)	An examination of the discrepancies in the materials-at-site account of certain works of the Ramanathapuram division on their transfer to Madurai division in May, 1962 indicated shortages of cement valued at Rs 0.28 lakh. Responsibility for the shortages has been fixed on 5 section officers and 5 Sub-divisional officers. Orders for recovery of Rs 12,629 from the section officers in instalments over periods extending up to 14 years have been passed in November/December, 1965. Orders in respect of the sub-divisional officers have not yet been passed (November, 1966).
Public Health Engineering division, Coimbatore	Rs 27,078 (November, 1965)	Shortages of materials valued at Rs 0.27 lakh noticed at the time of taking over charge by the section officer, Udumalpet, in November, 1965 are under investigation (November, 1966).
Tiruchirappalli division ..	Rs 7,803 (February, 1963)	M.S. rods valued at Rs 7,803 were found short in February, 1963 by a Section Officer at the time of his taking over charge on the closure of the section. The amount was debited to "Miscellaneous Public Works Advances" in May, 1965; recovery/regularisation is pending (September, 1966).
Tiruchirappalli division ..	Rs 6,090 (September, 1959)	The debit raised for supply of 102 tons of cement in September, 1959 was adjusted to the Suspense head "Miscellaneous Public Works Advances" in the accounts of December, 1960. The material, has not, however been brought to account. Forty-eight tons of cement was subsequently accounted for in June, 1963. The balance quantity valued at Rs 6,090 remains to be accounted for (November, 1966).

APPENDIX IX—*concl'd.*STATEMENT SHOWING SHORTAGES IN THE MATERIALS-AT-SITE  
PENDING REGULARISATION

<i>Name of the division</i>	<i>Amount of shortage and when noticed</i>	<i>Remarks</i>
Tiruchirappalli division ..	Rs 4,029 (March, 1963)	The cost of 27 tons of cement received in March, 1963 by a section officer was debited to the accounts of a work, in charge of another section officer. The materials were not actually received by the work. The Executive Engineer has ordered the recovery from the section officer concerned. The amount has been kept under "Miscellaneous Public Works Advances" in July, 1965; recovery is pending (September, 1966).

## APPENDIX X

STATEMENT SHOWING IMPORTANT IRREGULARITIES NOTICED BY  
DEPARTMENTAL OFFICERS IN THE WORKING OF CERTAIN JOINT  
FARMING SOCIETIES

(Referred to in paragraph 72, Chapter VI)

<i>Name of society</i>	<i>Nature of irregularities</i>
1. Valandur Co-operative Joint Farming Society— Loan .. .. Rs 18,140 Grant .. .. Rs 14,029	The members did not mortgage the lands in favour of the society and were cultivating individually. The society could not enforce joint farming as the lease deeds were not registered. In February, 1966 the Registrar of Co-operative Societies ordered the liquidation of the society.
2. Kavithandalam Co-operative Joint Farming Society— Loan .. .. Rs 30,700  Free services of one senior inspector of co-operative societies from June, 1960 to May, 1963—monetary value about Rs. 9,300.	The society was registered in May, 1960 but even after five years, cultivation was not started (December, 1965). The assistance has not been utilised for the purposes for which it has been sanctioned.
3. Lathur Co-operative Joint Farming Society— Loan .. .. Rs 13,150 Subsidy .. .. Rs 11,150	The society has been incurring losses year after year mainly due to improper cultivation, lack of initiative and poor management. The total liabilities as on March, 1966 of the society amounted to Rs 29,635 while the value of realisable assets was Rs 15,121.
4. Govindapuram Co-operative Joint Farming Society— Loan .. .. Rs 20,538 Subsidy .. .. Rs 3,512	Government assistance amounting to Rs 14,931 remained unutilised (February, 1966). The members were not inclined to take to joint farming and preferred individual farming. The lands required considerable improvement, which was estimated to cost Rs 96,300.
5. Krishnapuram Co-operative Joint Farming Society— Loan .. .. Rs 58,575 Subsidy .. .. Rs 1,875	The bulk of the assistance was paid for pump-sets and digging of wells; it remained mostly unutilised. The Registrar observed in June, 1965, that the Deputy Registrar should not have drawn and disbursed such huge amounts without taking into account the immediate needs of the society.
6. Chinnathampatti Co-operative Joint Farming Society— Loan .. .. Rs 56,310 Subsidy .. .. Rs 9,819	Four years have elapsed since the society was started in October, 1961 but none of the 6 wells proposed to be sunk and the godown have been completed (September, 1966). The society has been incurring losses year after year mainly due to lack of prudent crop planning. The amount of assistance remaining unutilised was Rs 28,875. In April, 1966, the members have decided to undertake individual cultivation.



## APPENDIX X—concl'd.

## STATEMENT SHOWING IMPORTANT IRREGULARITIES NOTICED BY DEPARTMENTAL OFFICERS IN THE WORKING OF CERTAIN JOINT FARMING SOCIETIES

Name of society	Nature of irregularities
7. Govanagiri Co-operative Joint Farming Society— Loan .. .. Rs 11,229 Subsidy .. .. Rs 1,743	Out of 65.40 $\frac{1}{2}$ acres pooled from 10 <i>pattadars</i> , only 8 acres belonging to one <i>pattadar</i> are under cultivation. Most of the lands pooled are virgin and have been abandoned for cultivation for many years.
8. Tiruthangal Co-operative Joint Farming Society— Loan .. .. Rs 39,450 Subsidy .. .. Rs 540	A sum of Rs 25,008 remained unutilised in December, 1965 and a sum of Rs 7,405 had been diverted for other purposes. Out of 4 pumpsets purchased, only 2 are in use. The departmental staff have not paid adequate attention to the improvement of the society.
9. Mecheri Co-operative Joint Farming Society—  Loan .. .. Rs 32,790 Subsidy .. .. Rs 4,000 Free services of staff—monetary value: Rs 5,493.	The members did not evince any interest and many of the assets purchased out of Government assistance had been sold.
10. Pudupatti Co-operative Joint Farming Society—  Loan .. .. Rs 14,500 Subsidy .. .. Rs 4,900	Five years have passed since the society was started but only 5 out of the 28 members participate in farm operations. The construction of godown and cattleshed is incomplete. The heavy loss of Rs 18,464 incurred up to 1964-65 is attributable to poor fertility of soil, lack of adequate irrigation facilities and want of a proper cultivation programme. [Certain points noticed in the working of the society were also mentioned in paragraph 45 (i) of the Audit Report, 1966.]

## APPEN

## SYNOPTIC FINANCIAL PICTURE OF GOVERNMENT

(Referred to in paragraph 119)

<i>Serial number</i>	<i>Name of the Department/Unit</i>	<i>Year of commencement</i>	<i>Capital at close (as on the 31st March, 1966)</i>	<i>Net block assets (as on the 31st March, 1966)</i>
			(IN LAKHS)	
1.	Government Cinchona Department, Ootacamund	1871	2,68.11	1,81.47
	<i>Madras State Transport Department</i>			
2.	Government Bus Service ..	1947	7,04.94	4,05.77
3.	State Transport Central Workshop	1947	60.80	20.85
4.	Kanyakumari Branch ..	1956	76.63	20.85
5.	Long Distance Service ..	1964	1,34.60	86.71
6.	Ranithottam Workshop ..	1961	25.04	12.86
7.	Lorry Unit .. .. .	1965	8.97	0.28
8.	State Trading Schemes— (Scheme for purchase and distribution of chemical fertilisers)	1954	1,09.20	..

## DIX XI

## COMMERCIAL AND QUASI-COMMERCIAL UNDERTAKINGS

of Chapter IX)

Depreciation (as on the 31st March, 1966)	Outturn	Net profit		Percentage of return on mean capital	
		After charging interest on capital	Before charging interest on capital	After charging interest on capital	Before charging interest on capital
1,63.34	27.35	+ 19.89	+ 22.01	8.4	8.89
2,91.21	4,70.56	- 33.91	- 3.81	..	..
15.95	80.30	+ 10.02	+ 12.23	17.9	21.9
55.06	85.61	+ 2.54	+ 5.83	2.9	6.8
44.87	1,34.85	+ 6.94	+ 12.97	6.3	11.83
1.87	19.57	+ 0.02	+ 1.30	0.08	5.8
0.39	10.01	+ 1.42	+ 1.83	19.3	24.9
..	..	+ 9.46	+ 18.22	10.18	19.61

## APPEN

## I. GOVERNMENT BUS

(Referred to in paragraph 120

(i) *Operational Account for the*

Dr.		
1964-65	<i>Particulars</i>	1965-66
RS		RS
	<i>Traffic</i>	
69,96,002	To salaries and allowances including batta and bonus payments.	84,50,277
7,28,379	To other charges like tickets, stationery, uniforms, etc.	9,31,387
	<i>Repairs and maintenance to vehicles</i>	
20,50,994	To salaries and allowances of officers and staff (maintenance)	26,93,074
40,780	To staff (Workshop) .. ..	56,233
74,54,898	To stores including services rendered by State Transport Central Workshop	77,64,512
2,26,649	To other charges like clothing and electric power	2,04,609
	<i>Power</i>	
86,26,901	To petrol and fuel to passenger vehicles	1,06,11,168
77,83,098	To licences and taxes to passenger vehicles	90,67,522
9,24,699	To welfare and superannuation	11,31,123
14,81,517	To general administrative expenses	15,41,689
72,72,114	To depreciation on assets ..	81,99,890
27,44,395	To interest on capital ..	30,09,806
4,63,30,426	Total ..	5,36,61,290

## DIX XII

SERVICE, MADRAS

of Chapter IX)

*year ended 31st March, 1966*

1964-65	<i>Particulars</i>	Cr. 1965-66
RS		RS
4,07,89,101	By Traffic revenue and other services,	4,70,56,004
54,315	By Advertising .. ..	1,06,007
17,27,729	By Sale of old buses, scrap, etc.	13,72,173
13,70,600	By Interest from investments	17,35,972
23,88,681	By Net loss .. ..	33,91,134

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 4,63,30,426
 

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 Total .. 

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 5,36,61,290
 

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## APPEN

## 1. GOVERNMENT BUS

(ii) Balance sheet as

<i>As at</i> 31st March, 1965	<i>Capital and liabilities</i>	<i>As at</i> 31st March, 1966
RS		RS
6,00,12,939	Government Capital ..	7,04,94,501
<i>Funds</i>		
2,59,53,103	Depreciation Reserve Fund ..	2,91,20,768
1,66,296	Accident Reserve Fund ..	96,226
23,275	Development Fund .. ..	24,788
2,37,308	Passengers' Amenities Fund ..	2,33,106
1,000	Compassionate Relief Fund ..	1,000
2,21,840	Deposits .. ..	2,25,254
36,87,967	Sundry Creditors .. ..	34,20,015
17,389	Advances .. ..	32,025
24,11,632	Accrued charges (such as wages of staff, taxes, printing charges, etc.)	41,95,755
..	Outstanding adjustments ..	77,281
54,600	Undischarged liability ..	1,12,902
..	Undisbursed pay ..	33,972
..		..
..		..
..		..
..		..
..		..
<hr/> 9,27,87,349	Total ..	<hr/> 10,80,67,593

## DIX XII—contd.

SERVICE, MADRAS  
at 31st March, 1966

<i>As at</i> 31st March, 1965	<i>Property and assets</i>	<i>As at</i> 31st March, 1966
RS		RS
5,86,14,882	Fixed capital expenditure (as per Schedule 'A')	6,96,98,296
1,86,918	Assets created out of Passengers' Amenities Fund	1,79,441

*Investments*

2,59,53,103	Depreciation Reserve Fund	2,91,20,768
23,275	Development Fund (deposited with Government)	24,788
50,390	Passengers' Amenities Fund (deposited with Government)	53,665
1,66,296	Accident Reserve Fund (deposited with Government)	96,226
1,000	Compassionate Relief Fund (deposited with Government)	1,000

*Current Assets*

50,72,415	Stores and other materials ..	49,52,989
2,23,095	Advances and deposits ..	2,25,254
2,200	Advance for fair price shop ..	60,000
3,19,478	Accrued income .. ..	4,27,753
6,716	Prepaid expenses .. ..	9,24,435
3,43,759	Sundry Debtors .. ..	6,02,463
7,227	Outstanding adjustments ..	2,48,425
18,16,595	Cash on hand including remittances in transit and stamps	14,52,090

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 9,27,87,349
 

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 Total .. 10,80,67,593
 

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## APPENDIX

## Schedule

## I. GOVERNMENT BUS

## (ii) Balance sheet as

## DETAILS OF CAPITAL

Balance as  
on 31st  
March, 1965

RS

*Existing properties and works*

Land .. .. .	35,60,080
Buildings and fixtures .. .. .	60,43,233
Machinery and plant .. .. .	10,94,317
Motor buses, trucks, vans, pick-up van and other vehicles	4,77,89,422
Miscellaneous equipment, etc. .. .. .	1,27,830
Total existing properties and works .. .. .	<u>5,86,14,882</u>
Assets created out of Passengers' Amenities Fund	1,86,918

## (iii) Stores and Stock Account

Spare parts,  
accessories, etc.

RS

Opening balance .. .. .	46,88,623
Add—Receipts during the year .. .. .	1,01,93,761
Total .. .. .	<u>1,48,82,384</u>
Less—Issues during the year .. .. .	1,03,13,165
Closing balance .. .. .	<u>45,69,219</u>



## XII—contd.

'A'.

SERVICE, MADRAS  
at 31st March, 1966  
EXPENDITURE

<i>Expenditure during the year</i>	<i>Assets written off during the year</i>	<i>Balance as on 31st March, 1966</i>
RS	RS	RS
2,18,504	--	37,78,584
13,85,246	--	74,28,479
2,41,757	..	13,36,074
1,47,59,927	55,85,026	5,69,64,323
63,006	..	1,90,836
<hr/> 1,66,68,440	<hr/> 55,85,026	<hr/> 6,96,98,296
..	7,477	1,79,441

*for the year 1965-66*

<i>Fuel</i>	<i>Tickets</i>
RS	RS
45,128	49,782
1,07,25,836	3,57,933
<hr/> 1,07,70,964	<hr/> 4,07,715
1,07,13,628	3,59,010
<hr/> 57,336	<hr/> 48,705

## APPENDIX

## 2. GOVERNMENT HANDLOOM

(Referred to in paragraph 132)

(i) *Manufacturing account for the period 1st*

Dr 1964-65	<i>Particulars</i>	1965-66 (April, 1965 to November, 1965)
RS		RS
74,968	To Work-in progress .. ..	45,080
4,06,432	„ Raw materials consumed .. ..	3,82,090
31,533	„ Pay of factory staff .. ..	34,167
1,17,800	„ Wages to workers .. ..	87,560
54,356	„ Workshop maintenance .. ..	47,654
53,889	„ Depreciation .. ..	40,759
15,543	„ Other expenses such as Contri- bution to Employees' State Insurance and Provident Fund	11,145
	Total ..	6,48,455

(ii) *Trading and Profit and Loss Account for*

RS		RS
2,51,391	To Finished goods (Opening) ..	3,76,796
7,01,006	„ Finished goods transferred from Manufacturing Account	5,96,860
58,838	„ Office expenses .. ..	38,933
11,383	„ Selling and distribution expenses	12,419
904	„ Employees' State Insurance Contribution	627
2,911	„ Supervision charges .. ..	1,352
3,400	„ Depreciation .. ..	2,338
1,708	„ Audit fees .. ..	2,557
7,594	„ Leave salary and pension contribution	6,540
90,689	„ Interest on capital .. ..	60,311
9,611	„ Preliminary expenses written off	5,607
	Total ..	11,04,340

XII—*contd.*PARTS FACTORY, SALEM  
of Chapter IX)*April, 1965 to 30th November, 1965*

1964-65	<i>Particulars</i>	Cr 1965-66 ( <i>April 1965 to November 1965</i> )
RS		RS
45,080	By Work-in progress .. ..	51,595
7,01,006	„ Finished goods transferred to Profit and Loss account	5,96,860
	Total ..	<u>6,48,455</u>

*the period 1st April, 1965 to 30th November, 1965*

RS		RS
6,73,354	By Sales .. ..	5,91,478
3,76,796	„ Finished goods at close ..	3,63,259
8,145	„ Miscellaneous receipts ..	13,033
..	„ Net loss transferred to Balance Sheet	1,36,570
	Total ...	<u>11,04,340</u>

## APPENDIX

## 2. GOVERNMENT HANDLOOM

(iii) *Balance Sheet as at**As at 31st  
March, 1965**Capital and liabilities**As at 30th  
November,  
1965*

<b>RS</b>		<b>RS</b>
19,11,245	Capital .. .. .	20,57,450
1,36,751	Sundry creditors .. .. .	2,13,128
39,223	Income received in advance .. .. .	9,202
74,076	Other liabilities .. .. .	77,392

<b>Total</b> ..	<u>23,57,172</u>
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## XII—concl'd.

## PARTS FACTORY, SALEM

30th November, 1965

<i>As at 31st March, 1965</i>	<i>Property and assets</i>	<i>As at 30th November, 1965</i>
RS		RS
11,250	Land .. .. .	11,250
3,01,494	Buildings .. .. .	2,96,189
3,91,633	Plant and machinery .. .. .	4,08,747
25,791	Furniture and fittings .. .. .	24,641
25,858	Electrical and water-supply installation	24,007
1,395	Models and samples .. .. .	5,659
4,80,053	Raw materials and stores .. .. .	4,56,593
3,76,796	Finished goods .. .. .	3,63,259
45,080	Work-in progress .. .. .	51,595
66,003	Loose tools after revaluation .. .. .	60,472
1,016	Stationery, books and perio- dicals, etc.	2,017
..	Advances to suppliers .. .. .	3,942
4,08,162	Sundry debtors .. .. .	6,45,942
21,157	Service postage stamps and cash on hand, including remittances in transit	2,321
5,607	Preliminary expenses .. .. .	..
..	Prepaid expenses .. .. .	538

Total ..	23,57,172
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## APPEN

## STATEMENT SHOWING ANALYSIS OF AUDIT OBJECTIONS TAKEN TO END

(Referred to in paragraph 141)

## I. ANALYSIS SHOWING NATURE OF

Department	Non-submission of detailed contingent bills		Non-submission of vouchers	
	Items	Amount	Items	Amount
(AMOUNT IN LAKHS OF RUPEES)				
Revenue .. .. .	1,265	99.07	5	0.01
Education and Public Health ..	521	16.35	41	11.38
Agriculture .. .. .	1,627	47.93	176	2.99
Food .. .. .	654	19.13	29	0.51
Rural Development and Local Administration	275	14.98	..	..
Finance .. .. .	9	0.31	198	27.14
Public .. .. .	75	0.79	..	..
Legislative Assembly .. .. .	1	(Rs 300 only)	..	..
Home .. .. .	1,247	17.71	1	(Rs 17 only)
Industries, Labour and Housing ..	300	14.32	1	(Rs 50 only)
Public Works .. .. .	12	0.02	319	2,40.78
Law .. .. .	1	(Rs 200 only)	..	..
Total ..	5,987	2,30.61	770	2,82.81

## DIX XIII

OF MARCH, 1966, AWAITING SETTLEMENT AS IN OCTOBER, 1966

of Chapter X)

## AUDIT OBJECTIONS

*Non-submission  
of sub-vouchers  
and stamped  
receipts*

<i>Non-submission of sub-vouchers and stamped receipts</i>		<i>Want of sanction</i>		<i>Other reasons</i>		<i>Total</i>	
<i>Items</i>	<i>Amount</i>	<i>Items</i>	<i>Amount</i>	<i>Items</i>	<i>Amount</i>	<i>Items</i>	<i>Amount</i>
(AMOUNT IN LAKHS OF RUPEES)							
321	1.46	463	14.88	3,124	9.40	5,178	1,24.82
1,081	21.26	394	9.08	1,367	14.20	3,404	72.27
1,657	45.66	1,169	26.60	2,213	22.89	6,842	1,46.07
277	7.35	93	2.76	1,068	18.22	2,121	47.97
529	4.10	91	1.11	1,409	2.10	2,304	22.29
6	0.11	1	(Rs 222 only)	203	0.61	417	28.17
52	0.57	6	0.01	199	0.46	332	1.83
..	..	..	..	..	..	1	(Rs 300 only)
944	16.57	131	3.52	1,706	14.36	4,029	52.16
741	58.20	162	46.00	847	96.88	2,051	2,15.40
1,317	21.43	9	0.04	678	85.00	2,335	3,47.27
4	0.01	..	..	13	0.11	18	0.12
<u>6,929</u>	<u>1,76.72</u>	<u>2,519</u>	<u>1,04.00</u>	<u>12,827</u>	<u>2,64.23</u>	<u>29,032</u>	<u>10,58.37</u>

## APPEN

## II DEPARTMENTWISE AND YEARWISE

(Referred to in paragraph

Department	1961-62 and earlier years		1962-63	
	Items	Amount	Items	Amount
(AMOUNT IN LAKHS OF RUPEES)				
Revenue .. .. .	1,170	40.95	569	12.37
Education and Public Health ..	208	4.25	246	2.53
Agriculture .. .. .	784	13.00	613	14.41
Food .. .. .	88	0.38	144	2.05
Rural Development and Local Administration	460	12.49	198	1.08
Finance .. .. .	127	21.84	61	2.30
Public .. .. .	173	0.34	13	0.02
Legislative Assembly .. .. .	..	..	..	..
Home .. .. .	377	9.70	265	4.22
Industries, Labour and Housing ..	469	12.28	144	19.71
<u>Public Works</u> .. .. .	258	13.52	86	1.33
Law .. .. .	..	..	..	..
Total ..	4,114	1,28.75	2,339	60.02



# AUDIT REPORT 1967

DIX XIII—concl'd.

ANALYSIS OF AUDIT OBJECTIONS

141 of Chapter X)

1963-64		1964-65		1965-66		Total	
Items	Amount	Items	Amount	Items	Amount	Items	Amount
(AMOUNT IN LAKHS OF RUPEES.)							
566	18.52	919	30.87	1,954	22.11	5,178	1,24.82
351	4.77	790	13.62	1,809	47.10	3,404	72.27
983	14.48	1,673	29.85	2,789	74.33	6,842	1,46.07
258	3.45	685	18.60	946	23.49	2,121	47.97
263	1.33	570	2.23	813	5.16	2,304	22.29
82	2.07	43	1.15	104	0.81	417	28.17
40	0.10	42	0.07	64	1.30	332	1.83
..	..	..	..	1	(Rs 300 only)	1	(Rs 300 only)
549	5.83	1,167	11.41	1,671	21.00	4,029	52.16
255	63.22	389	40.85	794	79.34	2,051	2,15.40
192	4.04	372	23.56	1,427	3,04.82	2,335	3,47.27
1	(Rs 200 only)	6	0.07	11	0.05	18	0.12
<u>3,540</u>	<u>1,17.81</u>	<u>6,656</u>	<u>1,72.28</u>	<u>12,383</u>	<u>5,79.51</u>	<u>29,032</u>	<u>10,58.37</u>

*less p.w.D*      2,335    347.27  
2,669.7      711.10

## APPEN

## STATEMENT SHOWING ANALYSIS OF INSPECTION REPORTS ISSUED TO

(Referred in to paragraph 142)

<i>Department</i>	<i>1961-62 and earlier years</i>		<i>1962-63</i>	
	<i>Reports</i>	<i>Para- graphs</i>	<i>Reports</i>	<i>Para- graphs</i>
Revenue .. .. .	..	..	4	9
Industries, Labour and Housing ..	15	57	22	71
Finance .. .. .	..	..	..	..
Education and Public Health ..	38	78	25	60
Food .. .. .	2	5	3	9
Public .. .. .	1	10	1	5
Agriculture .. .. .	65	182	42	155
Public Works .. .. .	74	138	51	114
Rural Development and Local Administration	135	432	39	108
Home .. .. .	5	34	11	33
Total ..	<u>335</u>	<u>936</u>	<u>198</u>	<u>564</u>

## AUDIT REPORT 1967

## DIX XIV

END OF MARCH, 1966, AWAITING SETTLEMENT AS IN OCTOBER, 1966  
of Chapter X)

1963-64		1964-65		1965-66		Total	
Reports	Para- graphs	Reports	Para- graphs	Reports	Para- graphs	Reports	Para- graphs
26	58	33	85	61	204	124	356
41	190	80	405	118	802	276	1,525
..	..	60	194	107	392	167	586
58	195	104	489	124	891	349	1,713
10	28	24	113	26	192	65	347
1	2	3	4	1	5	7	26
74	281	114	574	144	1,230	439	2,422
69	175	103	500	105	1,093	402	2,020
67	255	170	722	183	934	594	2,451
12	69	39	143	60	298	127	577
<u>358</u>	<u>1,253</u>	<u>730</u>	<u>3,229</u>	<u>929</u>	<u>6,041</u>	<u>2,550</u>	<u>12,023</u>

AND 402 2020  
2,148 10000

## APPENDIX XV

STATEMENT SHOWING IMPORTANT TYPES OF IRREGULARITIES  
NOTICED DURING 1965-66

(Referred to in paragraph 142 of Chapter X)

	<i>Number of treasuries/ divisions/ offices in which irregularities were noticed</i>
<i>(a) Treasuries—(5 Treasuries and 4 sub-treasuries were inspected during the year)—</i>	
(i) Defective maintenance of initial records such as Register of pension payment orders, Salary Register of Gazetted officers, Register of Revenue Deposits, etc.	7
(ii) Non-realisation/less realisation of security deposits from persons handling cash.	3
(iii) Retention of cash balance in excess of prescribed limit.	7
<i>(b) Public Works Offices—</i>	
(i) Delay in recovery of dues from contractors.	10
	(Rs 2.52 lakhs)
(ii) Defective maintenance of initial account records, such as register of work deposits, works abstract, etc.	6
(iii) Delay in recovery of rent of residential buildings.	5
	(Rs 5.61 lakhs)
(iv) Arrears in recovery of hire charges of tools and plant.	7
	(Rs 0.10 lakh)
(v) Non-recovery of lease amounts in respect of miscellaneous properties.	17
	(Rs 0.92 lakh)
<i>(c) Forest Department—</i>	
(i) Non-maintenance/defective maintenance of timber accounts.	3
<i>(d) Other Departments—</i>	
(i) Defective maintenance of cash book and omission to conduct physical verification of cash.	35

APPENDIX XV—*concl'd.*STATEMENT SHOWING IMPORTANT TYPES OF IRREGULARITIES  
NOTICED DURING 1965-66

(Referred to in paragraph 142 of Chapter X)

	<i>Number of treasuries/ divisions/ offices in which irregularities were noticed</i>
(ii) Defective maintenance of stock register and omission to conduct periodical physical verification of stock.	63
(iii) Purchase made without inviting tenders or acceptance of higher tenders without recording reasons.	16
(iv) Non-realisation/less realisation of security deposits from persons handling cash and stores.	42
(v) Delay in recovery of Government dues ..	30
	(Rs 12.48 lakhs)
(vi) Defective maintenance of log books of staff cars, etc.	20
(vii) Idle machinery/non-moving stock ..	24
	(Rs 2.81 lakhs)





