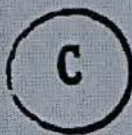


GOVERNMENT OF ORISSA

AUDIT REPORT

1963



Comptroller and Auditor General of India
1963

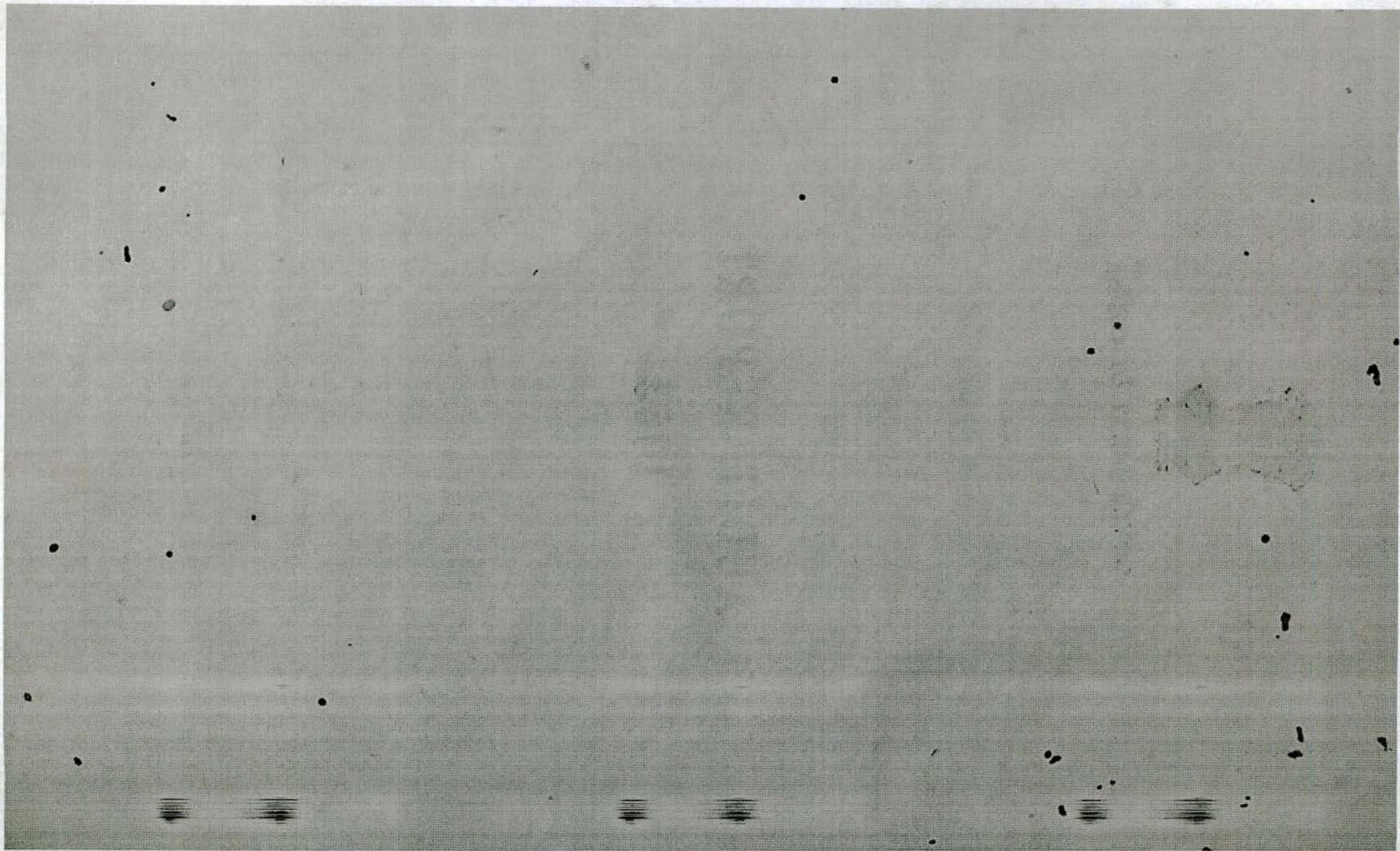


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GOVERNMENT OF ORISSA

AUDIT REPORT

1963



ERRATA

GOVERNMENT OF ORISSA, AUDIT REPORT, 1963

Page No.	Reference	For	Read
(i)	Heading of para. 22	Exces	Excess
(ii)	Heading of para. 39	n	in
(ii)	Heading of para. 58	'Stok'	'Stock'
		'verificia ion'	'verification'
(iii)	Heading of para. 69	provision	provisions
(iii)	Heading of para. 93—98	Quasi-Ommerical	'Quasi-Commercial
(iv)	Appendix VIII	irre ularities	irregularities
4	Para. 3 ; last item in the Statement	States	State's
6	Para. 5 item (N)	700	7.00
6	Statement below sub-para. 2 of Para. 5	Miscellaneous Department	Miscellaneous Departments
7	Statement below Para. 6 Police	0 6 3	0.63
8	Statement below Para. 6 Famine Relief	1. 1	1.11
8	Grand Total of Statement under Para. 6	52 36	52.36
8	Para. 7 ; 3rd line	Insert full stop after "210 blocks"	
9	7th line from top	January	January
10	Para. 9 : 2nd line	indicates	indicates
10	Para. 9 : I(iii)	Gover nment	Government
11	Para. 9(b) : 2nd sub-para. 2nd line	Re. 156.39 crores	Rs. 156.39 crores
12	Para. 10(c)—line 6	have	has
14	Para. 13(b) : Sub-para. 3, line 8	Substitute a 'semicolon' in place of 'comma' after the word "lakh".	
17	Para. 21—Comments under Grant No. 3— Group heads D. 1 and D. 2—line 6—	Delete the word "was" occurring after the word "year".	
18	Grant No. 17—Comments—Group head B-3— 1st line.	w s	was
21	(B) Charged Appropriations—4th line	Insert 'the' after 'Government to'	
23	Para. 24 : line 5	Insert 'comma' after 'Accountant-General'	
24	Para. 26—line 3	Insert a 'comma' after 'similarly'	
25	Para. 28 : 2nd sub-para. line 7	nstalled	installed
27	Para. 32 (i)—line 2	h d	had
27	Para. 32 (ii) : line 4	void	avoid
28	Para. 34 : sub-para. 1—line 1	competetive	competitive
29	Para. 34 (b) : line 6	Surveyer	Surveyor
29	Para. 35 (i) Line 10	Insert 'Rs.' before '5 lakhs'	
29	Para. 35 (i) : sub-para. 2 : line 2	Insert a 'comma' after 'sought'	
29	Para. 35 (i) : sub-para. 2—line 16	Insert a 'full stop' after 'May, 1960'	
30	Para. 35 (b) sub-para. 2—line 6	Raiiway	Railway
31	Para. 36 : sub-para. (i) : line 12	Insert the word 'an' before 'Assistant District Welfare Officer'.	
31	Para. 38 : item 2 :—Col. 1—Line 5	Sch me	Scheme
34	Heading of column 2	Imprtant	Important
34	Item (3)—column 2—line 7	case	cash
34	Item (5)—column 1—line 9	nisappropriated	misappropriated
41	Para. 48 (ii)—line 7	appoved	approved
41	Para. 48 (ii)—line 7	Insert the word "an" between the words "in" and "earlier".	
41	Para. 48 (ii) : sub-para. 2—line 1	December	December
44	Heading of column 1	he	the
44	column 8 : 6th figure	-0 72	—0.72
49	Serial No. 16 : closing balance	1 01	1.01
49	Foot note (d)	Sh rtages	Shortages

Page No	Reference	For	Read
50	Serial No. 20 : sub-para. 3 : line 2	lakhs	lakh
52	Line 9 from top	March, 196	March, 1963
52	Para. 58(b)—portion below the statement	agree	agrees
52	Para. 59 : line 6	Insert ' 2 ' before the words "Irrigation Divisions"	
54	Para. 63 : line 8	Insert a ' full stop ' after the words ' the return '	
55	Statement below para. 64—line 3—col. 1	Delete the word " covered " occurring after the word " arrears "	
57	(B)—Line 1—below the statement	are	is
57	(C) Transport Department	Amouut	Amount
60	Para. 70 : sub-para. 2 line 4	belew	below
60	Para. 70 : sub-para. 4 line 1	amouuts	amounts
63	Para. 76 : line 5	thoe	those
		Th	The
		w s	was
63	Para. 76 : line 6	extract d	extracted
63	Para. 76 : line 8	196	1956
67	Para. 78 : sub-para. 1 line 6	Investment	Investments
68	Foot note line 1	Delete ' on ' between " adjusted " and " as "	
69	Item (8)	Pencen age	Percentage
71	Sub-para. 3 of para. 83—line 8	0.11 lakhs	0.11 lakh
75	Heading of column 13	or	on
76	Foot note (1)—line 1	investe	invested
77	Serial No. 9—col. 12	6	—6
77	Serial No. 11—col. 12	8	—8
77	Foot note (2) line 3	Augu ts	August
79	Line 11	to	too
82	Foot note	Delete ' comma ' after the word ' closed '	
84	Para 96	(a) Grain Supply Scheme	(i) Grain Supply Scheme,
85	Para. 97 (ii) : line 3	195 -53	1952-53
87	Para. 100 : sub-para. 1. line 4	abministrative	administrative
89	Para. 101 : item (4) : comments sub-para 2 : line 5	wi hout	without
91	Para. 104 : line 6	Industries	Industries
94	Serial No. 2 : column 5	Read the figure as 1.52	
96	Para. 2—line 1	Insert the words " and the value thereof " after the word " objections "	
98	Para. 1—line 1	Insert " comma " after the word ' Similarly '	
98	Para. 2—line 1	Insert ' comma ' after the word ' consequently ',	
98	Para. 2—line 1	authorisation	authorisations
100	13 Land Revenue : column 2	1,85,04	1,85-04
103		Political and Service Department.	Political and Services Department.
105	Serial No. 11 : line 5	Rs. 951 lakhs	Rs. 9 51 lakhs
106	Serial No. 17 : Remarks column : line 4	Bank rafis	Bank drafts
108	Serial No. 1	23	25
108	Above serial No. 9	Depar ment	Department
110	Bottom	,97,187	4,97,187
		3,70,91	3,70,918
		3,70 91	3,70,918

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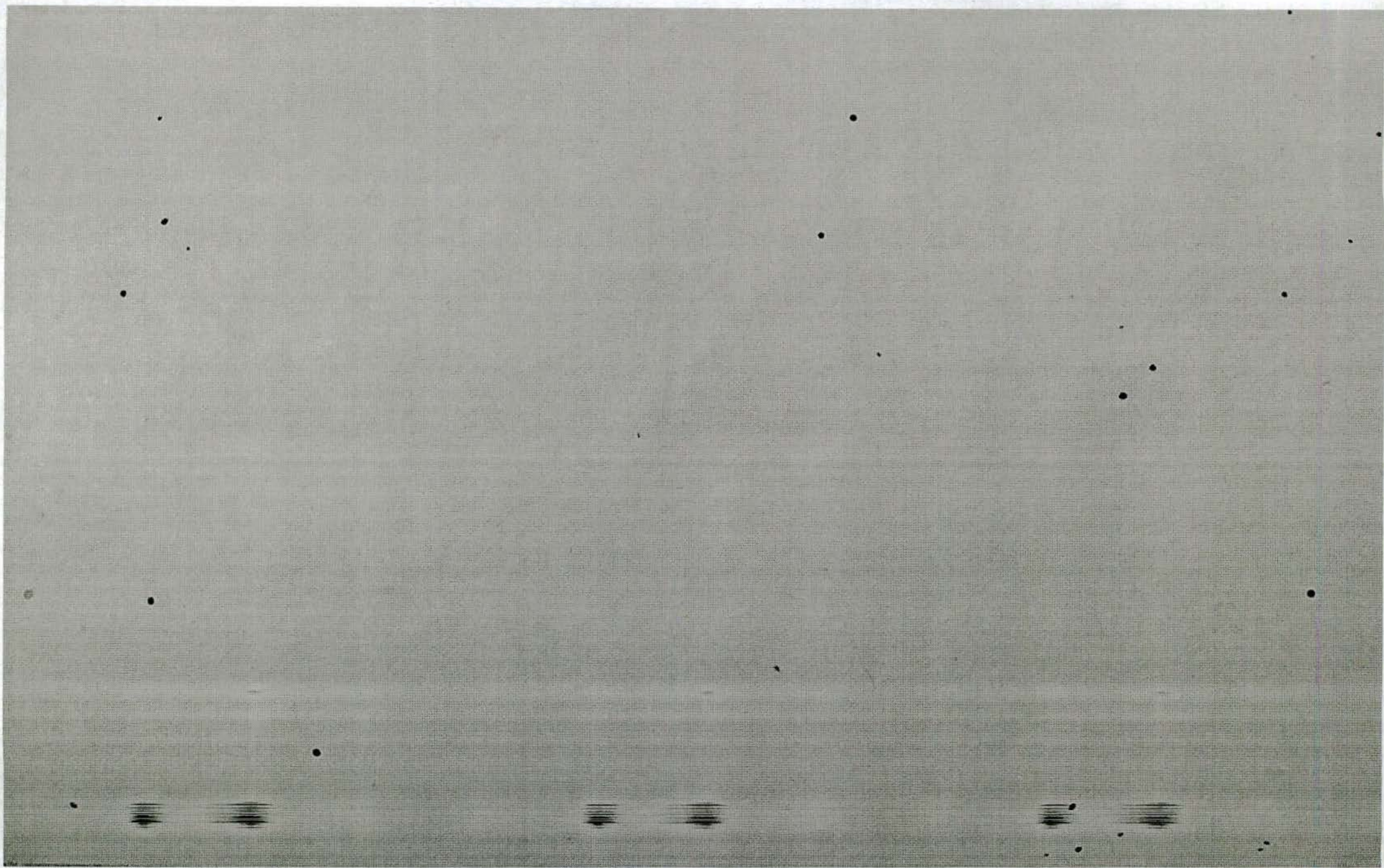
PREFATORY REMARKS

This volume mainly relates to matters arising from the Appropriation Accounts for 1961-62 together with other points arising from audit of the financial transactions of the Government of Orissa. It also includes :

(i) certain points of interest arising from the Finance Accounts for the year 1961-62 ; and

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

2. The financial irregularities, losses, etc., commented upon in the Report relate to cases which came to the notice of Audit during the year 1961-62 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 1961-62 have also been included wherever considered necessary.



CHAPTER 1

• General

The Budget estimates and actuals for 1961-62 under Revenue and Capital Accounts, as compared with the corresponding figures for 1957-58 and 1960-61, are given below :—

	Receipts			Expenditure			Surplus+ Deficit—	
	Budget	Actuals	Variations	Budget	Actuals	Variations	Budget Estimates	Actuals
(In crores of rupees)								
Revenue Account—								
1957-58	21.89	22.03	+0.14	25.07	23.48	—1.59	—3.18	—1.45
1960-61	36.67	35.47	—1.20	40.18	35.55	—4.63	—3.51	—0.08
1961-62	41.10	37.15	—3.95	45.29	52.36	+7.07	—4.19	—15.21
Capital Account—								
1957-58	..	..	..	17.57	20.38	+2.81	..	..
1960-61	..	..	..	13.69	11.84	—1.85	..	..
1961-62	..	..	..	17.19	14.12	—3.07	..	..

It will be seen that the variations between the budget provision and the actuals under 'Revenue Receipts' and 'Expenditure on Revenue Account' and 'Expenditure on Capital Account' have been greater in 1961-62 than during the two earlier years shown above. The question whether forecasts of revenue receipts and expenditure cannot be made to approximate more closely to the actuals needs consideration.

While the revenue receipts increased by Rs. 15.12 crores (69 per cent) since 1957-58 the expenditure on revenue account increased by Rs. 28.89 crores (123 per cent.). During 1961-62 the revenue deficit was the largest for the five year period (Rs. 15.21 crores); as against an increase of Rs. 1.68 crores in the revenue receipts during 1961-62 as compared with the receipts for 1960-61, the increase in expenditure on revenue account during 1961-62 was to the extent of Rs. 16.81 crores. The revenue receipts during 1961-62 were sufficient only to meet about 71 per cent of the expenditure on revenue account. Government had thus to add to their debt in order to meet the expenditure on revenue account.

The revenue position during the year 1961-62 was proposed to be partly balanced by raising additional revenues amounting to Rs. 3 crores. The contemplated taxation measures were not, however, implemented during the year and the additional revenue actually realised by fresh measures of taxation was only Rs. 0.72 crore (c. f. Paragraph 4 below).

2. *Revenue Receipts*—The shortfall of Rs. 3.95 crores as compared with the budget estimates was mainly due to—

- (a) a smaller amount having been received from the Central Government as grants-in-aid than anticipated (Rs. 2.90 crores);
- (b) suspension of collection of land revenue due to floods in some districts (Rs. 0.88 crore);
- (c) fall in the excise revenue (Rs. 0.90 crore) due to non-materialisation of the changes in the Excise policy;
- (d) decrease in the electricity revenue due to transfer of some revenue earning Electricity Schemes to the State Electricity Board (Rs. 1.29 crores);
- (e) smaller revenue from taxes on goods carried by roads or inland water ways (Rs. 0.60 crore) due to exemption of tax on minerals ; partly counterbalanced by—
 - (a) increased receipts from taxes under the Central and State Sales Tax Acts (Rs. 0.68 crore);
 - (b) share of net proceeds of Taxes on Income other than Agricultural Income assigned to the State (Rs. 0.47 crore);
 - (c) adjustment of interest receipts from the investments in Treasury Bills relating to previous years (Rs. 0.46 crore); and
 - (d) miscellaneous revenue (Rs. 0.90 crore) chiefly from State Trading Scheme.

3. *Trend of receipts under main heads of Revenue*—(a) The table below indicates the trend of receipts under each main head of revenue for the year 1961-62 and the corresponding figures for 1957-58 and 1960-61.

	1957-58	1960-61	1961-62	Increase since 1957-58
	(In crores of rupees)			
Taxes on Income other than Corporation Tax.	2.76	3.28	3.53	0.77
Land Revenue	1.99	2.06	2.42	0.43
State Excise Duties	1.02	1.33	1.67	0.65
Forest	2.58	2.54	3.10	0.52
Taxes on Vehicles	0.66	0.82	1.03	0.37
Sales Tax	1.99	3.14	4.02	2.03
Interest	0.25	0.34	1.07	0.82
Miscellaneous Departments	1.14	1.28	1.59	0.45
Receipts from Multipurpose River Schemes.	..	0.98	1.70	1.70
Miscellaneous	0.42	2.11	1.73	1.31
Grants-in-aid to States	5.82*	12.01*	8.94	3.12
States share of Union Excise Duties	1.59	2.65	2.89	1.30

*Include other grants and subventions from the Government of India accounted for under heads of account.

(b) The more important increases in the revenue receipts of the Government since 1957-58 are mentioned below :—

(i) *Sales Tax (+Rs. 2.03 crores)*—The rise was mainly due to levy of Sales Tax and Purchase Tax on certain commodities not taxed so far and increase in the rate of taxes.

(ii) *Receipts from Multipurpose River Schemes (+Rs. 1.70 crores)*—The revenue was derived mainly from the sale of Hirakud Hydro-power and other Miscellaneous receipts from the Hirakud Dam Project on completion of the Stage I of the Project.

(iii) *Grants-in-aid to States (+Rs. 3.12 crores)*—The increase was due to increase in the Central grants to the State.

4. *New and additional Taxation Measures*—The taxation measures proposed for implementation during the year 1961-62 at the budget stage were—

Measures of taxation	Anticipated additional Revenue
	(In crores of rupees)
(1) Increase in the rate of Sales Tax	.. 0.43
(2) Irrigation rates	.. 0.45
(3) Canal tollage	.. 0.18
(4) Land Revenue and Cess through settlement	.. 0.29
(5) Reorientation in Excise policy	.. 1.27
(6) Tax on passenger fares and freight on transport of goods by public carriers.	0.26
(7) Abolition of subsisting intermediaries	.. 0.12
	Total 3.00

Of these, only item No. 1 was introduced during the year and the additional revenue realised on that account was stated by the Government to be Rs. 72 lakhs.

The anticipated additional revenue and the actual realisation during the year 1961-62 as compared with the year 1960-61 is given below :—

	Anticipated additional Revenue	Actual realisation	Shortfall
	(In crores of rupees)		
1960-61	.. 2.11	0.64	1.47
1961-62	.. 3.00	0.72	2.28

5. The revenue receipts during the year 1961-62 showed an increase of about 5 per cent over that in 1960-61 and about 69 per cent over that in 1957-58. The increase is analysed below:—

	1957-58	1960-61	1961-62	Increase since 1957-58
(In crores of rupees)				
(i) Revenue raised by the State Government—				
(a) From Taxes, Duties and other Principal Heads of Revenues.	9.03	11.11	13.43	4.40
(b) Other receipts such as water rates, betterment levy, rents from buildings, etc.	2.72	6.10	8.26	5.54
(ii) State's share of divisible Central taxes.	4.48	6.25	6.52	2.04
(iii) Grants-in-aid from the Central Government under Article 275 of the Constitution.	3.48	5.01	3.67	0.19
(iv) Other grants and subventions from the Central Government.	2.32	7.00	5.27	2.95
Total	22.03	35.47	37.15	15.12

During 1961-62, grants from the Central Government and the State's share of divisible Central taxes amounted to 41.6 per cent of the total revenues of the State.

The increase amounting to Rs. 9.94 crores since 1957-58 in the revenue raised by the State Government accrued mainly from the following sources:—

	1957-58	1960-61	1961-62	Increase since 1957-58
(In crores of rupees)				
Land Revenue	1.99	2.06	2.42	0.43
State Excise Duties	1.02	1.33	1.67	0.65
Stamps	0.53	0.63	0.74	0.21
Forest	2.58	2.54	3.10	0.52
Taxes on Vehicles	0.66	0.82	1.03	0.37
Sales Tax	1.99	3.14	4.02	2.03
Education	0.17	0.22	0.38	0.21
Medical	0.02	0.06	0.21	0.19
Miscellaneous Department	1.14	0.89	1.59	0.45
Civil Works	0.23	0.35	0.36	0.13
Hirakud Stage-I	..	0.98	1.70	1.70
Interest Receipts	0.25	0.34	1.07	0.82
Miscellaneous	0.42	1.19	1.73	1.31

The increase in the revenue raised by the State Government during 1961-62 as compared with 1960-61 (Rs. 4.48 crores) was due to—

- (a) Increased receipts from Sales Tax owing to increase in the rate of tax on certain commodities (Rs. 0.88 lakh);
- (b) Increase in the revenue from sale of electricity due to increased utilisation of Hirakud Power (Rs. 0.72 lakh);
- (c) Normal rise under Land Revenue, State Excise Duties, Forest, Taxes on Vehicles and Stamps, (Rs. 1.58 lakhs); and
- (d) Increased interest receipts from the investments of cash balances of Government in Treasury Bills of the Government of India (Rs. 0.71 lakh).

6. *Expenditure on Revenue Account*—The expenditure on Revenue account during the year 1961-62 showed an increase of about 47 per cent over that in 1960-61 and 123 per cent over that in 1957-58. The increase is analysed below :—

	1957-58	1960-61	1961-62	Increase since 1957-58	
				Amount	Percentage
	(In crores of rupees)				
<i>Collection of Taxes, Duties and other Principal Revenues.</i>	2.60	2.73	3.12	0.52	20
<i>Administrative Services—</i>					
General Administration	2.20	2.88	3.24	1.04	47
Police ..	1.70	1.98	2.33	0.63	37
Other Administrative Services.	0.63	0.74	0.70	0.07	11
Total ..	4.53	5.60	6.27	1.74	38
<i>Social and Developmental Services—</i>					
Education ..	3.12	4.33	6.73	3.61	116
Community Development Projects, National Extension Service and Local Development Works.	1.61	2.90	3.65	2.04	129
Medical and Public Health.	1.39	2.60	2.71	1.32	95
Agriculture ..	1.09	1.04	1.67	0.58	53
Other Social and Developmental Services.	3.02	4.37	5.21	2.19	72
Total ..	10.23	15.24	19.97	9.74	95

	1957-58	1960-61	1961-62	Increase since 1957-58	
				Amount	Percentage
(In crores of rupees)					
<i>Other Services—</i>					
Debt Services ..	1.02	3.27	4.26	3.24	318
Civil Works ..	2.43	3.25	4.36	1.93	79
Multipurpose River Schemes.	0.12	0.91	7.21	7.09	5,908
Famine Relief ..	0.48	1.11	3.41	2.93	610
Other Miscellaneous Services.	2.06	3.44	3.76	1.70	82
Total ..	6.11	11.98	23.00	16.89	276
Grand Total ..	23.47	35.55	52.36	28.89	123

The main increases during 1961-62 as compared with the actuals for 1960-61 have been under :—

- (i) " Multipurpose River Schemes " (Rs. 6.30 crores) mainly due to payment of interest on loans obtained for the Hirakud Dam Project for the years 1960-61* and 1961-62 ;
- (ii) Famine Relief (Rs. 2.30 crores) due to increased expenditure on flood relief schemes ;
- (iii) Civil Works (Rs. 1.11 crores) due to expenditure on buildings of the General Administration, Education, Medical and Industries Departments and on Communication and Repairs ;
- (iv) Debt Services (Rs. 0.99 crore) owing to increase in the payment of interest charges and contribution to Sinking Funds consequent on the increase of debt of the State ; and
- (v) Education (Rs. 2.40 crores) mainly due to grants to Zilla Parishads for Primary Education.

7. *Panchayati Raj*—During 1961-62, the implementation of the Community Development Programme was fully entrusted to the Panchayat Samities in 210 Blocks. The management of all Primary Schools including Sevashrams in Tribal and Rural areas of the State have also been transferred to the Samities. Other important functions entrusted to the Samities include Grain Gola Schemes, Local Development Works, Rural Communication and Supply of Drinking Water.

The total amount of grants-in-aid and loans paid to these organisations during 1961-62 amounted to Rs. 4.77 crores and Rs. 10.97 lakhs respectively.

*The interest charges on loans obtained for Hirakud Dam Project due for payment in 1960-61 were not paid during that year owing to non-receipt of Central Loan Assistance for the same.

The audit of the accounts of these bodies is conducted by the Examiner of Local Accounts for Panchayat Samities who is under the administrative control of the State Government. Although the Panchayat Samities and Zilla Parishads were formally opened on the 26th January, 1961 the Local Fund Audit Organisation for audit of these accounts came into being during March, 1962. The audit of expenditure from the grants-in-aid paid from 26th January, 1961 to March, 1962 is in arrears.

18. *Grants-in-aid and Subsidies*—During the year 1961-62, grants-in-aid amounting to Rs. 8.12 crores and subsidies amounting to Rs. 0.21 crore were paid out of the revenues of the State to local bodies including Zilla Parishads and Panchayat Samities, etc.

In respect of grants made to parties other than local bodies up to March, 1962, 1,702 certificates of utilisation of grants involving an amount of Rs. 4.95 crores were awaited (September, 1962). Some of these date back to 1959-60 and earlier years.

In respect of 42 local bodies, a total amount of Rs. 49.37 lakhs out of the grants sanctioned during 1960-61 remained unutilised at the end of that year. The unspent balances of grants were found to be more than the cash balances at the end of 1960-61 in respect of 13 local bodies indicating that the unspent amounts of the grants had been diverted to other purposes. Further details in this respect are given in paragraph 100 (pages 87-88).

Some of the major Departments through which grants-in-aid are distributed are detailed below:—

Name of the Department	Grants-in-aid paid out of revenues of the State	Subsidies	Grants-in-aid paid capitalised in Government account
(In crores of rupees)			
Community Development and Panchayati Raj.	2.27	..	0.07
Education ..	4.34	..	..
Revenue ..	0.49	..	0.08
Industries ..	0.43	0.09	..
Health (L. S. G.) ..	0.16	..	0.40
Health ..	0.16	..	..
Tribal and Rural Welfare	0.17	0.03	..
Co-operation and Forestry	0.08	0.08	..

9. *Expenditure outside the Revenue Account.*—The following table indicates (i) the amount of expenditure on capital account and loans and advances during 1961-62, (ii) expenditure during the five years from 1957-58 and (iii) progressive expenditure up to the end 1961-62:—

Heads of Account	During 1961-62	During 1957-58 to 1961-62	Progressive total upto 1961-62
(In crores of rupees)			
I. Capital expenditure on—			
(i) Irrigation and Multipurpose River Schemes.	6.38	41.73	111.74
(ii) Electricity Schemes ..	0.48	4.44	12.36
(iii) Other Commercial Departments/Under takings, Schemes of Government Trading and Agricultural Schemes.	1.43	8.79	9.60
(iv) Other Capital expenditure—			
(a) Capital Outlay on Civil Works.	4.91	14.70	23.35
(b) Other Capital Outlay ..	0.92	3.10	4.64
II. Net outgo under 'Loans and Advances by the State Government' i. e., after taking into account repayment of loans.	2.48	4.26	11.83
Total ..	16.60	77.05	173.52

Out of the total capital expenditure of Rs. 14.12 crores during 1961-62, an amount of Rs. 12.98 crores was expended for Plan Schemes mainly for:—

(In crores of rupees)	
(1) Chiplima Power House Project ..	2.16
(2) Delta Irrigation Scheme ..	1.80
(3) Balimela Dam Project ..	0.28
(4) Civil Works ..	3.55
(5) Investments in the Orissa Mining Corporation and Industrial Development Corporation.	0.88
(6) Medium Irrigation Projects ..	1.29
(7) Grants for Urban Water-supply and Drainage Schemes.	0.35
(8) Navigation, Embankment and Drainage Works ..	0.35
(9) Other Irrigation Works ..	0.51
(10) Development of Paradip Port ..	0.24
(11) Duduma Transmission and Talcher Thermal Schemes.	0.51

(b) The sources from which the total expenditure outside the Revenue Account including that on "Loans and Advances" during 1961-62 and during the five year period ending 1961-62 was met are indicated below :—

Hheads of Account	During 1961-62	1957-58 to 1961-62
	(In crores of rupees)	
I. Net additions to—		
(i) Permanent Debt ..	8.23	14.58
(ii) Ways and Means Advances from the Reserve Bank of India. ..	..	-0.48
(iii) Loans from the Central Government ..	15.31	71.42
(iv) Loans from other sources and unfunded Debt. ..	1.02	3.77
II. Miscellaneous (Excess of Deposits, etc., received by Government over repayments on that account excluding investment).	4.93	14.13
III. Decrease (+)/Increase (—) in cash balance and investments.	2.32	-11.10
IV. Revenue Surplus ..	..	1.61
V. Deduct—Revenue Deficit ..	15.21	16.89
VI. Net Resources available for expenditure outside Revenue Account.	16.60	77.05
Total ..	31.81	93.94

The State's total capital expenditure to end of 1961-62 amounted to Rs. 156.39 crores which was mainly met from borrowed funds.

10. *Working results of Multipurpose River Schemes, Irrigation Projects and Electricity Schemes.*—(a) *Multipurpose River Schemes*—The total Capital Outlay on the two multipurpose River Schemes, viz., Hirakud Dam Project Stage I and Balimela Dam Project to end of 1961-62 amounted to Rs. 81.30 crores. The former project has been completed, the total expenditure booked to end of 1961-62 on the Project was Rs. 80.98 crores representing 52 per cent of the State's total capital outlay. The Revenue account for the Project has been opened with effect from the 1st April, 1960 and the financial results thereof have been shown in paragraph 45 (Page 39). The net receipts from the Scheme during 1961-62 were Rs. 84 lakhs. The net loss to Government after meeting interest charges on the loans obtained for the purpose, however, amounted to Rs. 5.02 crores. The interest for 1960-61 and 1961-62 was paid during 1961-62 by obtaining loan assistance from the Central Government.

(b) *Irrigation Schemes.*—On 31st March, 1962 the State Government's investment in those irrigation works for which Capital and Revenue Accounts are kept amounted to Rs. 3.22 crores.

The financial results of the working of these projects during the years 1960-61 and 1961-62 are shown below :—

Year	Net Revenue before charging interest	Interest on capital	Net Revenue after charging interest
	(In lakhs of rupees)		
1960-61	— 13·94	10·68	— 24·62
1961-62	— 29·32	11·03	— 40·35

(c) *Electricity Schemes.*—With the formation of the State Electricity Board with effect from 1st March, 1961 all the completed transmission lines upto 132 KV. were transferred to the Board. The State Government have retained Hirakud and Machkund Power Houses and the construction of Talcher Thermal Scheme including transmission lines above 132 K. V. The allocation of assets and liabilities between the Board and Government have not yet been settled. The Financial results of the Schemes entrusted to the State Electricity Board have not been worked out as the *pro forma* accounts which are required to be prepared annually in terms of section 69(i) of the Electricity (Supply) Act, 1948 have not been prepared by the Board since its formation. Other points of financial interest have been mentioned in paragraph 82, page 70.

The total capital expenditure incurred on the construction of Power Projects in the State up to end of 1961-62 amounted to Rs. 22·52 crores representing 14 per cent of the State's total capital outlay. The financial results of the Schemes retained under the control of the Government and for which Capital and Revenue accounts have been opened are detailed in paragraph 53, page 43. The working results of these show a net loss of about Rs. 20 lakhs during 1961-62 after charging interest on Capital.

11. *Debt position.*—The Legislature of the State has not laid down any limit under the provisions of Article 293(1) of the Constitution within which the executive power of the State Government would extend to borrowing upon the security of the Consolidated Fund of the State.

The debt outstanding at the end of 1950-51, 1955-56, 1960-61 and 1961-62 was as shown below :—

	31-3-1951	31-3-1956	31-3-1961	31-3-1962
	(In crores of rupees)			
Market loans	.. ..	.. ..	14·57	20·47
Floating Debt	.. ..	.. ..	.. ..	.. ..
Loans from the Central Government for—				
(i) Development purposes.	10·36	59·84	130·93	140·28
(ii) Other purposes..	0·50	10·59	12·66	18·62
Other Loans	.. ..	.. ..	1·64	2·25
Unfunded Debt	.. 0·76	1·78	3·42	3·82
Total	.. 11·62	72·21	163·22	185·44

Details of the debt transactions of the year 1961-62 are given below :—

	Receipts during the year	Repayments during the year	Net increase during the year
	(In crores of rupees)		
(i) Market loans ..	5.90	..	+5.90
(ii) Floating debt ..	..	..	..
(iii) Loans from the Central Government.	19.56	4.25	+15.31
(iv) Other loans ..	0.72	0.11	+ 0.61
(v) Unfunded debt ..	0.74	0.34	+ 0.40
Total ..	26.92	4.70	+22.22

12. *Interest charges.*—Interest payments on account of debt are analysed below :—

	1957-58	1960-61	1961-62
	(In crores of rupees)		
(i) Interest paid by the State Government	3.94	2.57	8.82
(ii) (a) Interest received on Loans and Advances.	0.08	0.14	0.12
(b) Interest received on Investment of Cash Balance.	0.04	0.05	0.76
(iii) Net burden of interest on Revenue [(i) Minus (ii)].	3.82	2.38	7.94
(iv) Net interest as a percentage of total revenue.	17	7	21

The interest on loans obtained for Hirakud Dam Project Stage I for the years 1960-61 and 1961-62 amounting to Rs. 2.93 crores for each of the years was paid during the year by obtaining a loan of Rs. 4.97 crores from Central Government and that for Hirakud Stage II for which a provision of 42 lakhs was made in the budget was not paid during the year pending decision on capitalisation of the expenditure and availability of central loan assistance for the purpose. A loan of Rs. 43 lakhs was, however, obtained from Central Government for meeting these charges from the Revenue Account.

13. *Arrangement for amortisation.*—In accordance with the notification inviting applications for the open market loans raised by Government, the following arrangements have been made for the amortisation of loans :—

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

(b) *Sinking Fund*.—In addition to the annual contribution to the Depreciation Fund, an annual contribution is made to a Sinking Fund, at such rates as Government may decide from time to time to be necessary.

During the year, sums of Rs. 0.22 crore and Rs. 1.92 crores were appropriated from Revenue to the two Funds respectively. The total balance in the Funds on 31st March, 1962 was Rs. 5.71 crores, out of which Rs. 1.81 crores have been invested in securities of other Governments bonds and debentures, etc., in State Corporations and Private Institutions and in the State Government's own securities.

No amortisation arrangements in respect of the 455 loans obtained from the Central Government (86 per cent of the total debt of the State) have been made except for the two loans amounting to Rs. 15.32 lakhs obtained for the Industrial Housing Scheme. In accordance with the accounting procedure laid down by the Government, an amount equivalent to the actual recoveries made from the Industrialists is transferred to the Sinking Fund. The contribution during 1961-62 to the Sinking Fund on this account was Rs. 0.37 lakh, the balance in the Fund at the end of the year amounted to Rs. 7.80 lakhs out of which Rs. 6.61 lakhs were invested in securities of the Government of India. Repayments of all other loans are being made by the Government as and when the instalments fall.

14. *Loans and Advances by the State Government*.—The total loans and advances given by the State Government and outstanding as on 31st March, 1962 amounted to Rs. 11.83 crores as shown below :—

	Amount (In crores of rupees)
(i) Loans to Municipalities	.. 0.33
(ii) Loans to District and other Local Fund Committees.	1.52
(iii) Advances under State-Aid to Industries Act	.. 0.87
(iv) Advances to Government servants	.. 0.18
(v) Advances to Cultivators	.. 3.62
(vi) Advances to Displaced Persons	.. 0.85
(vii) Loans and Advances under Community Development Project.	0.53
(viii) Loans under Housing Schemes	1.44
(ix) Loans to Co-operative Societies, Banks and Institutions.	1.30
(x) Other Miscellaneous Loans and Advances	.. 1.19
Total	.. 11.83

15. *Arrears in the recovery of loans*.—Information regarding the extent of arrears as on 31st March, 1962 in the recovery of the loans, the detailed accounts of which are maintained by the Departmental officers [Item Nos. (v) to (x) above] is awaited from the departments concerned. The amounts of recoveries overdue at the end of 1961-62 in respect of other loans and

advances made to Municipalities, Local Funds, etc. [item Nos. (i) to (iv) above] the detailed accounts of which are kept in the Accounts Office are detailed below :—

Loans and Advances	Amount	
	Principal	Interest
	(In lakhs of rupees)	
Loans to Municipalities	1.99	2.50
Loans to District Board and other Local Fund Committees.	12.00	6.90
Loans under State-aid to Industries Act. ..	14.08	2.62
Advances to Government servants ..	1.14	0.03
Total ..	29.21	12.05

16. *Ways and Means position.*—(a) Under an agreement with the Reserve Bank of India, the Government of Orissa have to maintain a minimum balance of Rs. 10 lakhs.

In order to enable the State Government to meet the pressure on their Cash Balance position, the Central Government made an *ad hoc* payment of Rs. 13.59 crores as Ways and Means Advance which was converted into regular loans (Rs. 10.06 crores) and grants (Rs. 3.53 crores) during the year. The Government of Orissa did not take any further Ways and Means Advances from the Reserve Bank of India during 1961-62.

(b) Amounts totalling Rs. 3.23 crores were drawn by the different Controlling Officers during 1960-61 mostly towards the end of the financial year in advance of actual requirements.

17. *Cash Balance.*—The Closing Balance of the State on 31st March, 1962 was Rs. 8.63 crores (a *minus* balance of Rs. 2.13 crores under cash in Treasuries Rs. 0.20 crore, with departmental officers Rs. 0.03 crore and with Reserve Bank of India Rs. (—) 2.36 crores plus Investment of Rs. 10.76 crores in the Government of India Treasury Bills, securities of Government of India and other State Governments, etc.) as compared with Rs. 10.96 crores at the beginning of the year. The balance with the Reserve Bank (a *minus* balance of Rs. 2.36 crores) as shown by Government accounts is due to adjustments made by the Bank between 31st March, 1962 and 25th April, 1962 pertaining to the year 1961-62.

18. *Guarantees given by Government.*—(a) Government have given guarantees on behalf of four Co-operative Institutions and Banks for loans and capital raised by them to the extent of Rs. 3.91 crores. They have also given guarantees to the extent of Rs. 1.22 crores in respect of two Joint Stock Companies for which guarantee commission at the rate of 1½ per cent per annum is being paid by the two Companies to Government as envisaged in the agreement.

A detailed statement of guarantees given by the State Government is given in Statement No. 6 of the Government of Orissa, Finance Accounts for 1961-62.

(b) Government have also guaranteed the share capital raised by the Orissa State Financial Corporation (Rs. 50 lakhs by end of March, 1962) and the payment of minimum dividend (at 3.5 per cent) on that Capital. During 1961-62, Government paid subvention to the extent of Rs. 0.80 lakh to meet the liability in fulfilment of the guarantee. The amount paid on this account till the end of the year 1961-62 amounted to Rs. 3.95 lakhs.

CHAPTER II

Appropriation audit and control over expenditure

APPROPRIATION AUDIT

Summary

19. The following table compares the expenditure during the year with the total of voted grants and charged appropriations—

	Grants/Appropriations	Actual Expenditure	Saving		
			Amount	Percentage	
(In crores of rupees)					
Voted—					
Original	80·30	101·37	86·09	15·28	15·07
Supplementary	21·07				
Charged—					
Original	13·54	16·32	16·05	0·27	1·65
Supplementary	2·78				
Total	117·69	102·14	15·55	13·21	

The total amount of savings (Rs. 15·55 crores) represented 13·21 per cent of the total amount of voted grants and charged appropriations and was the result of savings in 69 grants/appropriations amounting to Rs. 17·01 crores offset by excesses in 3 grants/appropriations amounting to Rs. 1·46 crores. There were large savings in the preceding years also; 16·43 per cent in 1960-61, 14·90 per cent in 1959-60 and 15·92 per cent in 1958-59.

20. *Supplementary Grants and Appropriations.*—During the year supplementary provision totalling Rs. 23·85 crores was obtained under 53 voted grants and 13 charged appropriations. The details given in Appendix I (at page 99) bring out the following points :—

- (i) in 24 cases supplementary provision amounting to Rs. 2·83 crores under voted grants proved entirely unnecessary as in these cases expenditure did not even come up to the original grant. In 10 of these cases, the supplementary grants were obtained as late as in March, 1962 when the department should have been in a position to frame a reasonably close estimate of their requirements.
- (ii) in 25 cases supplementary grants proved excessive. In these cases against a total supplementary provision of Rs. 17·31 crores the amount which was actually utilised was Rs. 13·10 crores.

On the other hand, paragraph 22 of this Report will indicate that supplementary provision obtained under 2 grants and 1 appropriation proved inadequate. In these cases while the supplementary provision totalled Rs. 3·15 crores, the actual expenditure exceeded the total grant/appropriation including the supplementary provision by Rs. 1·46 crores.

21. *Savings in Voted Grants and Charged Appropriations.*—(A) *Voted grants*—(i) The details given in Appendix I, page 99 indicate that there were 34 grants under which the savings exceeded 10 per cent of the total provision and in 18 of these, the savings ranged between 21 and 81 per cent.

(ii) The savings which occurred in the provision made for different groups of Government activity were as follows :—

	Total grant	Saving	Percentage
	(In crores of rupees)		
Expenditure met from Revenue—			
(1) Administrative Services ..	7.33	0.93	12.69
(2) Social and Developmental Services ..	23.96	3.87	16.15
(3) Other Services ..	33.44	2.73	8.10
Expenditure outside the Revenue Account—			
(1) State Schemes of Government Trading	4.10	1.98	48.29
(2) Irrigation and Electricity Schemes ..	16.34	3.40	20.81
(3) Other Schemes ..	12.35	1.71	13.84
Debt—			
Loans and Advances ..	3.85	0.66	17.11

(iii) (a) Some cases where the provision made remained substantially unutilised during 1961-62 are shown below :—

Grant No. and Group-head	Schemes	Provision made	Actual Expenditure
(In lakhs of rupees)			

3—Police—

D. 1, D. 2	Village Police	30.07	18.33
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A provision of Rs. 30.07 lakhs was made for the introduction of the system of cash payment to Choukidars in lieu of Jagir lands in the areas of the former Indian States. This was not utilised. A similar provision of Rs. 30 lakhs made in the previous year was also lapsed owing to the non-introduction of the reforms.

5—Community Development Projects, etc—

N. 1	Irrigation—Stage I Blocks.	42.19	23.68
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The saving was explained as due to revision of Block programme and change in classification (Rs. 9.85 lakhs); delay in finalisation of formalities and lack of people's participation in case of Soil Conservation Works, shortage of technical hands for Lift Irrigation, Minor Irrigation and Soil Conservation Works and non-payment of subsidy as some borrowers did not fulfil the terms and conditions (Rs. 7.40 lakhs); and non-finalisation of some Irrigation Works (Rs. 1.26 lakhs).

Grant No. and Group-head	Schemes	Provision made	Actual expenditure
(In lakhs of rupees)			
13—Land Revenue—			
G. 1	Land Reforms	10.85	0.16
Non-implementation of the Land Reforms scheme due to administrative and legal difficulties (Rs. 10.12 lakhs).			
17—Expenditure relating to the Industries Department—			
B. 3.	Transfer to Orissa Mining Areas Development Fund.	76.00	..
The entire provision was surrendered in March, 1962 due to non-adjustment of the amount to the Fund Account as the collection of cess transferable to the Fund could not be made due to legal difficulties.			
24—Irrigation—			
V. 2	Embankments— Flood Damage Repairs.	65.00	25.22
The saving was explained as mainly due to progress of work having been retarded by untimely rains.			
25—Civil Works—			
K. 1.	Original Works— Buildings—Public Works Department.		
	(2) Education	42.29	22.39
Late receipt of administrative approval to certain works and scarcity of building materials for works connected with Elementary and Secondary Education.			
	(7) Industries	41.70	15.14
Administrative approval to certain works not accorded during the year, also scarcity of building materials.			

Grant No. and Group-head	Schemes	Provision made	Actual expenditure
		(In lakhs of rupees)	
33--Forest.			
B. 1.	Timber and other produce removed from the forests by Government Agency.	32.84	20.17
	Mainly due to non-receipt of sleepers from contractors who were engaged to prepare sleepers required for sale to the Railway.		
39--Hirakud Dam Project.			
	A. Dam and Appurtenant Works—		
	Works	75.00	36.46
	The saving of Rs. 25.61 lakhs was explained as due to non-payment of compensation for rayati land pending High Court's decision on an appeal preferred by Government.		
	The reasons for the balance of saving (Rs. 10.63 lakhs) have not been intimated by the Controlling Officer (March, 1963).		
43--Electricity Schemes outside the Revenue Account and Other Expenditure relating to the Works Department.			
	C. 1. Salandi Irrigation Project—Works.	50.00	30.09
	The saving was stated as due to shortage of cement and essential machinery, non-finalisation of Land Acquisition proceedings and late finalisation of tenders (Rs. 19.14 lakhs).		
	R. Hirakud Dam Project—Stage I—Dam and Appurtenant Works—Works.	45.00	6.19
	The reasons for the saving have not been intimated by the Controlling Officer (March, 1963).		
	DD. Hirakud Dam Project—Stage II—Hirakud Subsidiary Power House, Chip-lima—Works.	394.53	249.44

Grant No. and Group-head.	Schemes	Provision made	Actual expenditure	
		(In lakhs of rupees)		
HH. 1	Delta Irrigation Scheme—Head Works.	100.69	78.76	
	The saving was explained as mainly due to non-finalisation of land acquisition proceedings and the progress of works having been retarded on account of untimely rains.			
HH. 2 (2) (5)	Delta Irrigation Scheme—Main Canals and Branches—Cross Drainage Works—Works.	67.42	35.74	
	The saving was explained as mainly due to slow progress of works on account of foundation difficulties in Kuakhai Syphon (Rs. 33.76 lakhs).			
HH. 3	Delta Irrigation Scheme—Distributaries and Minors—Works.	31.16	10.37	
	The saving was explained as mainly due to non-finalisation of land acquisition proceedings and early setting in of monsoon (Rs. 19.75 lakhs).			
PP. 5	Hirakud Power Utilisation Scheme—Suspense—Gross Debit.	48.15	22.67	
	The saving was explained as due to (i) non-receipt of rails from Hindustan Steel, Bhilai and some material from a firm of suppliers (Rs. 18.58 lakhs), and (ii) surrender of provision due to transfer of 33 K. V. and 11 K. V. lines to the control of State Electricity Board (Rs. 6.90 lakhs).			
UU. 1 to 5	Talcher Thermal Scheme	199.79	47.09	
	The saving was explained as due to (i) delay in selection of foreign consulting Engineers (Rs. 143.98 lakhs) and (ii) Less payment to the consulting Engineers (Rs. 6.94 lakhs).			
45—State Schemes of Government Trading.	B. 1 (1)	Grain Purchase Scheme—Suspense (Personal Deposits)—Purchase of Rice—Debit.	260.00	113.01
	Mainly due to less purchase of foodgrains under Orissa Foodgrains Procurement (Levy) Order, 1959 for meeting internal demand.			

Grant No. and Group-head	Schemes	Provision made	Actual expenditure	
		(In lakhs of rupees)		
59—Capital Outlay on Ports (Parap)—	F. Trading in Iron Ore —Suspense (Personal Deposits)—Debits. Less purchase of iron ore for export due to curtailment of export programme in order to take up marine survey.	48.00	16.07	
55—Capital Expenditure relating to Development (Co-operation) Department	B. Investment in other Commercial Concerns. The saving was explained as mainly due to non-sanctioning of the investments in Bargarh Sugar Factory (Rs. 5 lakhs), State Ware Housing Corporation (Rs. 2.75 lakhs) and Cold Storage Plants (Rs. 3.25 lakhs).	16.75	5.90	
60—Capital Account of Civil Works—	A. 1 (6)—	Original Works —Buildings—Public Works Department—Police.	38.56	12.23
		The saving was explained as mainly due to delay in finalisation of tenders (Rs. 6.24 lakhs), transfer of provision to other works (Rs. 5 lakhs) delay in according administrative approval (Rs. 1.45 lakhs) and abandonment of Police Housing Scheme (Rs. 9 lakhs).		
	H. 1 (7)—	Original Works —Buildings—Public Works Department—Industries.	31.10	18.22
		The saving was mainly due to non-receipt of details of works for which provision was made from the Industries Department (Rs. 14.93 lakhs.)		

(b) Other cases, in which a substantial proportion of the funds provided for Development and other Schemes, grants-in-aid and other items remained unutilised have been indicated in the Appropriation Accounts.

(B) *Charged Appropriations*.—Against Charged Appropriations, there was a total saving of Rs. 32 lakhs which is accounted for mainly by the non-utilisation of the provision made for repayment of loans from the Central Government to extent of Rs. 28.51 lakhs.

The other items of savings under Charged Appropriations do not call for any special mention.

22. (a) *Excess over Voted Grants.*—The following two cases of excess over Voted grants require to be regularised under Article 205 of the Constitution of India.

Particulars of grant	Total grant Rs.	Expenditure Rs.	Excess	
			Amount Rs.	Percentage
8—Stamps	.. 2,21,256	2,34,537	13,281	6.01
The excess of Rs. 13,281 occurred under the group-head 'B—Charges for sale of Stamps' and was stated to be due to more payment of discount (Rs. 16,897) on increased sale of stamps. Excess occurred under this grant due to same reason during the two preceding years also.				
24—Irrigation	.. 7,67,07,508	9,08,18,089	1,41,10,581	18.39
The excess was mainly due to adjustment of interest on Capital Outlay on Hirakud Dam Project—Stage-I for which full provision was not made (Rs. 1.82 crores).				

(b) *Excess over Charged Appropriations.*—An excess also occurred under the following Charged Appropriation which requires regularisation :—

Particulars of Appropriation.	Total Appropriation Rs.	Expenditure Rs.	Excess	
			Amount Rs.	Percentage
Interest on Debt and Other Obligations.	8,77,25,284	8,82,27,562	5,02,278	0.57

The excess was stated to be mainly due to the fact that more investors preferred claims for interest on open market loans than anticipated (Rs. 13.60 lakhs).

CONTROL OVER EXPENDITURE

23. 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 :—

- (i) by sanctioning reappropriations for the transfer of funds from sub-heads of grants where a saving is anticipated to other sub-heads in the same grant where there is need for additional provision of funds;
- (ii) by obtaining supplementary grant or appropriation wherever necessary; and
- (iii) by effecting surrender of surplus funds under any sub-head as soon as they can be foreseen.

Cases where the total expenditure against a grant or appropriation as a whole has exceeded the sanctioned amounts and require regularisation by Legislature have been brought out in paragraph 22 above.

Cases where the additional funds provided in the course of the year by supplementary grant or appropriation proved unnecessary have been indicated in paragraph 20, Page 16.

Savings occurring within a grant/appropriation are required to be surrendered as soon as the possibility of such savings is envisaged without waiting till the end of year. Out of the total saving in grants and appropriations amounting to Rs. 15.55 crores, a sum of Rs. 15.14 crores was surrendered by the controlling officers concerned. Surrenders were, however, mostly made at the close of the year. The amount surrendered in March, 1962 amounted to Rs. 15 crores i. e., 99 per cent of the total amount surrendered during the year.

Important instances of defective control over expenditure in respect of individual group heads within the grants have been indicated in the Appropriation Accounts.

24. *Delay in reconciliation of the figures of the Departmental Offices with those of the Audit Office.*—The financial rules and procedure prescribed by Government require monthly verification by controlling officers of the figures of expenditure booked departmentally with those in the accounts maintained by the Accountant-General any discrepancies being settled by personal contact each quarter.

The final acceptance of the yearly figures was to be furnished by the Departments by June, 1962. The position by the end of September, 1962 was that 10 Controlling Officers had not reconciled their accounts for all the twelve months, 4 for eleven months, 11 for periods ranging from six to ten months and 5 for periods less than six months.

25. *Belated issue of sanctions by Government resulting in rush of expenditure in March.*—Government issued instructions in February, 1959 and again in March, 1962 to all Controlling Officers that sanctions of Government should be issued and acted upon sufficiently early and at any rate not later than 15th of March, so that there would be no rush of expenditure at the close of the year. In spite of these instructions, 753 sanctions were issued by different Departments of Government during March, 1962 of which 463 were issued after 15th March (192 were received in the Audit Office on the last three days of the month). Of these in 84 cases payment had to be authorised by the Audit Office during last three days of March by telegram.

Of the sanctions issued in March, 1962, 79 involving a total amount of Rs. 58.93 lakhs were for payment of grants-in-aid to Local Bodies, Community Development Blocks, etc.

26. *Withdrawal of money in advance of actual requirement with a view to utilising the budget provision.*—Mention was made in para. 22 of the Audit Report, 1962 regarding the irregularities in withdrawing large amounts towards the end of the financial year much in advance of requirements merely to avoid lapse of budget provision. Further cases, which have come to notice have been summarised in Appendix II, page 103. In these cases, a sum of Rs. 2.30 crores was withdrawn from Treasuries far in excess of or far ahead of requirements and kept either in the shape of Bank drafts or in sealed bags in the Treasuries in contravention of the financial rules of Government.

Out of the amounts so drawn, sums totalling Rs. 7.88 lakhs were diverted towards expenditure on purposes for which sanction of appropriate authority was not obtained. Similarly sums totalling Rs. 78.25 lakhs (details given below) advanced by the departmental officers to Government servants and private parties for supplies to be made or work to be done remain to be recovered or adjusted (October, 1962)—some of these advances date back to the year 1946-47.

Year in which advances were made.	Amount (In lakhs of rupees)
1958-59 and earlier years	.. 21.78
1959-60	.. 25.62
1960-61	.. 29.87
1961-62	.. 0.98

27. *Delay in submission of material for the Appropriation Accounts—* The information required for framing the explanations for variations between the amounts of Voted Grants/Charged Appropriations and the actual expenditure was not received from the Controlling Officers in the case of 223 (Nos.) of group-heads in the Appropriation Accounts. These formed 62 per cent of the number of group-heads in respect of which the variations had to be explained. Comments on the variations in respect of these heads have, however, been included to the extent possible on the basis of the material available in the office of the Accountant-General. 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
HOME DEPARTMENT

28. *Community Listening Scheme (Grant No. 36).*—The Community Listening Scheme was introduced in 1955-56 with the target of installation of 10,000 radio sets in rural areas.

Out of 7,970 sets purchased during the Second Plan Period (1956-57 to 1960-61), only 6,335 sets were issued to the Community Centres. Out of the remaining sets, 1,157 Nos. valued at Rs. 2.90 lakhs (approximate) were lying in stock on 31st March, 1961 in the Central Stores of the Directorate of Public Relations and 478 Nos. issued to the District Public Relation Officers for distribution were held in stock by them. About 20 per cent of the sets installed were stated by the Department to have remained out of use for various reasons such as non-availability of dry batteries, spare parts for timely repairs, lack of resources to meet the cost of maintenance and repair and absence of sufficient number of technical experts to set right the defects. The exact number of such sets as also the period for which these remained out of use could not be known as no systematic records had been maintained.

It has been stated that from the year 1962-63, the number of Radio Inspectors has been increased to take care of the radio sets and they are available for their repairs free of charge and arrangements have been made to supply the spare parts and dry batteries from the Central Stores of Government at reasonable prices—the cost being met by the villagers.

COMMUNITY DEVELOPMENT AND PANCHAYATI RAJ
DEPARTMENT

29. *Irregularities noticed during the local audit of Community Development Projects, National Extension Service, etc. (Grant No. 5).*—The local audit of the accounts of 98 Blocks of Community Development Projects, National Extension Service, etc. out of total of 210, conducted during 1961-62 indicated the persistence of the following irregularities pointed out in the earlier Audit Reports. These were again brought to the notice of Government in August, 1962.

The funds drawn from Treasuries during March, 1961 amounted to 60 to 70 per cent of the total withdrawals during the year in 6 Blocks, between 70 to 80 per cent in 8 Blocks, between 80 to 90 per cent in 10 Blocks and between 90 to 100 per cent in 2 Blocks.

In 84 Blocks the cash balance at the end of March, 1961 representing unspent balance out of the amounts withdrawn during the year 1960-61 and the balance carried over from previous years amounted to Rs. 91 lakhs. This represented over three-fourths of the annual expenditure of these Blocks and was mainly kept in sealed bags.

In 17 Blocks funds to the extent of Rs. 1.61 lakhs were diverted from out of the cash balance available with the Block Development Officers for purposes other than those for which they were provided for or drawn from the Treasuries.

In 57 Blocks a total sum of Rs. 60 lakhs remained outstanding as the amount of unadjusted advances at the end of March, 1961 mostly due to non-adjustment of the earlier advance granted to the same executant for the same work.

In 20 (out of 98) Blocks physical verification of stocks was not conducted mainly for the year 1960-61.

HEALTH (L. S. G.) DEPARTMENT

30. *Expenditure on Relief and Rehabilitation of Displaced Persons (Grant Nos. 7 and 41).*—The expenditure on Relief and Rehabilitation during and up to the end of 1961-62 was as follows :—

	During 1961-62	To end of 1961-62
	Rs.	Rs.
Pay and allowances of officers and establishment	27,690	25,72,634
Relief ..	2,272	93,76,210
Rehabilitation ..	2,72,486	27,49,773

In addition, loans advanced to the Displaced Persons during and up to the end of 1961-62 amounted to Rs. 54,574 and Rs. 90,47,588, respectively.

The following points were noticed during an examination of the accounts maintained by the Departmental Officers :—

- (i) Initial records viz., Bill Register, Cash Book, Advance Register, Register of Works, etc., were not maintained properly in accordance with the prescribed rules and procedure.
- (ii) An excessive cash balance was maintained in the Office of the District Rehabilitation Officer, Cuttack. There was a cash balance of Rs. 1.99 lakhs on 31st March, 1960. Only about one-half of the amount (Rs. 0.92 lakh) was utilised in the course of the following 16 months up to the end of 31st July, 1961. The balance has not been fully utilised as yet (May, 1962).
- (iii) The loan ledgers were not maintained properly and as a result prompt recovery of loans could not be watched, loans were paid by District Rehabilitation Officer, Puri during 1959-60 and 1960-61 without obtaining any Loan Bonds. Loans amounting to Rs. 14.65 lakhs due for recovery by 31st March, 1962 remained outstanding on that date. Besides, a sum of Rs. 14.19 lakhs was outstanding against the families who had deserted the Rehabilitation Colonies. The yearwise break up of the outstanding amounts could not be furnished by Government. An amount of Rs. 1.80 lakhs was written off up to the end of the year 1961-62.

31. *Slum Clearance Scheme (Grant Nos. 34 and 41).*—The Slum Clearance Scheme was taken up by the State Government during 1957-58 and executed through the local bodies on grant-cum-loan basis (50:50).

Financial assistance to the extent of Rs. 8.40 lakhs towards loan and Rs. 4.18 lakhs as subsidy was provided by the Government of India up to end of 1961-62.

As laid down by the Government of India, the loan to the Local Bodies was to be paid in instalments according to requirements, the first on finalisation of proceedings for acquisition of slums and when payments were to be made to owners and the balance in one or two instalments according to the actual requirement based on the progress of the work. Similarly, the

subsidy was to be paid in instalments the first (50 per cent) on providing essential services, the second (40 per cent) on completion of the project and the balance (10 per cent) on receipt of audited accounts. Contrary to these requirements, an amount of Rs. 8.07 lakhs towards loan and Rs. 7.91 lakhs towards subsidy were paid to local bodies up to the end of 1961-62 in one instalment in respect of different projects.

Specific dates of completion of the projects taken up by the local bodies were not fixed in any case. As against the target of 485 tenements for construction, sanctioned up to the end 1961-62, only 62 tenements have been completed so far (October, 1962). In respect of projects taken up during 1957-58 and 1958-59 by the Bhubaneswar Notified Area Council, which were stated to have been completed in August, 1959 and June, 1960, respectively, completion reports/certificates were not furnished.

Utilisation certificates for loans and subsidy have not been received from any Municipality except Berhampur Municipality (January, 1963).

EDUCATION DEPARTMENT

32. *Mohsin Endowment Fund (Grant No. 11).*—The Mohsin Endowment Fund was created by a deed of trust during the year 1806 for awarding scholarships to poor Muslim students of Bengal which, at that time included Orissa also. With the creation of a separate State, Orissa inherited a share of the Fund with an annual contribution of Rs. 340 from the then Government of Bengal. An account was opened with the then Imperial Bank of India in the name of the Director of Public Instruction, Orissa in his official capacity. The more important irregularities brought out by a test check of this Fund in December, 1961 are mentioned below :—

- (i) Two credits of Rs. 340 each being the annual contribution to the Fund for the years 1941 and 1943 had not been accounted for.
- (ii) The Banking account was utilised for keeping Government money to the extent of several lakhs drawn from the Treasury towards the close of the financial years during the period from March, 1957 to March, 1961 obviously to void lapse of budget provision.

Date of drawal from the Treasury	Amount drawn and deposited in the Fund (banking account) on the day of drawal or in the subsequent few days
(In lakhs of rupees)	
30th March, 1957	.. 10.39
30th March, 1958	. 3.66
31st March, 1958	. 10.03
31st March, 1959	.. 1.37
31st March, 1960	.. 6.71
31st March, 1961	.. 4.81

- (iii) Unreconciled discrepancies were noticed between the departmental balance and the balance shown in the Bank statements at the end of each month from March, 1957 to March, 1958. At the end of 1958, the balance according to the Bank statement was Rs. 12.14 lakhs whereas the departmental books showed a balance of Rs. 2.11 lakhs.
- (iv) During 1957-58 to 1959-60, in 89 cases involving an amount of Rs. 6.23 lakhs funds drawn from the Bank were not passed through the cash-book. In respect of 54 cases involving an amount of Rs. 2.29 lakhs and in respect of 79 other cases involving an amount of Rs. 9.94 lakhs payees' acknowledgements were not kept on record.
- (v) During the same period, in 46 cases, the moneys withdrawn from the Bank were taken into the Cash-Book after a lapse of several days varying from 3 to 15 days.
- (vi) More than one cheque book had been used for drawal of money from the Bank and the cheques were not issued in serial order. The dated initials of the officer drawing the cheques were not found in many of the counterfoils; cancellation of cheques had also not been done under the dated initials of the officer.

Government have ordered for a thorough investigation and the results are awaited (April, 1963).

COMMERCE DEPARTMENT

33. *Ex-gratia* payment (Grant No. 19).—Mention was made in paragraph 19 of the Audit Report, 1960 about payment of Rs. 7,755 *ex-gratia* to a designer of an Oriya Key Board Typewriter during July, 1957 and March, 1958 besides an advance of Rs. 1,000 paid during June, 1948. A further *ex-gratia* payment of Rs. 5,000 was made to the designer during March, 1962. The advance of Rs. 1,000 outstanding against him since 1948 was subsequently written off in April, 1962. Total payments up-to-date on this account including the payments made during 1947 and 1948, amounted to Rs. 18,155.

34. *Chandbali Port* (Grant No. 49).—(a) *Purchase of a departmental vessel*—Government sanctioned in December, 1957 an amount of Rs. 31,000 for purchase of a vessel from M/S Orissa Docking and Engineering Works (Jobra) on the following terms and conditions :—

- (1) 30 per cent of the cost to be paid on lay out of keel
- (2) 40 per cent on completion of full planking
- (3) 30 per cent on completion and delivery and test trials to be conducted by the Port Officer at Jobra before taking delivery.

Competitive tenders were not called for before selecting this firm. No agreement specifying the conditions and specifications according to which the construction was to be made was executed. The payment of the final instalment was made to the firm in April, 1959 on the basis of certificate of completion and receipt of vessel in good condition furnished by the Port Officer in October, 1958. Subsequent to taking delivery and launching of the vessel, many defects were noticed and some alterations were found necessary in December, 1958. The details of expenditure incurred on removing the defects were not recorded separately. An

expenditure of Rs. 7,383 was incurred on repairs and removing defects noticed subsequently during 1960-61 for which payments were made to M/S Mahanadi Engineering Works (Jobra).

(b) *Loss of Stores and equipment.*—(i) Stores valued at Rs. 7,629 were found short and brought to the notice of the Collector, Balasore by the Port Officer in September, 1959. It was stated in March, 1962 that it was contemplated to institute a case in a Court of law for the recovery of the value of the lost articles from a former Deputy Marine Surveyer.

(ii) Four buoys valued at Rs. 13,828 out of the ten buoys purchased in February, 1958 were found short. No action was taken to fix responsibility for the loss and its regularisation (March, 1962).

35. *Expenditure on Paradip Port Development (Grant No. 50).*—Paradip was declared a minor port in January, 1958. The State Government took up development of the Port during the Second Plan Period and incurred an expenditure of Rs. 66.24 lakhs up to March, 1962.

Certain points noticed in transactions connected with the expenditure on development of the Port are mentioned below :—

(i) *Purchases of second hand vessels and other crafts with the object of carrying on loading operations on an immediate basis.*—(a) An agreement was entered into on 27th December, 1957 after negotiation (and not after calling for open tenders) with a firm at Bombay for the purchase of a Motor Tug (rebuilt in 1946) at a cost of Rs. 2.5 lakhs and a dumb barge and a motor vessel (built during the last war) at a cost of Rs. 3 lakhs. The tug and the vessel which were to be despatched on or before 27th January, 1958 were received at Paradip only on 14th March, 1958 when the shipping season for 1957-58 was almost over. Government had granted an initial advance of 5 lakhs on 14th December, 1957 even though the firm had demanded in their tenders only 25 per cent of the cost of the crafts as advance with the order.

The Chief Mechanical Engineer, Bombay Port Trust, whose expert advice had been sought observed that the maintenance of wooden tugs would be difficult after 15 years' service and that the purchase of the rebuilt tug in consideration of its price and age was not advisable. The Special Officer of the Government of India in the Ministry of Transport who was then consulted, suggested that the vessel should be surveyed and subjected to trials by the Mercantile Marine Department, and that the operation of the tug over the bar at Paradip might be restricted to half tide upwards. Speed and towing trials of the tug were conducted on 18th January, 1958 by the Marine Department but on the arrival of the tug at Paradip, the State Port Officer reported that the tug was not suitable for sailing over the Paradip bar in its then existing condition. In an attempt to take the tug over the bar in June, 1958 its propellers suffered damage due to oversize and were later sold as scrap at a loss of Rs. 1,005; a total expenditure of Rs. 45,000 (approximately) was incurred on the purchase of spare parts and repairs during the period March, 1958 to May, 1960. The crew which were brought from Bombay along with the Tug continued to remain idle during this period and the expenditure on them and on the crew of the Dumb barge which could not also be put to use amounted to Rs. 69,000 (approximately).

The Motor vessel, which was received at Paradip on 14th March, 1958 remained idle during the period from 14th March, 1958 to 19th November, 1959. The expenditure on crew during this period amounted to Rs. 44,100.

Spare parts costing Rs. 18,797 were purchased for these crafts from the same supplier; of these the stores costing Rs. 9,855 were subsequently found to be already in stock and stores worth Rs. 8,941 were found to be old and unusable.

(b) A second-hand sea-going Motor Launch (rebuilt in 1957) was purchased at a cost of Rs. 40,000 at Bombay by negotiation by an Additional Secretary to Government who certified it to be in an excellent condition. It was, however, found immediately after its arrival at Cuttack in December, 1958 that the bottom which was mostly made of ply wood was in completely deteriorated condition and that the vessel was not suitable for loading operation in sea. After repairs costing Rs. 6,971, an attempt was made in July, 1961 for a simple trial run in plain water, but immediately after launching, the engine started giving trouble resulting in the planks on the bottom of the launch being badly damaged. The launch has not been made any use of upto now (November, 1962) though it was purchased for immediate use. Further extensive repairs are under consideration.

The firm disowned any responsibility for the bad condition of the launch at the destination on the ground that the vessel had been sold after due inspection by the purchaser on 'as is where is' basis and any damage, etc., at the destination might have been caused during transport. No claim was preferred against Insurance Co. or Railway Company.

(c) Government entered into an agreement with a firm at Calcutta on 7th June, 1961 for the purchase of 2 second-hand "Z" crafts at a cost of Rs. 6.20 lakhs. A sum of Rs. 1.55 lakhs was advanced to the firm in July, 1961 after executing a surety bond on 27th June, 1961 with the wife of one of the partners who was in sole charge of conducting the business on behalf of the firm, by way of equitable mortgage of her property in Calcutta. The crafts were brought from Hongkong to Calcutta on 14th February, 1962. On an inspection the dock plate and also the superstructure were found to have been badly corroded. It appears that the condition of the vessels was so bad that in Hongkong every British and American firm refused to insure them. As the firm had failed to deliver the crafts by 31st March, 1962 the agreement was repudiated by Government on 11th April, 1962 and the firm was issued notice to refund the advance with 6 per cent interest thereon and a further sum of Rs. 5,000 as liquidated damage. The firm refused to comply with this demand. No legal action against the surety for recovery of the advance of Rs. 1.55 lakhs has so far been taken (November, 1962).

(d) A lighter was purchased after inspection by an Additional Secretary to Government from a boat owner in Madras at a negotiated price of Rs. 29,000 for trial runs at Paradip Port. An agreement was concluded with the firm on 16th September, 1957 providing that full payment would be made to the firm before the lighter was allowed to leave the Port and that no responsibility whatsoever would devolve on the seller for damages, etc., which might subsequently occur. The lighter reached Paradip on 28th September, 1957. After a few test runs in the middle of December, 1957 it was found badly leaking from all sides. The lighter is at present lying in Paradip lock in an unserviceable condition.

The salaries, etc., of the Crew during the period from 29th September, 1957 to 28th February, 1959 amounted to Rs. 12,600 (approximately).

(e) One Tug-cum-Press Dredger was purchased from a firm in Calcutta at a cost of Rs. 1.08 lakhs including incidental charges for the work of investigation of Paradip Port. The dredger was delivered at Cuttack in

December, 1958. It was not, however, utilised for dredging at the port but was transferred on 1st March, 1959 to a Public Works Division for possible use. An expenditure of Rs. 2,640 was incurred on the Crew, up to the date of transfer. Even after its transfer, the dredger has remained practically unutilised in the Division.

(f) A firm at Calcutta offered in April, 1956 to construct and supply one 29 feet Teak wood Survey Launch at a cost of Rs. 38,250 with a condition that the price was open for acceptance within one month from the date of offer after which it was subject to confirmation. In October, 1956 when the quotation was recommended for acceptance the firm came up with its revised rate of Rs. 91,960 for the construction and supply of a vessel of "modified design" inclusive of an 'Echo-Sounder' costing Rs. 15,288.

The revised quotation for the vessel of "modified design" was accepted by Government in January, 1957 even though the design was not approved by the Director (Water Wing) of the Central Water and Power Commission due to insufficiency of its breadth and other technical considerations. The purchase was, however, made and in September, 1958 when the Launch was being brought to Paradip on its delivery at Calcutta, it met with an accident due to engine trouble. Repairs were undertaken at an estimated cost of Rs. 9,990. A further expenditure of Rs. 13,500 (approximately) was also incurred towards repair of the Vessel including the "Echo-Sounder" during the period from February, 1959 to April, 1960.

According to the terms of the quotation the Launch was to be delivered in 10 months from the date of receipt of the order. The order accepting the quotation was issued on 19th January, 1957 but the vessel was actually delivered in September, 1958. In the absence of any provision in the agreement in this regard, no penalty for the delay could be enforced.

TRIBAL AND RURAL WELFARE DEPARTMENT

36. *Irregularities in accounts of District Welfare Offices (Grant No. 21).—*

(i) *Loss due to misappropriation.*—The construction of a special Adibasi Hostel at Keonjhar at an estimated cost of Rs. 12,000 was sanctioned by Government during January, 1957. The entire allotment was shown as expenditure incurred on the work. The actual work measured by an Engineering Overseer and at the instance of the Collector, by an Assistant Engineer was valued at Rs. 5,992. The Collector assessed the work at Rs. 8,125 on the basis of the account submitted by the Assistant District Welfare Officer and the Social Worker in-charge of the construction work. The balance of Rs. 3,875 was stated to have been misappropriated. The Collector intimated in May, 1961 that departmental proceedings had been drawn up against a District Welfare Officer, Assistant District Welfare Officer and the Social Worker. Finalisation of the proceedings is awaited (July, 1962).

(ii) *Infructuous expenditure.*—The work of construction of 9 twin hutments at Kartarkella in Bolangir district was taken up at an estimated cost of Rs. 9,000. The work relating to 3 hutments was given to a contractor and that for 6 hutments to the Bandupala Panchayat Samiti during 1956-58 without executing any agreements. An expenditure of Rs. 8,445 was incurred on the work. Due to heavy showers during July, 1958 the hutments constructed by the contractor collapsed and those constructed by the Samiti were badly damaged. The Collector intimated in April, 1962 that responsibility for the loss could not be fixed as investigation into the matter was not made immediately after the collapse and that Government had been moved to write off the loss.

FINANCE DEPARTMENT

37. *Misappropriation, losses, etc.*—250 cases involving an amount of Rs. 9.30 lakhs were pending finalisation on 31st July, 1962. Of these, 46 cases involving an amount of Rs. 1.07 lakhs were reported during the period from 1st August, 1961 to 31st July, 1962. During this period, 6 cases involving an amount of Rs. 34,938 were disposed of. In these 6 cases, Government after taking suitable action, recovered an amount of Rs. 500 from the offender in one case and has written off the balance of Rs. 34,438.

Of the 250 cases referred to above, 23 cases involving an amount of Rs. 3.35 lakhs were pending in Courts of Law and in 87 cases involving an amount of Rs. 3.37 lakhs, final departmental action is awaited. These include 49 cases, in which misappropriations, etc., occurred prior to March, 1960 and are more than 3 years old.

In 90 cases involving an amount of Rs. 1.52 lakhs, departmental proceedings were finalised and final orders of Government for recovery or write off of the losses are awaited. Of these, 42 cases are outstanding for more than one year due mainly to non-submission of enquiry reports by subordinate authorities.

In the remaining 50 cases involving an amount of Rs. 1.06 lakhs, neither departmental proceedings were initiated nor were the cases filed in Courts of Law.

The departmentwise analysis of the cases where delay in disposal occurred is given below :—

Department	Cases relating to the years prior to 1959-60 (3 years old) in which final Departmental action is pending		Cases where Departmental proceedings were finalised for more than one year and final orders of Government for recovery/write off are awaited	
	No. of cases	Amount Rs.	No. of cases	Amount Rs.
1. Revenue	23	1,31,534	17	47,485
2. Agriculture and Animal Husbandry	12	54,470	5	3,069
3. Industries ..	4	16,866	5	15,977
4. Community Development and Panchayati Raj.	3	45,627	..	..
5. Education ..	2	10,669	3	2,488
6. Home ..	2	4,564	7	10,222
7. Finance ..	1	81,400	..	..
8. Health (L. S. G.) (Rehabilitation Section.)	1	3,000	2	3,011
9. Tribal and Rural Welfare.	1	2,236	2	1,380
10. Transport ..	..	..	1	315
Total ..	49	3,50,366	42	83,947

38. Some outstanding cases of misappropriation, losses, etc., are mentioned below:—

Particulars of the cases

Important features and particulars of action, if any, taken by Government

AGRICULTURE AND ANIMAL HUSBANDRY DEPARTMENT

(1) A sum of Rs. 8,391 was misappropriated by an Agricultural Overseer of Jagatsingpur Agricultural Centre being the cost of seeds, manures, implements, etc., during 1950-51. The case was not reported to audit until an enquiry was made on the sanction (December, 1960) of a sum of Rs 1,050 for filing a Civil suit against the former Overseer.

(i) The sale proceeds were not taken into the Cash Book.

(ii) More quantity of seed was shown as issued than the actual issue.

The overseer who was kept under suspension from October, 1950 was discharged from Government service, with effect from 1st March, 1956 as a result of departmental proceedings.

A Civil suit was proposed to be filed against the Overseer for recovery of the loss and an amount of Rs. 1,050 was drawn in September, 1960 to meet the cost of Court-fees. Further action taken is awaited (January, 1963).

No action was taken to fix responsibility for the loss on any supervisory staff.

(2) A sum of Rs. 5,226 relating to the cost of manures and fertilisers realised from cultivators by a Propaganda Assistant under Coconut Development Scheme during the period from July, 1960 to June, 1961 was not deposited into the Treasury. The amount was suspected to have been misappropriated. The Propaganda Assistant was reported to be absconding since December, 1961.

The sale proceeds were not deposited promptly with the Officer-in-charge of the scheme or in the Treasury.

The delinquent official was placed under suspension from December, 1961 and a complaint with the Police was lodged. Further action is awaited (January, 1963).

Particulars of the cases

Important features and particulars of action, if any, taken by Government

REVENUE DEPARTMENT

- (3) Shortage of cash amounting to Rs. 6,360 in the Taluk Office, Rayagada was noticed at the time of physical verification of cash by the Subdivisional Officer on 20th June, 1961. The amount was alleged to have been misappropriated by the Head Clerk of the Subdivisional Office.
- The Taluk Office has to get back a sum of Rs. 3,500 from the Subdivisional Office. The Head Clerk of the Subdivisional Office obtained a receipt from the Head Clerk of the Taluk Office on 15th June, 1961, but did not pay the amount. The case was misappropriated. A further sum of Rs. 2,860 was also taken by the Head Clerk of the Subdivisional Office from Taluk Office on a Kutchha Receipt earlier on 25th May, 1961 which was also misappropriated.
- The Head Clerks of both the offices were placed under suspension, with effect from 24th June, 1961. The Head Clerk of the Subdivisional Office committed suicide on 24th June, 1961. Further action is awaited (January, 1963).
- (4) A sum of Rs. 4,559 was alleged to have been misappropriated out of the advances given to the Resettlement Inspector, Mathi'i for departmental development works (Rs. 3,416) and reclamation charges and personal advances collected by him (Rs. 1,144) from the displaced persons during the period from April, 1957 to February, 1959.
- An account of the advance given to the Inspector for departmental work was not furnished. The amounts realised on the receipts issued from the receipt book in his possession were not deposited with the Resettlement Officer. The receipt book was reported to be missing.
- Criminal proceedings were started against the delinquent official in January, 1961. Further action is awaited (January, 1963).
- (5) Land Revenue Collections amounting to Rs. 8,949 were not accounted for or remitted into the Treasury by a Revenue Inspector during the period from July, 1960 to October, 1960. The amount was suspected to have been misappropriated.
- The misappropriation was noticed during internal audit in November, 1960. The Revenue Inspector was placed under suspension in December, 1960 and a criminal case instituted against him.
- The misappropriation was facilitated by lack of supervision.

39. An indication is given below of the time taken by the Departments of Government in conveying their comments on the draft paragraphs sent to them for verification of facts:—

(1) Number of draft paragraphs relating to material included in this Report sent for verification of facts.	160
(2) Number in respect of which the first replies conveying the comments of the Department were received—	
(i) within the conventional period of six weeks ..	37
(ii) between six weeks and 3 months ..	39
(iii) after 3 months ..	28
(3) Number in respect of which replies were awaited at the end of March, 1963 even after the expiry of six to thirty six weeks after the despatch of draft paragraphs.	56

CHAPTER IV

Works Expenditure

40. Review of works expenditure—

(a) *Works executed without specific Budget provision*—In the detailed budget estimates specific provision is ordinarily made for individual works, the expenditure on which is expected to exceed Rs. 20,000. During the year 1961-62, expenditure on 401 new works costing Rs. 20,000 or more each was incurred without specific budget provision; in 343 out of these cases, the estimates had also not been sanctioned.

In regard to 125 of these works, which were already in progress at the end of the previous year, there was no specific budget provision for them in the previous years also.

The department-wise details of the 401 works are given below :—

Department	Expenditure incurred without specific budget provision		Expenditure incurred without specific budget provision and sanctioned estimates	
	No. of works	Amount (Rs. lakhs)	No. of works	Amount (Rs. lakhs)
Irrigation	.. 47	12.29	46	12.21
Roads and Buildings	.. 268	184.13	216	144.68
Public Health	.. 86	33.45	81	32.11
Total	.. 401	229.87	343	189.00

Some of the important works on which expenditure was incurred without specific budget provision are mentioned below:—

Name of the work	Progressive expenditure up to the end of March, 1962 (In lakhs of rupees)
(1) Expansion of Jharsuguda Engineering School— Construction of Buildings and staff quarters.	3.20
(2) Improvement to the portion of State Highway 10 from Rengali to Jharsuguda.	8.38
(3) Improvement to the road surface on Panpos to Banki border.	4.96
(4) Protective work at Dalai Ghai	.. 31.33

(b) *Detailed/Revised Estimates.*—The amount of expenditure incurred on works without sanction of detailed estimates or in excess of sanctioned estimates as at the end of March, 1962 which requires to be regularised was as follows :—

Department	Want of sanctioned estimates		Excess over sanctioned estimates	
	No. of works	Amount (Rs. lakhs)	No. of works	Amount (Rs. lakhs)
Irrigation	.. 1,051	173.56	400	87.06
Roads and Buildings	.. 6,347	483.23	862	105.76
Public Health	.. 504	74.53	101	32.16
Total	.. 7,902	731.32(x)	1,363	224.98(y)

Rs. 67.40 lakhs out of (x) and Rs. 38.53 lakhs out of (y) relate to the period prior to 1957-58, the oldest items dating back to 1947-48.

Included in the figures given in (x) above are 47 works costing more than Rs. 5 lakhs each on which a total expenditure of Rs. 299.06 lakhs had been incurred up to 31st March, 1962 without sanctioned estimates. These works include :—

Name of the work	Progressive expenditure up to the end of March, 1962 (In lakhs of rupees)
(1) Construction of an I. Sc. College in Puri district—Construction of College buildings and hostel at Bhubaneswar.	6.12
(2) Improvement to Road from Jharsuguda to Sundergarh including black topping.	6.47
(3) Construction of Assembly Hall in New Capital.	24.90
(4) Improvement to road from Koira to Barbil from 35th mile to 43rd mile up to Keonjhar border.	5.39

Included in the figures given in (y) above are 14 works costing more than Rs. 5 lakhs each on which the expenditure up to 31st March, 1962 exceeded the sanctioned estimate by more than 13 per cent; the total excess being Rs. 58.65 lakhs, some of the important works of this category are mentioned below:—

Name of the work	Sanctioned estimate	Actual expenditure	Percentage of excess over sanctioned estimate
	(In lakhs of rupees)		
(1) Improvement to Rourkela Jaraikela road from 65th mile to 81st mile (a part of Major District Road 32)	5.99	10.62	78
(2) Construction of a bridge over Sankha and Brahmani to provide communication facilities to Rourkela Steel Plant area and its approaches including a bridge over the railway line.	44.48	64.27	47
(3) Establishment of Industrial Estate at Cuttack.	18.81	24.20	29
(4) Construction of Secretariat building including staff quarters.	34.52	42.20	25

The excess occurred as long back as 1958-59 in some cases and have not been regularised so far (March, 1963).

41. *Delay in the submission of monthly accounts by the Public Works Divisions.*—Under the rules, the monthly accounts of each division should reach the Audit Office by 10th of the following month. During 1961-62 on an average 46 divisions out of a total of 66 divisions submitted their accounts late; the delay ranged between one month and five months. The following divisions were usually late in submitting accounts:—

Investigation Division No. II, Jeypore,

Paradip Canal Division, .

Flood Investigation Division No. II,

Jajpur Divison,

Cuttack Public Health Division,

Sambalpur Public Health Division,

Transmission Line Division Nos. I and II,

Designs Public Health Division,

Sundargarh Division and

Sambalpur Division.

Due to late receipt, the accounts of 4 Divisions on an average in a month could not be incorporated in the accounts of the month to which they pertained, thus the consolidated monthly accounts did not exhibit the correct position. Audit scrutiny was also delayed.

Instructions were issued by the Government to all Chief Engineers during January, February, 1962 for timely submission of accounts but the position has not improved.

WORKS DEPARTMENT

ROADS AND BUILDINGS BRANCH

42. *Overpayment to work charged staff (Grant Nos. 27 and 60)*—The pay scales of the work charged staff of Roads and Buildings Branch were revised (June, 1955), with effect from 1st September, 1954. These were given effect to in Balasore Roads and Buildings Division from 1st April, 1947 instead of from 1st September, 1954. This together with wrong fixation of pay in some cases due to non-observance of Government orders resulted in an overpayment of Rs. 69,498 which included excess payment to work charged staff entertained without proper sanction or in excess of sanctioned strength. It was reported by the Division in September, 1957 that the concerned records were missing. The overpayment was brought to the notice of Government in May, 1959 who stated in January, 1962 that Departmental proceedings against the Executive Engineer had been drawn up and steps were being taken to frame charges against the subordinates. A clerk of the Divisional Office was tried in a Court of Law for the loss of records and was honourably acquitted.

The finalisation of departmental proceedings and the regularisation of the overpayment are awaited (April, 1963).

43. *Loss of Revenue consequent on non-recovery of Government dues.*—The service rules framed by Government require that Municipal and other taxes not being in the nature of house or property tax are payable by the Government servant supplied with residence owned or leased by Government. Such taxes amounting to Rs. 3,11,363 were paid by the Government up to 31st March, 1958 as owner of the holdings and not recovered from the occupants of the Government residences. Subsequently, Government ordered in March, 1958 that Government servants in occupation of Government residences should bear half the amount of Municipal taxes in the nature of service taxes.

PUBLIC HEALTH (ENGINEERING) BRANCH

44. *Irregular Payment of advance and its adjustment in accounts of works (Grant No. 47)*—Under general orders of Government, advances could be made to firms representing part value of materials ordered from them on production of Railway Receipt in support of proof of despatch.

In the execution of the Cuttack Sewerage and Drainage Scheme by the Cuttack Drainage and Sewerage Division, an agreement was entered into with a local firm of suppliers on 31st March, 1962 for supply of materials to be completed by 31st March, 1963. A sum of Rs. 3.28 lakhs was paid to the firm on 31st March, 1962 as an advance payment representing 90 per cent of the value of materials to be supplied by them without any proof of their despatch.

IRRIGATION AND POWER DEPARTMENT

HIRAKUD DAM PROJECT

45. The estimated cost of the project as revised from time to time stands at Rs. 68.35 crores (Stage I) and Rs. 14.92 crores (Stage II) excluding interest charges.

The total outlay to end of March, 1962 amounted to Rs. 91.37 crores (Stage I Works: Rs. 80.98 crores and Stage II Works: Rs. 10.39 crores) inclusive of interest charges of Rs. 16.24 crores (Stage I) and Rs. 0.17 crore* (Stage II) but excluding indirect charges amounting to Rs. 0.44 crore (Stage I) and Rs. 0.08 crore (Stage II).

It has been assessed that the total cost of the project is likely to rise to Rs. 99.74 crores (Stage I Rs. 84.45 crores and Stage II Rs. 15.29 crores) including interest charges and indirect charges mainly on account of increased cost of land compensation awarded after arbitration, cost of land reclamation which could not be recovered from the beneficiaries in certain cases and expenditure on re-settlement schemes.

An outlay of Rs. 38.83 lakhs has been incurred on water courses to end of the year 1961-62. Irrigation facilities have been provided for 3.07 lakh acres of cultivated irrigated area against the irrigation potential of 3.80 lakh acres created by Hirakud canals (March, 1962).

* No interest has been adjusted in respect of Stage II of Hirakud Dam Project since the year 1955-56 pending decision of capitalisation of the expenditure and availability of Central Assistance for the purpose. A loan of Rs. 43 lakhs was however obtained from the Central Government during 1961-62 for meeting these charges from the Revenue Account. Government have decided to adjust the interest during 1962-63 meeting it from Revenue.

Although the Orissa Betterment Charges Act, 1955 and the Orissa Irrigation Rules, 1961 have come into force, Government orders regarding water rates, rate of betterment levy and the date from which the recoveries shall be given effect to are still awaited (March, 1963).

It was reported by Government in June, 1962 that there were proposals to revise the law in regard to betterment levy in pursuance of advice offered by the Planning Commission and that final decision thereon would be taken on the report of the Orissa Taxation Enquiry Committee. No further developments in this regard have been reported (March, 1963).

As regards the levy of water rates, it has been reported that the District Collectors have been instructed to work out the water rates chargeable for approval by Government (November, 1962).

No financial forecast has been made by the Financial Adviser and Chief Accounts Officer in his reviews relating to the years 1960-61 and 1961-62. The water rates and the rate at which the revenue from electricity would be calculated on completion of Stage II have not been fixed so far. The review notes of the Financial Adviser, however, indicate that as the anticipations for revenue to end of March, 1959 worked out with reference to the data regarding sale of water, betterment levy and sale of power adopted in 1953 while preparing the 1st revised estimate for Stage I of the project have not so far been fulfilled, there is no certainty about their materialising in the near future.

The financial results of Stage I of the Project for which a revenue account has been opened from 1st April, 1960 are given below:—

—	Capital outlay to end of the year	Gross receipts during the year	Working expenses (excluding contributions to depreciation Reserve Fund and interest on Capital)	Net receipts	Contributions to Depreciation Reserve Fund	Interest on Capital	Net receipts after meeting contributions to D. R. F. and interest on Capital	Percentage at which the surplus/deficit bears to Capital Outlay
1	2	3	4	5	6	7	8	9
(In lakhs of rupees)								
1960-61..	80,59.61	97.89	28.66	69.23	26.00	..	43.23	+0.54
1961-62..	80,98.26	1,69.87	62.17	1,07.70	23.51	5,85.77	-5,02.58	-6.19

DELTA IRRIGATION SCHEME

46. *Excess payment of compensation for lands acquired (Grant No. 43)*—Due to award of compensation in excess of the limits fixed by Government for different types of lands acquired, excess payments to the extent of Rs. 51,488 occurred during the period from August, 1957 to November, 1960 covering 539 villages. The matter was brought to the notice of Government in October, 1960 who ordered in November, 1960 the realisation of the excess payment made to the land holders. The Land Acquisition Officer pointed out in June, 1961 some legal and practical difficulties in effecting recovery and approached Government for its waiver. Final decision of Government is awaited (April, 1963).

47. *Infructuous expenditure (Grant No. 43)*.—An expenditure of Rs. 23,137 incurred by Executive Engineer, Head Works Division, Mundali in March, 1960 on the construction of a fair-weather road over the River Mahanadi bed at Mundali proved infructuous as the work was suspended later; the Superintending Engineer did not consider it necessary to construct the road that season. No estimate was sanctioned for the work and the expenditure was initially debited to the estimate of an unconnected work namely "construction of left afflux bund" and was subsequently (February, 1961) transferred to the estimate of another work—"construction of Fair-Weather Road in the River bed at Mundali for 1960-61" for which a separate contract was executed with another contractor.

48. *Excess payments (Grant No. 43).*—(i) The carriage of rubble and boulders from the Routrapur quarry site to Jagatpur for departmental works was entrusted to job workers during 1959-60 and payment was made on the basis of the distance of 2 miles by road and 20 miles by river against the actual distance of 1 mile by road and 19 miles by river resulting in excess payments amounting to Rs. 21,974 during the period from January, 1960 to March, 1961. The Chief Engineer to whom the matter was reported in August, 1960 issued orders in June, 1961 for the recovery of the excess payments made to the job workers. The actual recovery is awaited (April, 1963).

(ii) For the carriage of coal and cement from Cuttack Malgodown to Jagatpur Store from November, 1957 a contractor was paid at rates higher than the sanctioned schedule of rates without calling for tenders. It was ordered by the Divisional Officer at the time of awarding the contract that since costly Government materials had to be conveyed (giving protection against weather) on the responsibility of the contractor, enhanced rates for carriage may be allowed which had been approved in earlier case by the Superintending Engineer. It may, however, be mentioned that on the previous occasion while sanctioning higher rate the Superintending Engineer had specifically ordered that the higher rate should not be applied to any other case.

The excess payment was pointed out in December, 1958. An amount of Rs. 4,650 paid in excess up to October, 1958 was ordered by the Superintending Engineer to be recovered in August, 1959. In July, 1960 the Chief Engineer ordered the refund of Rs. 2,946 already recovered from the contractor on the ground that once the rate was allowed, it was illegal to effect recovery in spite of the fact that no agreement has been executed or any work order issued.

The total excess payments allowed to the same contractor during the period from November, 1957 to November, 1960 amounted to Rs. 12,529 (including Rs. 1,477 paid after the excessive rate allowed was pointed out in December, 1958). The matter was reported to Government in February, 1962. Their final orders are awaited (April, 1963).

49. *Avoidable expenditure on transit insurance charges (Grant No. 43).*—The Financial Rules of Government prohibit the insurance in transit of goods purchased by Government. An expenditure of Rs. 7,166 was incurred in three Irrigation Divisions during December, 1957 to December, 1960 towards transit insurance charges on goods purchased from different firms in India. The State Government to whom the irregularity was pointed out, invited attention of the Chief Engineer in December, 1959 to the provisions in the financial rules and remarked that had the provisions been observed and the purchases made on condition of delivery in Orissa, the payment of transit insurance charges would have been avoided. These instructions were circulated to the Superintending Engineer by the Chief Engineer in February, 1960.

Expenditure on transit insurance charges continued to be incurred from March, 1960 to December, 1960 (Rs. 413) even after the issue of Government instructions.

50. *Avoidable extra expenditure (Grant No. 43).*—An estimate for the construction of an Office building for Mahanadi North Division at Jagatpur at a cost of Rs. 48,520 was sanctioned on 21st February, 1958. The lowest tenders received for the work on two occasions for Rs. 53,672 and Rs. 69,416 respectively were rejected as they were 11 per cent and 43 per cent in excess over the sanctioned scheduled rates and were, therefore, considered high. The work was then taken up departmentally by job workers up to plinth level and subsequently, entrusted to a contractor in December, 1957 by negotiation with 13 per cent extra over the scheduled rates as the department considered that the work after plinth level required employment of skilled labour. The total expenditure on the work booked up to November, 1962 came to Rs. 83,855 including payments of Rs. 60,352 to Job Workers and other items of expenditure and Rs. 23,503 to the contractor resulting in an excess of Rs. 35,335 over the original estimate thus indicating that the rejection of the lowest tenders on grounds of higher cost was not justified.

The revised estimate has not been sanctioned and the negotiated contract has also not been finalised (September, 1962).

51. *Financial results of Irrigation Schemes*—The financial results of the following two completed Irrigation schemes have been shown in the table below :—

(i) Orissa Canal Project

(ii) Rushikulya System

Name of the Scheme	Capital outlay to end of the year	Gross receipts in the year	Working expenses (excluding interest on capital)	Net receipts	Interest on capital	Net receipts after meeting interest on capital
1	2	3	4	5	6	7
(In lakhs of rupees)						
Orissa Canal Project—						
1959-60	2,70.44	12.07	17.90	—5.83	9.04	—14.87
1960-61	2,70.44	13.37	27.42	—14.05	8.86	—22.91
1961-62	2,70.44	10.04	39.22	—29.18	9.21	—38.39
Rushikulya System—						
1959-60	51.87	3.73	4.40	—0.67	1.82	—2.49
1960-61	51.87	3.73	3.62	+0.11	1.82	—1.71
1961-62	51.87	3.78	3.92	—0.14	1.82	—1.96

52. *Ghodahada Medium Irrigation Project (Grant No. 43).*—The Ghodahada Medium Irrigation Project was sanctioned by Government at a cost of Rs. 16.63 lakhs in November, 1955.

Subsequently after detailed investigation the original scheme was split up into two separate schemes and the Ghodahada Medium Irrigation Scheme being one of the separated schemes was sanctioned by Government in March, 1960 at an estimated cost of Rs. 40.43 lakhs. The revised estimate is under further revision to Rs. 55 lakhs due to a change in the design of the main structure of the Project and the higher cost of land acquisition, the details of which have not been intimated to audit. The work was started in 1959-60. The expenditure booked up to March, 1962 amounted to Rs. 17.34 lakhs.

The Project as revised in March, 1960 was intended to irrigate 7,500 acres of land and yield a return of 1.5 per cent on the capital investment. Subsequently in March, 1960 the irrigable area was raised to 10,700 acres by changing the pattern of crops contemplated previously; the increase in revenue yield, if any, has not been intimated by the department.

The date of completion as now envisaged is June, 1968 six years beyond the original date. The progress of work was held up due to.—

- (i) delay in placing requisitions for land with the Revenue authorities and delay in finalisation of land acquisition by the latter;
- (ii) late receipt of approval of the project; and
- (iii) non-availability of requisite earth moving machinery for the work.

The rise in cost of the project due to delay in completion could not be accurately assessed for want of details of the estimate under revision.

The contractor to whom execution of Earth Dam was allotted in December, 1960 could not execute the work due to delay in acquisition of land. The work was stopped in April, 1962 under orders of the Chief Engineer and the contract was ordered to be terminated obtaining a "no claim" certificate from the contractor with a view to inviting fresh tenders after the land had been acquired. This indicates that preliminary arrangements for release of lands that were likely to be affected by the Project, were not made. The contractor was paid Rs. 26,570 up to October, 1961. Final bill for the work done by him is still awaited (September, 1962). A "no claim" certificate was not obtained from him as originally contemplated. The land acquisition was not finalised nor the work restarted till the date of audit (September, 1962).

The Project is being financed from loans obtained from the Government of India. The revenue yield of (1.5 per cent) which is expected after the completion of Project, will not cover the interest on the capital invested.

53. *Financial results of Electricity Schemes*—The Electricity Schemes transferred to the Orissa State Electricity Board have been dealt with in para. 82, page 70.

The electricity schemes retained under the control of the Government and for which financial results have been prepared are :—

- (i) Duduma Transmission Scheme
- (ii) Hirakud Power Utilisation Scheme
- (iii) Cuttack Thermal Scheme

The Duduma Transmission Scheme was taken up during 1948 for construction of transmission lines for the utilisation of power from Machkund Power Station.

The Hirakud Power Utilisation Scheme is designed for construction of transmission lines for utilisation of power from Hirakud Power Station.

The Cuttack Thermal Scheme was taken up during the year 1947-48 and is now working with 2 generating sets of 1500 K. W. and a 2000 K. W. set.

The financial results are indicated in the table below :—

Name of the Scheme	Capital Outlay to end of the year	Gross Receipts in the year	Working expenses (excluding contribution to Depreciation Reserve Fund, Special Reserve Fund and interest on capital)	Net Receipts	Contributions to Depreciation Reserve Fund	Interest on capital	Net Receipts after meeting contribution to Depreciation Reserve Fund and interest on capital	Percentage which the surplus bears to Capital Outlay
1	2	3	4	5	6	7	8	9
(In lakhs of rupees)								
Dudumna Transmission Scheme.—								
1959-60	1,99.94	8.40	2.86	+5.54	2.72	7.48	-4.66	..
1960-61	2,45.59	12.68	3.62	+9.06	2.63	8.86	-2.43	..
1961-62	2,76.29	0.01	1.62	-1.61	2.05	10.39	-14.05	..
Hirakud Power Utilisation Scheme.—								
1959-60	1,95.12	1,42.47	1,09.49	+32.98	2.58	7.49	+22.91	+12
1960-61	2,10.41	2,21.65	1,36.68	+84.97	2.55	8.11	+74.31	+35
1961-62	2,11.62	48.92	49.62	-0.70	..	-0.02	-0.72	..
Cuttack Thermal Scheme.—								
1959-60	63.09	9.29	1.73	+7.56	0.98	-0.49	+7.07	+11
1960-61	63.09	7.38	6.06	+1.32	0.98	2.02	-1.68	..
1961-62	63.09	0.08	2.29	-2.21	0.92	2.02	-5.15	..

54. *Loss of revenue due to non-fixation of power factor meters.*—The agreements executed by Government with Orissa Industries Ltd., Barang and Puri Electric Supply Company Ltd., in May, 1958 and May, 1960 for bulk supply of electricity made to them from July, 1953 and November, 1954 respectively stipulate that extra charges should be levied during any month in which the average power factor of the electrical load falls below eighty per cent; the power factor being the ratio of the energy actually consumed in kilowatt hours with the demand of the pressure of current in kilovolt amperes. The maximum demand of the pressure of current of the two concerns was 1000 KVA and 625 KVA respectively. In the absence of suitable meters to record the maximum demand and the power

factor, an arbitrary procedure was adopted to compute the maximum demand of the pressure of current and charges were recovered according to the computed figures. The average power factor of the load was, however, assumed to be never less than eighty per cent (as provided in the agreement) with the result that extra charges leviable under the agreements for low power factor could not be ascertained and levied during any month.

Arrears towards electricity charges amounting to Rs. 2.93 lakhs relating to the period from April, 1960 to August, 1962 were due by end of August, 1962 from the two concerns on the basis of the existing system of charge. Details of the demand and collection prior to April, 1960 were not furnished (September, 1962).

AGRICULTURE AND ANIMAL HUSBANDRY DEPARTMENT

55. *Shortfall in achievement of physical targets in Minor Irrigation Projects (Grant No. 44).*—Government incurred an expenditure of Rs. 7.82 lakhs against an estimated cost of Rs. 7.34 lakhs on 8 Minor Irrigation Projects in Dhenkanal district during 1953-54 to 1958-59. The area brought under irrigation was 7,220 acres as against 13,702 acres contemplated in the programme, resulting in a shortfall of 47.3 per cent.

CHAPTER V

Stores and Stock Accounts

56. A synopsis of the important store accounts (excluding those relating to Government Commercial and Quasi-Commercial Departments Undertakings) is given below :—

Serial No.	Name of Account	(In lakhs of rupees)			
		Opening Balance	Receipts	Issues	Closing Balance
WORKS DEPARTMENT—PUBLIC WORKS (ROADS AND BUILDINGS) BRANCH—					
1.	Civil Works—Non-Electrical (1960-61 : 23 Divisions)	74.40	2,28.52	2,12.72	90.20(a)
					Closing Balance includes stores valued at Rs. 0.20 lakh reported surplus in 4 divisions, Rs. 0.07 lakh reported unserviceable in 4 divisions and Rs. 0.04 lakh under storage charges incurred on handling, custody and maintenance of stores after their acquisition and Rs. —0.09 lakh under Transfers within Division which should have been cleared during the year.
2.	New Capital Project (1960-61 : 3 Divisions).	19.12	60.59	66.11	13.60
IRRIGATION AND POWER DEPARTMENT—IRRIGATION BRANCH—					
3.	Irrigation Works—(Non-Commercial)—(1960-61 : 1 Division).	—0.03	0.07	0.11	—0.07
4.	Irrigation Works—(Commercial)—(1960-61 : 4 Divisions).	5.24	11.47	6.25	10.46(b)

(a) The difference of Rs. 0.76 lakh in Closing Balance with the account figures in the suspense account given in note below Grant No. 25 of the Appropriation Accounts due to misclassification in monthly accounts of 3 divisions during 1960-61 (Rs. 0.20 lakh) and that continuing from 1958-59 (Rs. 0.56 lakh) which are under reconciliation.

(b) The difference of Rs. 0.20 lakh in Closing Balance with the account figure given in note below Grant 43 in the Appropriation Accounts continuing in 2 divisions from 1957-58 is under reconciliation.

Serial No.	Name of Account	Opening Balance	Receipts	Issues	Closing Balance
		(In lakhs of rupees)			
5.	Navigation, Embankment and Drainage Works (Non-Commercial)—(1960-61 : 1 Division).	1.57	1.57	1.15	1.99(a)
		The Closing Balance includes Rs. 0.73 lakh under storage charges incurred on handling, custody and maintenance of stores after their acquisition which should have been cleared during the year.			
6.	Delta Irrigation Scheme (1960-61 ; 6 Divisions).	1,05.21	1,81.45	1,28.86	1,57.80(b)
		The Closing Balance includes Rs.—0.51 lakh under storage charges incurred on handling, custody and maintenance of stores after their acquisition in 4 divisions which should have been cleared during the year.			
7.	Hirakud Dam Project—Stage II —Hirakud Subsidiary Power House Project (1961-62).	4.60	11.98	0.76	15.82
		Closing Balance includes Rs. 0.06 lakh under storage charges incurred on handling, custody and maintenance of stores after their acquisition which should have been cleared during the year.			

IRRIGATION AND POWER DEPARTMENT

ELECTRICAL BRANCH

8.	Civil Works—Electrical (1960-61:1 Division).	3.45	13.05	11.35	5.15
		Closing Balance includes stores valued at Rs. 0.12 lakh reported surplus and Rs. 0.10 lakh reported unserviceable by the division.			
9.	Electricity Scheme (1960-61 1 Division).	16.91	9.90	10.20	16.61

(a) The difference of Rs. 0.02 lakh in Closing Balance with the account figure given in note below Grant 43 in the Appropriation Accounts due to misclassification in 1 division is under reconciliation.

(b) The difference of Rs. 0.22 lakh in Closing Balance with the account figure given in the note below Grant 43 in the Appropriation Accounts continuing in 1 division from 1957-58 is under reconciliation.

Serial No.	Name of Account	Opening Balance	Receipts	Issues	Closing Balance
					(In lakhs of rupees)
10.	Duduma Transmission Scheme (1960-61: 3 Divisions).	18.66	5.98	6.79	17.85

Closing Balance includes stores valued at Rs. 0.05 lakh and Rs. 0.02 lakh reported unserviceable and surplus respectively in one Circle, and Rs. 0.27 lakh under storage charges incurred on handling, custody and maintenance of stores after their acquisition which should have been cleared during the year.

11.	Hirakud Power Utilisation Scheme (1960-61: 3 Divisions).	38.15	35.77	33.26	40.66
12.	Talcher Thermal Scheme (1960-61: 1 Division).	..	0.70	0.40	0.30

The Closing Balance includes Rs. 0.01 lakh under storage charges incurred on handling, custody and maintenance of stores after their acquisition which should have been cleared during the year.

13.	Electrification of Small Towns and Rural Areas (1960-61: 2 Divisions).	22.97	16.80	17.74	22.03
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Closing Balance includes stores valued at Rs. 0.75 lakh and Rs. 0.02 lakh reported surplus in 1 division and unserviceable in another division respectively and Rs. 0.08 lakh under storage charges in the latter division which should have been cleared during the year.

HOME (JAILS) DEPARTMENT

14.	Jails: Maintenance Department (1960-61).	4.86(a)	9.28	8.93	5.21
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The accounts of Bolangir Jail were not being included since 1957-58 as the records were stated to have been seized by Vigilance Department and not returned even though the cases were finally decided.

Stores valued at Rs. 0.68 lakh were written off by certain Jails without obtaining orders of the competent authority.

(a) The difference of Rs. 0.52 lakh between the Closing Balance on 31st March 1960 and the Opening Balance on 1st April, 1960 was due to exclusion of the accounts relating to Berhampur District Jail by the Department pending regularisation of irregularities noticed thereon.

Serial No.	Name of Account	Opening Balance	Receipts	Issues	Closing Balance
			(In lakhs of rupees)		
15.	Jails: Manufactory Department (1960-61).	0.88(a)	3.91	3.98	0.81

The accounts of Bolangir Jail have not been included due to reasons stated against item (14) above.

HOME (POLICE) DEPARTMENT

16.	Orissa Police Motor Transport Workshop, Cuttack (1961-62).	0.83	1.06	0.88	1.01
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The Closing Balance includes spare parts costing Rs. 0.13 lakh condemned in May, 1960 and still kept in stock.

HOME (PUBLIC RELATIONS) DEPARTMENT

17.	Home (Public Relations) Department (1961-62).	12.45	2.27	5.58	9.14
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Stock limit was not fixed.

COMMERCE DEPARTMENT

18. Orissa Government Press, Cuttack (1960-61)—

(i) Stationery Branch—

(Stationery and water mark plain paper).	1.40	6.09(b)	6.14	1.35
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(ii) Press Proper—

(Printing and binding materials and miscellaneous articles).	6.44	20.97(c)	14.24(d)	13.17
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(a) The difference of Rs. 0.14 lakh between the Closing Balance as on 31st March, 1960 and Opening Balance as on 1st April, 1960 was due to non-inclusion of accounts relating to 1 Jail stated in (a) at page 48.

(b) The receipts include Rs. 0.50 lakh representing the excess recovery of overhead charges at fixed percentages over the actual expenditure on overheads.

(c) The receipts include Rs. 0.04 lakh being the excess found in stock-taking.

(d) The issues include Rs. 0.03 lakh being the shortages found at the time of stock-taking.

Serial No.	Name of Account	Opening Balance	Receipts	Issue	Closing Balance
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(In lakhs of rupees)

INDUSTRIES DEPARTMENT

19.	Government Industrial School, Phulbani (1961-62).	0.59(a)	0.29	0.19	0.69
		Stores valued at Rs. 0.26 lakh reported unfit for sale or use are lying in stock since 1957-58. Physical verification of stock was not conducted.			
20.	Orissa School of Engineering (Workshop) Cuttack (1961-62).	1.03	0.57	0.49	1.11
		Physical verification of stock was not completed. No provision for depreciation on account of "Wear and tear" of tools and plant was made. With an opening balance of raw materials valued at Rs. 0.66 lakhs on 1st April, 1961 the further purchase to the extent of Rs. 0.49 lakh made during 1961-62 was in excess of requirement as the consumption was to the extent of Rs. 0.42 lakh only. Finished goods valued at Rs. 1.26 only could be produced against the issue of raw materials costing Rs. 0.49 lakh, the rest being reported to have been wasted by the trainees in course of their training.			

CO-OPERATION AND FORESTRY DEPARTMENT

21.	Forest Department (1961-62) ..	9.83	3.48	1.19	12.12
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FINANCE DEPARTMENT

22.	Non-Judicial Stamps (1961-62)	82.24(b)	32.47	29.95	84.76
23.	Judicial Stamps (1961-62) ..	56.10(c)	33.09	32.03	57.16

(a) The difference of Rs. 0.07 lakh with the Closing Balance on 31st March, 1961 is due to exclusion of the value of furniture omitted from the Store Account.

(b) The difference of Rs. 35.85 lakhs, between the Closing Balance on 31st March, 1961 and the Opening Balance on 1st April, 1961 is due to exclusion of transactions of Baripada and Koraput Treasuries owing to non-receipt of accounts and Ganjam and Kalahandi Treasuries due to defective accounts.

(c) The difference of Rs. 50.58 lakhs, between the Closing Balance on 31st March, 1961 and the Opening Balance on 1st April, 1961 is due to the reasons stated above.

Serial No.	Name of Account	Opening Balance	Receipts	Issues	Closing Balance
		Seers	Seers	Seers	Seers

REVENUE DEPARTMENT

(24) Medicinal Opium—

(i) In Central Depot (1961-62).	183.25	1147.69	959.88	371.06 or Kg. Gms. 345.088
				Seers
(ii) With District Excise Officers (1961-62).	16.64	946.00	868.37	94.27

The Closing Stock excludes the quantity lying with Hospitals and Dispensaries about which definite information could not be furnished.

Physical verification of stock in the districts has not been conducted at any time since 1959-60.

The issues (Sales) shown in stock account were more than the account figures by Rs. 0.88 lakh. The difference needs early investigation.

The discrepancy of Rs. 0.32 lakh between the actual value of sales (issues) realisable up to 31st March, 1962 and the actual credit of money needs early reconciliation.

57. *Arrears in receipt of Stores (Stock) Accounts.*—The Stores (Stock) Accounts for the year 1961-62 relating to different branches of the Works, Irrigation and Power Departments involving issues valued at Rs. 7.04 crores during the year and a total closing balance of Rs. 4.62 crores by end of the year in 78 Public Works, etc., Divisions could not be incorporated in the statement given above as the accounts from 48 Divisions only involving issues valued at Rs. 4.17 crores during the year and a total closing balance of Rs. 3.43 crores were received and those from the remaining 30 Divisions were not received in spite of reminders. Even the Store Accounts for 1960-61 relating to Hirakud Dam Project, Stage I could not be incorporated due to non-receipt of the annual return from 2 Divisions.

In addition, the accounts of 4 other institutions which closed with a balance of Rs. 43.08 crores according to previous available accounts, viz., 1957-58 in respect of Chemical Fertilisers, 1959-60 in respect of Government Headquarters Hospitals and 1960-61 in respect of Orissa Jails and Orissa Government Press, Cuttack have not been received.

The details of these arrears are shown in Appendix III (Page 108).

58. *Stock Registers and Stock verification.*—(a) The register of stock in each Public Works Division is required to be closed at the end of each half-year and reviewed by the divisional officer to ensure that the stocks consist only of efficient and necessary articles and that the stores are priced within the rates at which they can be purchased at that time. In 6 divisions in the Delta Irrigation Scheme, the registers numbering 180 relating to 22 Subdivisions and covering the period from March, 1957 to March, 1962 were not closed (March, 1963).

The financial rules require that each Public Works Division should close and balance its Register of Tools and Plant each year in September with a view to ensure that (a) the tools and plants issued for use by subordinates of the subdivisions or temporarily lent to contractors or local bodies, etc., are returned without unnecessary delay and in good condition and (b) that the shortages are not large and there has been no undue delay in their adjustment. In 6 divisions in the Delta Irrigation Scheme, the registers numbering 82 relating to 22 sub-divisions between the period September, 1954 to September, 1961 were not closed (March, 1962).

(b) The rules of the Public Works Department require that the Stores held in stock by Public Works Divisions should be verified physically at least once in a year by the Divisional Officers. In the following cases, a report of the physical verification due for the year 1960-61 has not been received so far (November, 1962).

Name of Department	Number of cases in which Stock verification reports have not been received.
Roads and Buildings Branch ..	12 out of 26 Divisions
Irrigation Branch ..	6 out of 14 Divisions
Electricity Branch ..	6 out of 11 Divisions

It is, therefore, not known whether in these cases, the physical balance of stores in stock agree with the book balance.

(c) The stores verification party constituted during 1953 solely for conducting physical verification of stores for examining the adequacy of the arrangement for handling storage and issue of stores and correctness of stock accounts is reported to have conducted physical verification of stores in one division only during the year under review as against 11 and 4 in the years 1958-59, 1959-60 and 1960-61 respectively. Receipt of its report in audit is awaited (September, 1962).

The work of stores verification at Divisional level is heavily in arrears. In most cases the verification has not been undertaken for the last two to three years and in some for the last seven years.

59. *Acquisition of stores in excess of prescribed limits*—The Public Works Divisional Officers are authorised to purchase stores in the ordinary course for the execution of sanctioned works and they are not authorised to keep reserve stock except with the specific sanction of, and to a money limit prescribed by Government. No reserve stock limit has been fixed in respect of 13 Roads and Buildings Divisions, 2 Irrigation Divisions and 7 Electrical Divisions which had stock worth Rs. 147.51 lakhs by the end of March, 1961. In other Divisions, where limits have been prescribed the value of stock on

31st March, 1961 in one Public Health Division, six Irrigation Divisions and two Electrical Divisions exceeded the reserve stock limit of Rs. 85.44 lakhs by Rs. 41.00 lakhs as shown below :—

Department	Total number of Divisions in which stores are held	Divisions for which ceiling limit has been prescribed	Divisions in which stock held exceeded the limit		
			Number	Amount of excess	Percentage of excess as compared with the reserve stock limit
				(In lakhs of rupees)	
Roads and Buildings Branch	26	13	1	1.31	104.97
Irrigation Branch	12	10	6	30.88	48.97
Electrical Branch	11	4	2	8.81	41.70

60. *Chemical Fertilizers.*— Stores (Stock) Accounts of Chemical Fertilizers in the custody of the Agriculture Department are in arrear for four years from 1958-59 to 1961-62, and could not be made available to audit even by October, 1962. It was stated by the Director of Agriculture and Food Production, Orissa that the accounts could not be prepared for want of requisite information from the Orissa State Co-operative Marketing Society Cuttack who are the distributing agents of fertilizers since 1958-59 and responsible for rendering accounts to the Director of Agriculture and Food Production.

CHAPTER VI

Revenue Receipts

INTRODUCTORY

61 Unlike audit of Government expenditure, audit of Government receipts did not receive adequate attention in the past and the major sources of revenue of the State as Land Revenue, State Excise Duties, Taxes on Vehicles, Sales Tax, etc., were not subjected to any regular audit check. Under the Audit and Accounts Order, 1936 which remains in force by virtue of Article 149 of the Constitution, the Comptroller and Auditor-General may, with the approval of and shall, if required by the Governor, undertake the audit and report on the receipts of any department of the Government.

At the suggestion of the Comptroller and Auditor General, the Government of Orissa have agreed that the audit of Sales Tax Receipts should be conducted by the Indian Audit and Accounts Department. The audit of Sales Tax Receipts has, therefore, been undertaken from the middle of 1962.

FINANCE DEPARTMENT

Sales Tax Receipts

62. *Mistakes in computing total turnover or tax.*—Mistakes either in computing the total turnover or in computing the tax have been noticed in several cases. The under-assessments of tax involved in 39 cases noticed by audit comes to Rs. 5,109 which relates to the years 1958-59 and 1959-60.

On the other hand, there were 13 cases of over-assessments involving a tax of Rs. 1,099 in those circles.

63. *Submission of supporting details for sales to registered dealers along with the quarterly returns.*—Under the existing provisions of the Sales Tax Act and the rules made thereunder, a registered dealer is required to submit to the Sales Tax officer quarterly a return of tax payable by him exhibiting therein the turnover as a lump figure and not in detail showing date wise the particulars of each category of goods sold to other registered dealers. There is no provision requiring submission of the details by the dealer separately at the time of the submission of the return. As a result, no effective check as to the accuracy of the figures shown in the returns and to locate the transactions in the assessments of the purchasing dealers could be exercised. In view of this a suggestion was made by audit to the Commissioner of Commercial Taxes in December, 1962 that rules requiring the submission of the return, may be modified to the extent that the registered dealers should also submit along with the quarterly return, the details of sales to other registered dealers indicating their registration certificate numbers in each case duly supported by the declaration forms in duplicate and that one copy of such declaration form should be transferred to the assessment record of the purchasing dealer. The Commissioner has stated in March, 1963 that the question of introduction of suitable declaration form was under consideration of the Government.

64. *Arrears of sales tax revenue.*—A statement showing the arrears of tax demand up to 1961-62 as furnished by the department is shown below :—

	Revenue demand under—		Total arrear demand
	Orissa Sales Tax Act	Central Sales Tax Act	
	(In lakhs of rupees)		
Arrears covered under Stay Orders ..	32.49	10.46	42.95
Arrears covered by certificate cases ..	67.91	1.45	69.36
Arrears covered awaiting recovery by resorting to coercive measures contemplated in the Sales Tax Act before going in for certificate procedure.	43.18	20.72	63.90
Recovery kept in abeyance—			
(a) relating to works contractors ..	11.46	..	11.46
(b) proposed to be written off ..	2.47	..	2.47
Total	157.51	32.63	190.14

The yearwise break up of the arrears were not furnished by the department. The Commissioner of Commercial Taxes had stated that the yearwise details were not maintained by him.

65. *Arrears of revenue.*—(a) According to the figures furnished by some of the Departments, the arrears in the collection of revenue as on 31st March, 1962 amounted to Rs. 5.78 crores as shown below :—

Department	Nature of receipt	Arrears as on 31st March, 1962	Average annual revenue during 1959-60 to 1961-62	Percentage of arrears to the total average annual revenue
(In crores of rupees)				
Revenue Department	Land revenue—	1.60	2.24	71.4
	(i) Sales Tax ..	1.90	3.19	59.5
	(ii) Agricultural Income-tax.	0.27	0.04	675.0
Co-operation and Forestry Department.	Forest revenue..	0.85	2.94	29.0
Mining and Geology Department.	Mining revenue	0.80	0.50	160.0

Department	Nature of receipt	Arrears as on 31st March, 1962	Average annual revenue during 1959-60 to 1961-62	Percentage of arrears to the total average annual revenue
(In crores of rupees)				
Transport Department.	State Transport Service.	0.10	0.32	31.2
Irrigation and Power Department.	(i) Electrical receipts.	0.12	0.51	23.5
	(ii) Water rates ..	0.04	0.06	66.6
Political and Services and Works Department.	House rent ..	0.07	0.12	58.3
Law Department ..	Judicial Revenue	0.02	0.08	25.0
Excise Department ..	Excise Revenue..	0.01	1.36	0.7

(b) The yearwise break up and other special features of the arrears in respect of some of the Departments are given below. The information regarding the remaining Departments has not been furnished by Government :—

(A) CO-OPERATION AND FORESTRY DEPARTMENT

(Forest Revenue)

Year	Amount
(In lakhs of rupees)	
1943-44 to 1957-58 ..	22.81
1958-59 ..	3.60
1959-60 ..	6.49
1960-61 ..	6.16
1961-62 ..	45.68
Total ..	84.74

The Departmental authorities reported that most of the old outstandings were due to delay in disposal of certificate proceedings instituted against the defaulting contractors. An amount of Rs. 0.08 lakh outstanding against a contractor was written off by the Government during the year.

(B) MINING AND GEOLOGY DEPARTMENT
(Mining Revenue)

Year	Amount (In lakhs of rupees)
1950-51 to 1959-60 ..	4.89
1960-61 ..	60.54
1961-62 ..	15.10
Total ..	80.53

Out of the arrears of Rs. 80.53 lakhs an amount of Rs. 59.28 lakhs are outstanding in Keonjhar district alone, a major portion of which (Rs. 57.45 lakhs) relates to the year 1960-61.

(C) TRANSPORT DEPARTMENT
(State Transport Revenue)

Year	Amount (In lakhs of rupees)
1948-49 to 1957-58 ..	2.73
1958-59 ..	3.43
1959-60 ..	3.76
Total ..	9.92

The arrears represent debts due to the State Transport Organisation and outstanding for over three years. Major portion of the arrears relate to dues from Police and Postal Departments.

66. *Arrears in realisation of revenue in Public Works Divisions and Offices.*—To the extent of information received from various Public Works Divisions and offices in the State, the position of arrears of revenue stood at Rs. 20.05 lakhs comprising (i) arrears of house rent amounting to Rs. 4.27 lakhs outstanding in 16 divisions. In certain cases the arrears date as far back as the year 1948-49, (ii) arrears of irrigation receipts amounting to Rs. 3.57 lakhs spread over a period of last 14 years from 1948-49 onwards, (iii) hire charges of vehicles and Motor launches amounting to Rs. 0.47 lakh and (iv) arrears in Electricity receipts in four Electrical Divisions amounting to Rs. 11.74 lakhs. Information in this respect has not been furnished by 8 Public Works Divisions, 3 Public Health Divisions and 3 Electrical Divisions (December, 1962).

67. *Revenue Receipts of Forest Department*—The question of revision of the present schedule of rates for the sale of forest produce which has been in force since the year 1946 was suggested to Government.

Government intimated in January, 1960 that the matter was to be placed before the State Forest Advisory Committee. No final decision has been communicated to audit so far (March, 1963).

68. *Remissions and abandonment of claims to revenue.*—(i) During the year under report, revenue amounting to Rs. 0.52 lakh due to Government was written off as irrecoverable and remissions aggregating Rs. 2.08 lakhs were granted by the Government and Heads of Departments. Brief particulars of these are given below:—

Department	Amount Rs.	Brief subject
A Write off of irrecoverable revenue—		
Finance Department ..	11,975	Sales Tax
Law Department	23,689	Judicial revenue
Co-operation and Forestry Department.	7,626	Forest revenue
Political and Services Department	2,470	House rent
Revenue Department ..	1,724	Land rent
Excise Department ..	998	Excise revenue
Transport Department ..	161	State Transport revenue.
B—Remissions of revenue—		
Irrigation and Power Department	1,68,099	Water rate
Revenue Department ..	3,736	Land revenue
	1,513	Interest on account of lease for fishery.

(ii) *Waiver of revenue.*—Under the rules when a public building is let out to a private person the full assessed monthly rent of the building is to be recovered in advance. After the resignation of the Minister in May, 1959 a former Minister continued to occupy a Government bungalow but no rent was recovered. At the request of the former Minister, a proposal to lease out the building at a concessional rent of Rs. 137.50 nP, against the assessed rent of Rs. 317.25 nP per month was in the meantime taken up for consideration of Government but before a decision was arrived at the former Minister passed away. Without making any attempt to realise the dues from the legal heirs, the recovery of arrear rent for the period of occupation from 6th June, 1959 to 11th January, 1961 amounting to Rs. 6,087 was waived.

69. *Delay in levy of tax under the provisions of the Acts of the Legislature:—*

(i) *Levy of water rates.*—Water rates leviable under the Orissa Irrigation Act, 1959 which came into force from 1st June, 1961 and for which detailed rules were issued in November, 1961 have not been assessed for realisation as the rates at which recovery has to be made had not been worked out by the Collectors of Districts for the approval of Government. Delay in fixation of rates has resulted in non-assessment and non-realisation of Government dues to the extent of Rs. 45 lakhs anticipated for the year 1961-62.

(ii) *Levy of Electricity Duty.*—The Orissa Electricity (Duty) Act, 1961 which provides imposition of duty on the consumption of electricity at the rate of 15 per cent of the total consumption value, came into force from 16th October, 1961. The revenue on account of Electricity duty was in arrear and it was stated by Government that the arrear will be realised during 1962-63.

(iii) *Delay in imposition of Development levies.*—Under the provisions of the Orissa Betterment Charges Act, 1955 the State Government is entitled to levy betterment charges on lands under irrigable command of the Hirakud Dam Project. The irrigation potential created by the Hirakud canals would cover 3.80 lakh acres against which irrigation facilities have been provided for 3.07 lakh acres of cultivated irrigated area up to 31st March, 1962. No assessment for recovery of the betterment charges has been made as the simplification of the procedure of the levy and prescription of rates in the body of the Act itself are stated to be under consideration of Government (March, 1963).

CHAPTER VII

Loans and Advances, Suspense and Remittance Transactions

Loans and Advances by State Government

70. Loans and Advances sanctioned by the State Government are of two categories, viz., (i) Loans in respect of which detailed accounts of individual borrowers are kept by Departments and (ii) loans in respect of which detailed accounts are kept by the Audit Office.

Loans in respect of which detailed accounts are kept by Departments.—(a) The total amount of loans and advances outstanding on 31st March, 1962 in respect of the categories for which detailed accounts are kept by the Departments amounted Rs. 8.93 crores as shown below:—

(In crores of rupees)

Advances to Cultivators ..	3.62
Advances to Displaced Persons ..	0.85
Loans and Advances under the Community Development Programme.	0.53
Loans under various Housing Schemes ..	1.44
Loans to Co-operative Institutions ..	1.30
Other Miscellaneous Loans and Advances	1.19

Under the financial Rules, the Departmental Officers are responsible for drawal and disbursement of these loans and maintenance of initial accounts of each borrower and also for watching the fulfilment of the terms and conditions of loans and the recovery of principal and interest.

Information regarding the amounts of overdue instalments of principal and interest as at the end of 1961-62 has not so far been made available to Audit (March, 1963). In the absence of such information, the position regarding the recovery of the loans according to the terms and conditions thereof could not be ascertained.

(b) The rules require that the departmental officers should furnish annually to audit, certificates of acceptance of balances of loan amounts as communicated to them by Audit. Such certificates relating to the year 1961-62 have not been received in all the 208 cases and in some of these, the certificates have not been received for the previous years also as indicated below:—

Year	Number of certificates
1958-59	152
1959-60	190
1960-61	199

The departments where the number of outstanding certificates is comparatively heavy are—

Revenue Department	152
Co-operation and Forestry Department ..	46

REVENUE DEPARTMENT

71. *Irregularities in loan accounts maintained by Revenue Officers under the Scheme of Advances to Cultivators.*—During local audit during 1961-62, it was noted that apart from the persistent irregularities in the maintenance of initial accounts (e.g., defective maintenance of loan ledgers, non-reconciliation of Departmental figures with Treasury figures, omission to ascertain whether loans had been properly utilised) there was slow progress in the recovery of instalments when these fell due. Out of Rs. 1.83 crores which fell due for recovery by end of March, 1961 there was default to the extent of Rs. 1.79 crores for a period of over six months.

The loans granted under the Intensive Cultivation Scheme Rules, 1951 are interest free for the first ten years after which they carry interest at Rs. 6.25 per cent (since enhanced to Rs 7 per cent during 1958-59). The borrower is required to pay the first instalment towards repayment of the loan not later than two years and the last instalment not later than ten years from the date of drawal of the loan. A defaulter is required under these rules to refund the entire amount of the loan with penal interest calculated from the date of advancement of the loan. No such clause was, however included in the relevant prescribed form of agreement executed by the borrowers.

In 3 cases of loans sanctioned in Mayurbhanj district during February, 1952 covering a total amount of Rs. 23,650 the borrowers defaulted even from the first instalment onwards. Recourse to certificate proceedings was taken in April, 1958 for recovery of the principal and penal interest as provided under the rules. The principal was recovered in course of a further period of 3 to 4 years. The penal interest amounting to Rs. 4,128 could not be recovered in the absence of the relevant clause in the agreement.

LABOUR DEPARTMENT

72. *Loans under Village Housing Project Scheme.*—This scheme is executed through the Community Development Blocks and contemplates drawal of funds from the Treasury for immediate disbursement of loans only after proper sanctions are issued and the borrowers have completed or are in a position to complete immediately the requisite formalities. In contravention of the orders total amount of Rs. 4.78 lakhs was drawn in lump in 11 Blocks mostly in March, 1961 apparently with a view to show the budget provision as utilised. Out of this amount only a sum of Rs. 30,600 was disbursed before the end of March, 1961. An amount of Rs. 2.97 lakhs was disbursed during the following year up to July, 1961. The undisbursed amount came to Rs. 1.50 lakhs of which a sum of Rs. 86,287 was refunded to the Treasury by 6 Blocks during June-July, 1961.

Out of an amount of Rs. 10,404 which fell due for recovery by end of March, 1961 in 4 Blocks, there were defaults to the extent of Rs. 6,529.

Other irregularities noticed in the loan accounts maintained by the Block Development Officers are indicated below :—

- (i) The Loan Ledgers were not maintained in the prescribed form in many cases. The sanction to the disbursement of loans were not entered in the Loan Ledgers making it difficult to keep a proper watch over recoveries ;
- (ii) no check was exercised as required under the rules as to whether the plans and estimates of the houses for which loans were sanctioned had been approved by the Rural Housing Cell ;
- (iii) the Reports regarding completion of the houses in time were not obtained.

73. *Defaults in repayment of loans.*—In respect of loans, the account of which are maintained in the Audit Office, the amount due to be repaid up to 31st March, 1962 but not paid was Rs. 1.17 lakhs from Government servants (270 cases) and Rs. 40.09 lakhs from others.

A year-wise break up is as below :—

Year	Amount	
	Principal (In lakhs of rupees)	Interest
1959-60 and earlier years	17.38	6.37
1960-61	5.63	3.01
1961-62	6.20	2.67

INDUSTRIES DEPARTMENT

74. *Loans under the Bihar and Orissa State Aid to Industries Act, 1923.*—

(i) A loan of Rs. 95,000 repayable in five annual instalments was granted to a partnership company for Kiln burnt bricks industry in February, 1956 against mortgage of the immovable property of one of the partners of the company valued at Rs. 1.37 lakhs. The company was a new one which had been set up only in 1955. The amount was drawn by the Director of Industries on 31st March, 1956 and credited to the current account of the company in a private bank on the specific condition that the amount or any portion thereof can be drawn only with the approval of the Director. The utilisation of the budget provision in this manner by the Head of the department long before the party was in a position to utilise the loan was irregular.

An amount of Rs 50,000 was released to the company on 5th April, 1956. Later, in October, 1956, the partnership was broken, the partner furnishing the security having left the company on allegations of misuse of the loan by the other partner. The matter was brought to the notice of Government by the Director of Industries in December, 1956. The company defaulted in making repayments of both principal and interest from the first instalment which fell due on 1st April, 1957. While the un-released loan of Rs. 45,000 was withdrawn from the Bank and refunded to Treasury in October, 1958, no action was taken against the Company till May, 1959 when a certificate case was instituted for recovery of dues amounting to Rs. 61,803 (principal Rs. 50,000 and interest Rs. 11,803). The result of the certificate case is awaited (April, 1963).

(ii) State aid by way of supply of machinery on hire purchase system at a cost of Rs. 28,200 was sanctioned on 1st March, 1954 to a partnership company on the condition that 20 per cent of the cost of the machinery (Rs. 5,640) should be deposited in cash. The machinery would become the property of the hirer after payment of rent in ten equal annual instalments of Rs. 2,256 each and interest at 4 per cent on ordinary instalments and 6 per cent on arrear dues. The amount was drawn by the Director of Industries and paid to the company on 29th March, 1954 but the company acquired machinery of a different make than had been originally agreed to, during the period from June to November, 1954 and in June, 1956 at a total cost of Rs. 22,637. The unutilised balance of Rs. 5,563 was not refunded to Government. The case was brought to the notice of Government in November, 1956 by the Director of Industries. Government issued orders in February, 1958 to terminate State aid, effect recovery of the unspent balance and seize the machinery (the ownership

of which vested in Government) because the firm had contravened the terms of the agreement by purchasing machines other than those which had been approved by Government, misused the loan money and retained unspent balances.

It came to the notice of the Director of Industries in November, 1959 that the partnership firm had transferred the machinery and its liabilities to a Private Limited Company in July, 1957 which had also defaulted in making repayments of both principal and interest of the instalments due on 31st March, 1959 and disowned liability for refunding the unspent balance of Rs. 5,563. Government issued orders in June, 1961 advising the Director of Industries to file a certificate case against the partners of the Company.

No action was taken till February, 1962 when a certificate case was initiated by the Director of Industries for recovery of dues amounting to Rs. 14,939 (principal Rs. 13,292 and interest calculated up to 31st January, 1962 Rs. 1,647) and no steps were taken to get possession of the machinery.

EDUCATION (L. S. F.) DEPARTMENT

75. *Transactions in Orissa Loan Stipend Fund.*—The detailed accounts, including loan ledgers of the Orissa Loan Stipend Fund maintained by the Education Department do not indicate a correct or complete picture of the transactions as :—

- (i) the payment of loans made to the beneficiaries and the recoveries effected from them amounting to Rs. 14.53 lakhs and Rs. 3.21 lakhs respectively remained unposted in the loan ledgers at the end of March, 1962 for want of details which are reported to have been called for ; the acceptance of the outstanding balance at the end of each of the years was not obtained from any stipendiary at any time ;
- (ii) the balance in the Fund account at the end of 1961-62 as shown in the departmental accounts was short by Rs. 3.89 lakhs as compared with the balance as arrived at in the Audit Office from the Treasury returns. The difference has not yet been reconciled.

The recovery of the instalments of loan due for repayment was not regular. Due to incomplete state of accounts maintained by the department, the number of such cases and the amount due for recovery could not be worked out by Audit. According to the departmental report on the working of the Fund for 1960-61, no repayment was being made by the borrowers in 366, out of 1,049 cases where recovery was due.

MINING AND GEOLOGY DEPARTMENT

76. *Orissa Mining Areas Development Fund*—The Fund was created by the Orissa Mining Areas Development Act, 1952 with the object of financing expenditure on amenities like communications, water supply and electricity in the mining areas and on measures for the welfare of labour and other persons resident of these areas. The Fund was to be credited with the proceeds of a cess collected on extracted minerals but no collections were made upto July, 1956 as the rules to be framed under the Act for the actual levy were promulgated and enforced only from 1st July, 1956.

The Act became inoperative from 1st June, 1958 as a result of a judgement of the Orissa High Court as the Central Act, viz., Mines and Minerals (Regulation and Development) Act, 1957 came into effect from that date. No levy could be demanded from that date.

Assessment of cess amounting to Rs. 53.70 lakhs was made for the period from 2nd July, 1956 to 31st May, 1958 in respect 90 mines out of 175 notified mines against which a sum of Rs. 41.98 lakhs was collected by March, 1962 and credited to the Consolidated Fund of the State. Against this an amount of Rs. 38.13 lakhs was appropriated to the Mining Areas Development Fund during 1957-58 and 1958-59. It has been stated that the assessment in respect of the remaining 85 mines could not be made for want of information.

No expenditure has been incurred from the Fund due to non-finalisation of the accounting procedure. An expenditure of Rs. 1.10 lakhs towards expenditure on the establishment of the Administrator of the Fund upto March, 1962 was incurred from the Consolidated Fund. An amount of Rs. 36.17 lakhs stands invested in Government securities.

A loan of Rs 5.75 lakhs was sanctioned from the Fund to 2 Science Colleges. As the Fund could not be operated due to legal complications, the State Government paid interest free loans to the Colleges, from the Consolidated Fund of the State during March, 1960 and March, 1961 pending recoupment from the Fund in one instalment. The recoupment is yet to be made.

77. *Large unadjusted balances in the Public Works accounts.*—Large balances are lying unadjusted (31st March, 1962) in the Public Works Accounts as indicated below:—

Nature of the balances	Amount outstanding and period of transaction (In lakhs of rupees)	Remarks
(i) Miscellaneous Public Works Advances—		
Roads and Buildings and Public Health.	139.41	This account head is mainly debited with the amounts recoverable from outside parties. It is desirable that these debits should be adjusted by making recoveries without delay.
Irrigation ..	94.78	
Electricity ..	20.95	
Total ..	255.14	

An analysis according to the period from which the debits have been outstanding is given below:—

1958-59 and earlier years.	27.66
1959-60	21.86
1960-61	53.46
1961-62	152.16

Nature of the balances	Amount outstanding and period of transaction	Remarks
<i>(ii) Purchases—</i>		
The balance under this head, outstanding from 1958-59 and earlier years but not adjusted even after the lapse of 3 years <i>i.e.</i> , by the end of 1961-62 is given below :—	(In lakhs of rupees)	This account head is credited with the value of the stores received from the suppliers or other divisions for which payment has not yet been made; adjustments are made on payment of the cost in cash or by book transfer. It is necessary that such liabilities should be liquidated quickly to avoid complications in the accounts and hardship to the suppliers.
Public Works—		
Roads and Buildings and Public Health.	28.62	
Irrigation ..	13.06	
Electricity ..	11.55	
<i>(iii) (a) Remittances into Treasuries—</i>		
1958-59 and earlier years	7.28	According to the Rules, each Public Works division is required every month to reconcile with the Treasury Officers concerned the amounts remitted into Treasuries and the amounts drawn by cheques for payment at those Treasuries so that there may be no irreconcilable differences at the close of the financial year. Abnormally large outstandings are attributable to lack of adequate co-operation between the Treasuries and the Public Works Divisions.
1959-60 ..	7.05	
1960-61 ..	-9.12	
1961-62 ..	-15.71	
Total ..	-10.50	
<i>(b) Public Works Cheques—</i>		
1958-59 and earlier years	0.39	Until the differences are settled it cannot be certified that the amounts shown by the Divisions as having been credited into the Treasuries were actually so credited or those amounts shown by the Treasuries as disbursed on behalf of the Divisions had actually been duly authorised by cheques issued by the Divisional Officers.
1959-60 ..	0.53	
1960-61 ..	57.54	
1961-62 ..	286.74	
Total ..	345.20	

The following are some of the Divisions against whom large amounts have remained un-reconciled for more than one year.

Name of the division	Amount (In lakhs of rupees)
(1) Cuttack (Roads and Buildings Division.)	0.47
(2) Ganjam (Roads and Buildings Division,)	0.86
(3) Jajpur Division ..	0.74
(4) Sundergarh Division ..	0.42
(5) Capital Construction Division ..	0.32

CHAPTER VIII

Government Commercial and Trading Activities

SECTION A

General

78. This Chapter deals with the audit of—

- (i) Statutory Corporations,
- (ii) Government Companies,
- (iii) Departmentally-managed Government Undertakings
and
- (iv) Investment and guarantees by the State Government.

The provisions regarding the audit of Statutory Corporations, etc. by the professional auditors in certain cases as well as by the the Comptroller and Auditor-General, are laid down in the respective Acts governing these statutory bodies. The audit of Government Companies is regulated by the provisions in the Companies Act. The Comptroller and Auditor-General exercises a supplementary audit and he has also the power to issue directives to Professional Auditors under section 619(3)(a) of the Companies Act.

The Statutory Corporations and Government Companies enjoy considerable autonomy in respect of their day-to-day working, and their funds are also separate from the Consolidated Fund of the State.

The Departmentally-managed Undertakings are governed by rules and regulations framed by the Government. As their receipts and expenditure are transactions relating to the Consolidated Fund of the State, the Comptroller and Auditor General is statutorily responsible for their audit.

SECTION B

Statutory Corporations

79. There are three Statutory Corporations under the State Government:—

- (i) Orissa State Financial Corporation,
- (ii) Orissa State Warehousing Corporation,
- (iii) The Orissa State Electricity Board.

Government have invested Rs. 43.23 lakhs in the share capital of Orissa State Financial Corporation and Rs. 11 lakhs in the Orissa State Warehousing Corporation. Besides the Government have also guaranteed a minimum dividend of 3.5 per cent on the Capital in the case of Orissa State Financial Corporation.

The two Corporations earned a profit of Rs. 2.34 lakhs in 1961-62 yielding a return of 2.8 per cent on the total capital of Rs. 82.36 lakhs.

A synoptic statement of the financial results of the working of these two bodies for the year 1961-62 is given below :—

(1) Name of the Corporation (Year of incorporation)	Orissa State Financial Corporation (1956)	Orissa State Warehousing Corporation (1958)
	(In thousands of rupees)	
(2) Paid up Capital—		
(a) Share of Orissa Government	34,23*	11,00
(b) Total ..	50,00	22,00
(3) Loan ..	10,00	..
(4) Free reserves ..	25	11
(5) Working Capital— [i.e., Cols. 2(b), 3 and 4]	60,25	22,11
(6) Business transacted ..	26,47 (Loans advanced)	52 (Ware housing charges).
(7) Block assets—Net ..	14	1,31
(8) Depreciation ..	8	4
(9) Net $\frac{\text{Profit}+}{\text{Loss}-}$	+2,13	+21
(10) Percentage return on Capital employed.	3.5	0.96

80. *Orissa State Financial Corporation—Working results.*—The Corporation has been functioning since 1957-58. The table given below indicates the summarised financial results of the Corporation during the last five years. The paid up capital carries the State guarantee as to the repayment of principal and the payment of dividend at 3.5 per cent per annum under section 6(1) of the State Financial Corporations Act, 1951.

	1957-58	1958-59	1959-60	1960-61	1961-62
	(Figures in items 1, 2, 4 to 7 in lakhs of rupees)				
(1) Paid up Capital ..	50	50	50	50	50
(2) Gross income being interest earned on deposits, investments, loans, etc.	1.51	2.35	2.24	2.34	2.75
(3) Percentage of gross income to the Capital employed.	3.02	4.70	4.48	4.68	5.51
(4) Working expenses ..	0.28	0.19	0.23	0.37	0.57

* An amount of Rs. 9 lakhs invested by the State Government was adjusted on as Application money for which shares were issued in June, 1962.

	1957-58	1958-59	1959-60	1960-61	1961-62
	(Figures in items 1, 2, 4 to 7 in lakhs of rupees)				
(5) Net income before appropriations but after making provision for reserves, bad debts and investments.	1.23	2.16	2.01	1.62	2.13
(6) Net balances after appropriations towards reserve fund, provision for taxation, etc., available for guaranteed dividend.	0.53	1.01	1.01	0.47	0.95
(7) Subvention from State Government to make up the guaranteed dividend.	0.38	0.74	0.75	1.29	0.80
(8) Percentage of income before appropriations on paid up capital.	2.46	4.30	4.02	3.24	4.26
(9) Percentage of net divisible profits on the paid up share capital.	1.16	2.01	2.01	0.93	1.90
(10) Percentage of working expenses of gross income.	18.4	8.2	10.33	16.0	20.55

While the working expenses for the year 1961-62 showed an increase of over 50 per cent from those in previous years the increase in the gross receipts was only about 20 per cent. The divisible profits for the year 1961-62, were only Rs. 0.95 lakh and, therefore, the State Government had to pay Rs. 0.80 lakh to meet the guaranteed dividend. The total amount paid by way of subvention upto 31st March, 1962 amounted to Rs. 3.95 lakhs.

Up to the end of 1961-62, the Corporation disbursed loans amounting to Rs. 46.04 lakhs to 43 industrial units against a sanctioned amount of Rs. 82.98 lakhs. The defaults in repayment of instalment of principal and interest by loanees to the Corporation at the end of the year amounted to Rs. 54,400 and Rs. 6,441 respectively.

According to the rules of the Corporation, the loanees are required to submit half-yearly progress reports of the concerns to the Corporation. None of them has, however, submitted any such report.

81. *Orissa State Warehousing Corporation.*—The Corporation has been functioning for the last three years. On 31st March, 1962 it had twelve rented warehouses under its control. It is understood that 11 warehouses with the necessary staff quarters are under construction.

The statement below indicates the earnings of the Corporation and the working expenses during last three years :—

	1959-60	1960-61	1961-62
	Rs.	Rs.	Rs.
(a) Income—			
(1) Warehousing charges ..	9,637	66,401	52,103
(2) Miscellaneous income ..	12,736	425	169
(3) Interest on investments ..	53,631	48,940	67,205
Total ..	76,004	1,15,766	1,19,477
(b) Working expenses ..	53,326	85,437	98,656

While the income from warehousing facilities during 1961-62 declined by about Rs. 1,400 from that in 1960-61 the interest on investment improved by Rs. 19,000 which mainly accounts for the increase in the total income of the Corporation in 1961-62 by about Rs. 4,000 when compared to the income of the previous year. The working expenses in 1961-62 were about Rs. 13,000 more than in the previous year.

82. *Orissa State Electricity Board.*—The Orissa State Electricity Board was formed on 1st March, 1961. All the completed transmission lines up to 132 K. V. have been transferred to the Board. The State Government have retained under their administration, the Stage II of the Hirakud Project, Maintenance of Hirakud Power House and Machkund Hydro-Electric Project and construction of Talcher Thermal Scheme including transmission lines above 132 K. V.

The allocation of the assets and liabilities between the Board and the Government has not been finalised so far (March, 1963). The annual Profit and Loss Account and the Balance sheet have not so far been prepared by the Board and placed before the Legislature as required under the provisions of the Act (March, 1963) as the shape of the Organisation and the accounting procedure were in process of finalisation.

The Government are at present charging the Board on provisional basis a rate of 4 nP. per unit of electricity supplied to the Board. It has been stated that the proper rate on commercial basis was being worked out (December, 1962).

The Government granted a loan of Rs. 74.91 lakhs to the Board during the year 1961-62. In addition, Government purchased the State Electricity Board Bonds, 1972 to the extent of Rs. 20 lakhs in May, 1962.

SECTION C

State Government Companies

83. By the end of the year 1961-62, forty eight Government Companies were functioning. Forty one of them were floated under the "Pilot Project Scheme" embarked upon by the State Government from March, 1953 to help the accelerated promotion of the Small Scale Industries in the State. Of the other seven Companies, one *viz.*, Messrs. Orissa Mining Corporation Ltd., is fully owned by the State Government. In another Company, *viz.*, Messrs. Orissa Road Transport Company Ltd., the Central Government (South Eastern Railway) own shares to the extent of Rs. 6 lakhs.

The total paid up capital of all the 48 Companies on 31st March, 1962 amounted to Rs. 207.69 lakhs of which the State Government contributed Rs. 190.42 lakhs.

Out of 13 Companies whose accounts for 1961-62 have been received (October, 1962) 3 Companies (paid up capital Rs. 33.04 lakhs) earned profits amounting to Rs. 14.89 lakhs, 5 Companies (paid up capital Rs. 83.82 lakhs) showed a total loss of Rs. 3.18 lakhs and the rest 5 (paid up capital Rs. 20.43 lakhs) have not yet gone into production. The total Capital employed (Working Capital) in these 13 Companies amounted to Rs. 155.37 lakhs and the total return for the year was Rs. 11.60 lakhs (inclusive of the loss of Rs. 0.11 lakhs incurred by the companies which have not gone into production) yielding 7.5 per cent on the capital employed.

Even by end of September, 1962 the accounts of 1 Company for 1959-60, 11 for 1960-61 and 27 for 1961-62 were not made available to audit.

84. (a) Mention was made in para. 20 of Audit Report, 1952 about loss of Rs. 1,33,333 being unrealised advance paid to a Firm in the United Kingdom in connection with the setting up of Pilot Plant for production of Special Alloy and Steel. The loss has not been written off and the capital head relieved of the debit as it does not represent any concrete asset.

(b) An amount of Rs. 50,000 was drawn by the Director of Industries during 1955-56 for providing Working Capital to Cottage Industries Board. The details of the investment were not furnished to Audit.

85. Synoptic statements showing the summarised financial position of

Synoptic statements showing the summarised financial position of Government and (b) Companies

(In thousands)

Serial No	Name of the Company	Date of incorporation	Paid-up Capital		Loans
			Government Investment	Total	
1	2	3	4	5	6
(a) Company wholly owned by the State Government—					
<i>Accounts for 1961-62—</i>					
1.	Orissa Mining Corporation	16-5-1956	75,00	75,00	..
(b) Companies partly owned by the State Government—					
<i>Accounts for 1961-62—</i>					
1.	Orissa Trunk and Enamel Works Ltd.	3-4-1959	14	26	..
2.	Orissa Foundry Co. Ltd.	18-3-1958	2,25	2,75	..
3.	Balanga Iron Works Ltd.	27-3-1958	1,86	2,07	..
4.	Monorama Foundry Co. Ltd.	30-3-1959	1,56	1,81	..
5.	Kalinga Hard Boards Ltd.	7-5-1959	1,04	1,59	..
6.	Orissa Board Mills Ltd.	4-4-1960	2,64	2,90	..
7.	Orissa Road Transport Co. Ltd.	1-12-1950	23,36	30,00	..
8.	Mayurbhanj Textiles Ltd.	1943	1,50	2,44	56
9.	Madhusudan Chemical Industries Ltd.	15-3-1958	60	60	..
10.	Utkal Fruit Products Ltd.	18-3-1958	14	20	..
11.	Orissa Electrical Manufacturing Works Ltd.	31-3-1958	3,54	3,74	..
12.	Mayurbhanj Spinning and Weaving Mills Ltd. (31-12-1961).	1947	12,00	13,93	15

these Companies during 1961-62 are given below :

*position of the (a) Company wholly owned by the State
partly owned by the State Government*

of rupees)

Free Reserve	Working Capital (Cols. 5, 6 and 7)	Block Assets Net	Depreciation	Turn over	Net profit + loss—	Percentage of returns on Capital employed	Remarks
7	8	9	10	11	12	13	14
—	75,00	5,43	1,81	15,46	—2,44	..	..
..	26	1	..	25	—3	..	—
..	2,75	1,10	..	—	—3	..	—
..	2,07	1,27	5	1	—10	..	—
..	1,81	63	—	..	—3	..	(A)
..	1,59	49	1	..	..	..	(A)
..	2,90	2,07	..	..	—8	..	(A)
17,37	47,37	40,02	26,00	80,89	+14,79	31.22	—
..	3,00	69	95	1,80	+9	3	—
..	60	6	1	37	+1	1.66	—
..	20	12	..	..	..	..	(A)
..	3,74	89	11	..	—58	..	—
..	14,08	11,76	14	..	..	..	(A)

*Synoptic statements showing the summarised financial
Government and (b) Companies*

(In thousands)

Serial No.	Name of the Company	Date of incorporation	Paid-up Capital		Loans
			Government Investment	Total	
1	2	3	4	5	6
<i>Accounts for 1960-61—</i>					
1.	Spark Battery Manufacturing Works Ltd.	17-3-1958	65	80	44
2.	Orissa Boat Builders Ltd. ..	18-3-1958	80	90	..
3.	Kohinoor Aluminium Products Ltd.	28-3-1959	65	75	..
4.	Orissa Concrete Products Ltd.	23-9-1959	1,20	1,50	..
5.	Rourkela Fabrications Ltd. ..	28-3-1959	2,95	3,65	3
6.	Gajapati Steel Industries Ltd.	15-2-1960	1,78	2,00	19
7.	Jagannath Chemical and Pharmaceutical Works Ltd.	12-2-1960	63	83	2
8.	Utkal Foundry and Engine- ering Co. Ltd.	3-4-1959	2,34	2,59	..
9.	Eastern Aquatic Products, Ltd.	6-5-1959	50	58	..
10.	Orissa Tiles Ltd. ..	1-9-1959	1,90	2,70	..
11.	Orissa Timber Products Ltd.	2-3-1960	50	65	..
12.	Modern Electronic Ltd. ..	22-3-1960	2,45	2,55	..
13.	Kalinga Fruit Products Ltd.	22-3-1958	17	20	..
14.	Orissa Sports Manufacturers and Fabricators Ltd.	2-7-1960	67	82	..
15.	Kalinga Foundry Ltd. ..	26-3-1958	3,40	4,00	..

position of the (a) Company wholly owned by the State
partly owned by the State Government—contd.

(in rupees)

Free Reserve	Working Capital (Cols. 5, 6 and 7)	Block Assets Net	Depreciation	Turn over	Net profit+ loss—	Percentage of returns of Capital employed	REMARKS
7	8	9	10	11	12	13	14
..	94	10	1	83	+13	13.83	..
..	90	33	2	10	-8	..	..
..	75	18	..	..	-9	..	..
..	1,50	84	..	-2	-4	..	..
..	3,68	1,68	3	9	-9	..	..
..	2,39	1,78	..	..	..	..	(A)
..	85	5	..	..	..	..	(A)
..	2,59	1,09	..	..	..	..	(A)
..	58	20	..	14	-10	..	..
..	2,70	15	..	..	-2	..	(A)
..	65	31	..	53	+13	20	..
..	2,55	18	1	1	-7	..	..
..	21	3	1	..	-2	..	..
..	82	46	..	53	+2	2.44	..
..	4,00	1,69	12	1,08	-21	..	..

*Synoptic statements showing the summarised financial
Government and (b) Companies*

(In thousands)

Serial No.	Name of the Company	Date of incorporation	Paid-up Capital		Loans
			Government Investment	Total	
1	2	3	4	5	6
<i>Accounts for 1959-60—</i>					
1.	Barabati Fruit Products Ltd. ..	31-3-1958	15	17	..
2.	Orissa Fruit Products Ltd. ..	7-4-1958	15	17	..
3.	Chilka Cashew Manufacturing Co. Ltd.	28-3-1959	36	40	..
4.	Kalinga Steel and Wire Products Ltd.	31-3-1959	1,13	1,21	..
5.	Premier Bolts and Nuts Ltd. ...	4-8-1959	1,43	1,54	..
6.	Orissa Wood Products Ltd. ..	10-12-1958	1,20	1,26	2,06
7.	Arabind Tin Factory Ltd. ..	31-3-1959	63	71	..
8.	Manufacture Electro Ltd. ..	24-9-1959	22	27	..
9.	Cocacol (India) Ltd. ..	14-4-1959	82	92	..
10.	Hansnath Ceramic Industries Ltd.	30-3-1959	30	35	..
11.	Cuttack Iron and Steel Products Ltd.	15-3-1958	65	75	..

NOTE—(1) Figures in column 13 attempt to indicate return on capital invested (in cases as shown in column 12 and is expressed as percentage of the capital

(2) Companies marked 'A' (in column 14) have not yet gone into production construction period have not been indicated.

position of the (a) Company wholly owned by the State
partly owned by the State Government—concl'd.

(of rupees)

Free Reserve	Working Capital (Cols. 5, 6 and 7)	Block Assets Net	Depre- ciation	Turn over	Net profit+ loss—	Percentage of returns on Capital employed	REMARKS
7	8	9	10	11	12	13	14
..	17	4	..	..	-3	..	..
..	17	5	1	..	-4	..	..
..	40	9	..	41	+3	7.5	..
..	1,21	13	..	..	..	..	(A)
..	1,54	..	..	..	..	..	(A)
..	3,32	1,86	4	1,68	+1	0.3	..
..	71	10	..	..	..	..	(A)
..	27	..	..	..	..	..	(A)
..	92	14	..	..	6	..	..
..	35	11	..	..	..	..	(A)
..	75	13	2	15	8	..	..

only where there is profit). For this purpose interest on loans has been added to profits employed, viz., Paid-up Capital, plus Loans, plus Free Reserve.

(Auguts, 1962) and as such the result of the working of these companies in their

86. *Orissa Mining Corporation Ltd.*—During the year the Corporation incurred a loss of Rs. 2,22,687 against a profit of Rs. 14,166 in 1960-61 due to the following reasons:—

- (1) Overvaluation of stock by Rs. 79,000 during the year 1960-61 which was rectified in 1961-62;
- (2) Shortage in stock by 903 tons resulting in loss to the extent of Rs. 15,260; and
- (3) Market rate not covering cost of production.

87. *Messrs Orissa Road Transport Co. Ltd.*—The Company was incorporated during the year 1950. The working results of the Company for the last three years are indicated below :—

	1959-60	1960-1961	1961-62
	(Items 1 to 4 in thousands of rupees)		
(1) Paid-up Capital ..	30,00	30,00	30,00
(2) State Government Investment.	23,36	23,36	23,36
(3) Gross income ..	55,28	69,57	81,72
(4) Net Profit ..	7,49	14,84	14,79
(5) Percentage return on Capital employed.	25 per cent	49.4 per cent	49.3 per cent
	Rs.	Rs.	Rs.
(6) Per mile expenditure ..	1.21	1.18	1.29
(7) Per mile income ..	1.40	1.51	1.58
(8) Number of vehicles ..	160	178	182

The Board of Directors decided in 1956 to restrict the accumulation of spare parts to six months requirements only. But the stock of spare parts held on 31st March, 1961 and 31st March, 1962 was more than twice the annual consumption.

	1958-59	1959-60	1960-61	1961-62
	(In lakhs of rupees)			
Annual Consumption ..	5.14	5.26	3.93	6.23
Stock at the end of the year	8.33	8.78	8.68	12.73

The victory loan bonds worth Rs. 25,000 matured on 10th March, 1957 but the proceeds of the loan with interest was realised only on 16th April, 1961, i.e., after a lapse of about four years. Due to the delay, an amount of Rs. 27,625 (principal Rs. 25,000 plus interest Rs. 2,625) remained locked up for four years as no interest was payable by the Government, after the date of maturity.

The Board resolved on 15th October, 1960 to invest cash in hand in excess of Rs. 6 lakhs in short-term fixed deposits. The Company had cash balances ranging from Rs. 18 lakhs to Rs. 22 lakhs during the period from 1st October, 1960 to 15th March, 1961. It invested Rs. 6 lakhs only and that too on 11th January, 1961 (i. e., after a lapse of two months and 27 days). The delay in implementing the Board's decision resulted in loss of interest of Rs. 3,250 (approximate) to the Company.

88. *Spark Battery Manufacturing Works Ltd.*—The working results of the Company for the last 3 years have been as follows:—

	1959-60	1960-61	1961-62
	Rs.	Rs.	Rs.
(1) Paid-up Capital ..	64,800	80,000	80,000
(2) Number of Batteries Manufactured and cost of production.	385 <hr/> 33,855	802 <hr/> 71,361	449 <hr/> 50,850
(3) Number of Batteries sold /value thereof.	325 <hr/> 42,230	692 <hr/> 83,421	468 <hr/> 68,107
(4) Closing Stock ..	83 <hr/> 5,824	193 <hr/> 17,177	174 <hr/> 17,623
(5) Gross profit ..	13,572	29,243	19,724
(6) Net profit ..	1,360	7,135	3,294
(7) Sundry debtors ..	29,001	46,724	53,505
(8) Percentage return on capital employed.	2.1	8.92	4.12

There has been substantial fall during the year 1961-62 both in production as well as in the sale of batteries as compared to 1960-61. As a result net profit came down to Rs. 3,294 from Rs. 7,135.

Sundry debtors (Rs. 53,504) and Closing Stock (Rs. 17,623) have altogether locked up 90 per cent of the paid-up capital leaving very small amount for working capital.

89. *Madhusudan Chemical Industries Ltd.*—The working results of the Company for last 3 years are indicated below :—

	1959-60	1960-61	1961-62
	Rs.	Rs.	Rs.
(1) Paid-up Capital ..	60,000	60,000	60,000
(2) Productions ..	47,418	40,755	12,147
(3) Sales ..	56,910	75,634	37,494
(4) Establishment expenses ..	3,746	4,687	5,159
(5) Closing Stock ..	16,543	8,726	1,764
(6) Net profit ..	7,830	4,056	1,075
(7) Percentage return on Capital employed.	13.05	6.76	1.79

Production fell by 70 per cent and sales by 50 per cent during 1961-62 as compared to 1960-61 whereas establishment expenses have increased from Rs. 4,687 to Rs. 5,159. Closing stock of semi-finished goods as on 31st March, 1962 was over valued by an amount of Rs. 11,000 (approximately) by taking these at selling cost instead of at production cost. For 1961-62 there would have been a loss if there was no such over valuation.

90. *Cocacol (India) Ltd.*—The Company was registered in April, 1959 to manufacture coir products out of local cocoanut fibre. The requisite cocoanut fibre was, however, brought from outside the State. The sales were very poor and cost of manufacture was much higher than the market price. The Managing Director was removed by the Board due to inefficiency on 14th February, 1962 and entire management was taken over by the District Industries Officer as Executive Director. The ex-Managing Director did not hand over the full charge of the Company with its finished products worth Rs. 16,616. An Enquiry Committee was appointed by the Board for probing into the affairs to the Company, but it could not complete its work due to the non-co-operation of the ex-Managing Director.

91. *Eastern Aquatic Products Ltd.*—The machinery purchased for Rs. 14,600 was not utilised from August, 1960 to April, 1962 as the Company could not get mineral free water for production of Augor, which was one of the main items of production. Again, there was a sharp fall in

the production of Shark Liver Oil, the second item in as much as only 110 gallons were produced during the full year of 1960-61 as against 150 gallons produced in four months in 1959-60. This shortfall in production resulted in increase of the cost of production of the oil from Rs. 59 in 1959-60 to Rs. 199 against market price of Rs. 60 per gallon. The Company had incurred a loss of Rs. 11,321 during its first two years the total capital invested being Rs. 58,000.

92. *Kalinga Fruit Products Co. Ltd.*—The Company with a paid-up capital of Rs. 19,700 incurred a loss of Rs. 6,816 by 31st March, 1961. Again, finished and semi-finished goods worth Rs. 4,707 were declared as unfit for human consumption. The voluntary liquidation of the Company was decided upon in March, 1961. It was intimated by Government in April, 1963 that orders for liquidation of the Company were issued by them to the Director of Industries.

Government managed Commercial

93. There are 9 Government managed Commercial Undertakings in The financial results of the working of these Undertakings are ascertained annual *pro forma* accounts for the year 1961-62 bringing out the results of not been prepared (October, 1962) by the Departments in any case

A synoptic statement showing the financial results of the working of the

Sl. No.	Name of the Undertaking	Government Capital	Free reserve	Total (Cols. 3 and 4)	Turn-over
1	2	3	4	5	6
1.	Government Demonstration Shoe Factory, Cuttack (1960-61).	1,15	..	1,15	1,39
2.	Government Tannery, Boudh (1960-61).	2,84	..	2,84	1,20
3.	Leather Industries-cum-Government Tannery, Titilagarh (1960-61).	3,39	..	3,39	2,73
4.	State Transport Service (1959-60)	76,83	..	76,83	1,10,39
5.	Goods Transport Services (1959-60).	-88	..	-88	1,35
6.	Scheme for Land Reclamation and Hiring of Tractors (1960-61).	11,87	..	11,87	1,08
7.	Cold Storage Plant (1960) ..	9,52	..	9,52	1,87
8.	State Schemes of Government Trading (Grain Supply Scheme) Old Scheme (1960-61).	1,98,82	..	1,98,82	2,02
9.	State Schemes of Government Trading (Grain Purchase Scheme) New Scheme (1960-61).	2,63,33	..	2,63,33	3,64,51
10.	State Scheme of Government Trading (Cloth and Yarn) (1960-61).	3,50	..	3,50	..

NOTE—The *pro forma* annual accounts for the year 1961-62 in respect of serial Nos. 1 to 10
The scheme at serial No. 5 was closed, with effect from August, 1960.

D

and Quasi-Commercial Departments

which the State Government have invested a total capital of Rs. 571.25 lakhs. annually by preparing statements of accounts on a *pro forma* basis. The working during the year and financial position at the end of the year have (October, 1962).

Undertakings relating to the latest year under review, is given below :—

(In thousands of rupees)

Block assets (Net)	Depreciation	Net Profit(+) or Net Loss(-)	Percentage of Net Profit or loss		REMARKS
			On Capital employed	On Turn-over	
7	8	9	10	11	12
36	19	-21	18.7	55.1	
83	34	-18	6.3	15	
1,56	59	-19	5.7	7.1	
59,40	42,12	31,76	40.03	27.8	
54	1,04	-65	..	..
8,07	2,34	-57	..	..
3,02	2,06	+31	3.2	16.5	
24	7,98	-5,87	..	..	The scheme became inoperative, with effect from 1st January, 1959.
..	..	-11,56	..	..	Scheme came into operation, with effect from 1st January, 1959.
..	..	-3	..	..	The scheme became inoperative from 1954-55.

6 and 8 to 10 and for 1961 for serial No. 7 have not been prepared by the departments.

94. *Goods Transport Service.*—The *pro forma* Commercial Accounts of the concern for the year 1959-60 are appended (Appendix IV, page 109).

The scheme was closed with effect from August, 1960, after incurring an accumulated loss of Rs. 1,70,797 since 1955-56, of which Rs. 65,232 relate to the year 1959-60. The loss has been attributed to lack of demand on the face of competition offered by the private operators in the line.

Under Sundry Debtors (excluding advances) the amounts outstanding since 1954-55 worked up to Rs. 88,616 up to the end of 1959-60, out of which Rs. 18,234 relate to the latter year. The outstandings by August, 1960 against Government Departments were stated to be Rs. 51,534.

95. *Scheme for Land Reclamation and Hiring of Tractors.*—Two separate schemes, *viz.*, "Scheme for Land Reclamation and of waste lands through Government Agency" and "Scheme for tractor ploughing by private parties" were amalgamated during the year 1956-57.

The *pro forma* Commercial Accounts of the concern for the year 1960-61 are appended (Appendix V, page 111).

(i) *Working results.*—(i) Since its inception in 1946-47 the scheme has been incurring loss year after year. The total loss stands at Rs. 4,16,652 up to 31st March, 1961. The loss is mainly due to the fact that idle hours of the tractors are 87.9 per cent of the potential capacity and the cost of establishment is disproportionate to the utilisation of the machines. Moreover, the rates adopted for recovery of hire charges are insufficient to cover all direct and indirect charges.

Five machines remained idle throughout the year for want of major repairs. 13 of the 19 machines have already worked for 12 to 15 years.

(ii) *Sundry Debtors* Rs. 3,35,265.—Against old dues dating back to 1948-49, an amount of Rs. 7,207 only was recovered during 1960-61. The amount outstanding includes Rs. 41,199, which is due from private parties.

(iii) *Verification of Stock.*—Physical verification of stores and stock was not done by an independent authority.

(iv) *Pensionary charges.*—Pensionary liability of staff has not been calculated and provided for in the accounts.

96. *State Schemes of Government Trading.*—Government have undertaken the Trading in Foodgrains (Grain Supply Scheme) and purchase of Cloth and Yarn owing to the abnormal condition prevailing after the war and to feed the flood and drought affected areas of the State.

The *pro forma* Commercial Accounts in respect of each of these schemes are appended (Appendix VI pages 112—116).

(a) *Grain supply Scheme.*—The Scheme became inoperative from 1st January, 1959. Early action is called for, for disposal of the closing stock of food-grains and gunnies (worth Rs. 0.82 lakh and Rs. 1.03 lakhs respectively) as on 31st March, 1961).

(b) The difference of nearly Rs. 2.52 lakhs between the closing cash balance of Rs. 3,12,93,602 on 31st March, 1961 as shown in the Balance Sheet and Rs. 3,10,41,409, as in the general accounts needs reconciliation.

(c) Final orders of Government regarding write off or recovery of shortages to the extent of 29,600 Mds. of food-grains valued at Rs. 3.47 lakhs are yet to be issued. These comprise 25,000 Mds. of uncertified transit shortages valued at Rs. 2.90 lakhs which occurred since 1948-49 and 4,600 maunds of storage shortages valued at Rs. 0.57 lakh found from 1955-56 to 1959-60. The latter was mostly recoverable from the agents or Government servants concerned.

(d) *Loss on sale of deteriorated stocks.*—26,496 maunds of foodgrains out of export quota purchased during the Khariff year 1958-59 got deteriorated due to bad storage and had to be sold by auction during 1961 and 1962 at a loss of Rs. 1.30 lakhs. 18,350 maunds from stocks reserved for internal consumption had also to be sold at concessional rates involving a further loss of Rs. 15,306.

(ii) *Grain Purchase Scheme.*—The difference of nearly Rs. 39.90 lakhs between the closing cash balance of Rs. 1,90,14,015 on 31st March, 1961, as shown in the balance sheet and Rs. 1,50,24,132 as in the general accounts needs reconciliation.

(iii) *Scheme for financing purchase of cloth and yarn.*—Although the scheme had ceased to operate from 1954-55 due to decontrol, advances amounting to nearly Rs. 1.20 lakhs are still outstanding for recovery (March, 1963).

97. *Working of Textile Marketing Organisation for the period from 1st April, 1958 to 31st March, 1961.*—The *pro forma* annual accounts for the years 1958-59 to 1960-61 have not been made available (December, 1962). The Organisation was closed down with effect from 1st April, 1961 and the stock of finished goods, yarns dye-stuff chemicals, etc., were transferred to the Handloom Weavers' Co-operative Society. The price of the transferred goods was to be valued by a Committee on the basis of cost price or market price, whichever was lower. The total value, thus arrived at, was required to be deposited by the Society in five years in equal instalments and the first instalment was to start after one year from the date of transfer. The valuation has not been made by the Committee so far (December, 1962).

(i) *Surety Debtors.*—The ledgers have not been maintained properly. The position of realisation of dues from the selling agents is also far from satisfactory as the arrears amounted to Rs. 95,068, as on 1st April, 1956 Rs. 1,03,718 in February, 1961 and Rs. 1,03,710 in July, 1962.

(ii) *Suspense.*—(Liabilities Rs. 2,193, assets Rs. 4,220)—The amount under liabilities side is pending clearance since 1952-53 and that on the assets side from 1952-53, 1953-54 and 1954-55.

(iii) *Shortages, etc.*—(a) Physical verification revealed shortages to the extent of Rs. 6,197 in three depots. Government have stated that the matter is being investigated and steps will be taken to write off loss or to fix responsibility and recover the losses.

(b) Finished goods to the extent of Rs. 23,178 remained unaccounted for in the ledgers till the time of transfer of stocks.

(iv) *Deterioration in Stock.*—Dyes and chemicals worth Rs. 7,559 were stated to have decomposed and have become totally useless.

98. *Working of Handloom Marketing Organisations for the year 1960-61.*—The Scheme was wound up, with effect from 1st April, 1961. The final accounts prepared by the managements for Sonepur and Boudh Units for the year 1960-61 were found to be incorrect and contained the following defects :—

(i) *Handloom Marketing Organisation, Sonepur.*—(a) Value of shortages noticed during the physical verification has not been assessed and adjusted in account, as ordered by Government.

(b) Credit for profit on sale of furniture and accessories has been taken though valuation has not been accepted by the Apex Society.

(c) Difference between the personal ledger account and cash book has not been reconciled.

(ii) *Handloom Marketing Organisation, Boudh.*—(a) Reduction in value due to damage and age of stock has not been taken into account at the time of transfer of stock.

(b) Interest on Government Capital has not been adjusted in accounts.

(c) Defects as enumerated against sub-paras. (a) to (c) under the Handloom Marketing Organisation, Sonepur exist in this case also.

SECTION E

Investments and Guarantees by the State Government

99. (a) *Investments.*—The State Government have also made investments in Joint Stock Companies, Co-operative Institutions, etc. The total investments of Government in shares of 17 Joint Stock Companies and in 1294 Co-operative Institutions as on 31st March, 1962 amounted to Rs. 81.23 lakhs and Rs. 1.64 crores respectively. In addition to these investments, Government have also given grants and subsidies to some of them amounting to Rs. 17.50 lakhs for various purposes. The details of the investments and the returns thereon are indicated in Statement No. 14 of the Government of Orissa, Finance Accounts, 1961-62.

(b) *Guarantees.*—The State Government have also been giving guarantees in respect of repayment of loans raised by Joint Stock Companies, Co-operative Institutions, etc. Up to the end of 1961-62 guarantees so given in the case of two Joint Stock Companies in which Government had interest and in the case of Co-operative Institutions, amounted to Rs. 1.22 crores and Rs. 2.91 crores respectively. In addition, for the Orissa State Co-operative Land Mortgage Bank Ltd., Government guaranteed the principal and interest on debentures to the extent of Rs. 1 crore.

The details of the guarantees are indicated in Statement No. 6 of the Government of Orissa, Finance Accounts, 1961-62.

CHAPTER IX

Grants-in-Aid

100. *Grants to Local Bodies.*—(a) A total amount of Rs. 412.55 lakhs was paid as grants-in-aid during 1961-62 to Local Bodies, as shown below:—

		(In lakhs of rupees)
Zilla Parishads	..	50.20
Panchayat Samities	..	331.76
Grama Panchayats	..	5.43
Municipalities	..	21.78
Notified Area Councils	..	3.38

The expenditure out of the grants made by Government to Local Bodies is audited by the Examiner, Local Fund Accounts and that relating to Zilla Parishads and Panchayat Samities by the Examiner of Local Accounts for Panchayat Samities, who are under the administrative control of the State Government. The utilisation of unspent balances and the recovery or adjustment of grant found to be inadmissible is watched by them.

The Panchayat Samities and the Zilla Parishads were formally opened on 26th January, 1961. Grants-in-aid were actually placed with these bodies during 1961-62. The Local Fund Audit Organisation for audit of these accounts came into being during March, 1962. The check of the expenditure from the grants-in-aid paid to them from 26th January, 1961 up to March, 1962 has not so far been completed by the Examiner of Local Accounts for Panchayat Samities. The Examiner, Local Fund Accounts also has not yet completed the check of expenditure incurred from grants-in-aid by (i) 6 Municipalities and 2 Notified Area Councils during 1960-61 and (ii) all Local Bodies for 1961-62.

The Examiner, Local Fund Accounts has drawn attention to the point that the unspent balances of grants were found to be more than the cash balances in hand at the end of the year 1960-61 in respect of 13 Local Bodies (excluding 6 District Boards which were abolished on 25th January, 1961) indicating that the unspent amount of grants had been temporarily diverted for other purposes as well. The grants so diverted amounted to Rs. 9.92 lakhs.

(b) Grants-in-aid to Municipalities for the maintenance of Motorable Roads under their jurisdiction are required to be spent by 30th June of the year following that in which these are given and the unspent balances are to be refunded after that date. Cases where the grants were not utilised for the purpose for which they were sanctioned are summarised below:—

Purpose of grant	Date of grant	Amount Rs.	Comments
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TRANSPORT DEPARTMENT

(1) Grants to B h a w a n i- patna Municipi- pality.	1959-60	9,700	There was an unutilised balance of Rs. 8,938 by the end of June, 1960 and it was diverted for other purposes.
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Purpose of grant	Date of grant	Amount Rs.	Comments
(1) Grants to Bha w a n i - patna Municipality— <i>concl'd.</i>	1960-61	7,700	There was an unutilised balance of Rs. 6,108 at the end of June, 1961 and it was diverted for other purposes. The total unspent balance of remaining to be recovered comes to Rs. 15,046.
(2) Grants to Jaipur Municipality.	1959-60	17,100	The grants during these two years were released in spite of there being an unspent amount of Rs. 54,182 with the Municipality from out of the grants for 1958-59. An amount of Rs. 32,284 was utilised till June, 1961 and a sum of Rs. 33,961 diverted for other purposes. The total unutilised balance remaining to be recovered amounts to Rs. 53,098.
	1960-61	14,100	
(3) Grants to De o g a r h Municipality.	1959-60	10,600	The grants during 1959-60 were released during June-November, 1959 without pressing for the refund of the unspent balance of Rs. 8,258 relating to the grants for the previous year. An unspent amount of Rs. 532 was refunded in September, 1960 and an amount of Rs. 5,120 was diverted for other purposes.
(4) Grants to Kendrapara Municipality.	1959-60	20,200	An amount of Rs. 26,577 remained unspent at the end of June, 1959 out of grants for 1958-59 and with this, the total of the unutilised grants at the end of 30th June, 1960 came to Rs. 32,282 and at the end of 30th June, 1961 to Rs. 44,585.
	1960-61	17,200	
(5) Grants to Berha m p u r Municipality.	1959-60	1,20,000	The unutilised amount out of 1958-59 grants at the end of June, 1959 was Rs. 51,699 and at the end of June, 1960 Rs. 1,42,077.

101. Important cases of grants sanctioned by Government and the Heads of Departments to Educational, Technical and other Institutions and the irregularities presenting special features are summarised below:—

Purpose of grant	Date of grant	Amount Rs.	Comments
EDUCATION DEPARTMENT			
(1) Grant for construction of Memorial building of Late Sarala Das.	March, 1960	20,000	The amount was withdrawn from the Treasury but was not disbursed to the party concerned and was refunded to the Treasury in December, 1960.
(2) Grants to Utkal University for compilation of Encyclopaedia.	Prior to 1957-58	1 lakh	By end of 1958-59, an amount of Rs. 42,158 was utilised and the unspent balance as on 31st March, 1960 was Rs. 1,03,150. Release of further grants when the earlier grants could not be utilised, was unnecessary.
	During—		
	1957-58	11,400	
	1958-59	33,908	
	1959-60	56,000	
INDUSTRIES DEPARTMENT			
(3) Grants to Regional Engineering College, Rourkela.	21st July, 1961.	1 lakh	The purpose of the grant was not specified by the Government. The grant was released without specific acceptance from the governing body and paid to the Member-Secretary, who was an official of the Industries Directorate of the State Government. The rules for functioning of the College were not framed by the governing body.
(4) Grants to Engineering School at Bhadrak.	1958-59	67,997	The grant of Rs. 3.20 lakhs relating to 1960-61 was released in September, 1960 before the execution of a deed of acceptance from the grantee (July, 1961) and without obtaining certificates of utilisation in respect of grants paid in earlier years. A grant of Rs. 53,000 for the purchase of equipments was drawn in March, 1961 and released to the School authorities only in July, 1961 without drawing up the list of equipment to be purchased as required by the sanctioning authority. The drawal and release of the grant in advance of requirement was irregular.
	1959-60	4.91 lakhs	
	1960-61	3.73 lakhs	

Purpose of grant	Date of grant	Amount Rs.	Comments
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AGRICULTURE AND ANIMAL HUSBANDRY DEPARTMENT

- | | | | |
|--------------------------------------|----------------------|------------|--|
| (5) Grants to Utkal Golangal Samiti. | 4th September, 1961. | 1.20 lakhs | The grants were for the maintenance of bulls (Rs. 1 lakh), purchase of bulls and calves (Rs. 6,800) and construction of bull sheds (Rs. 12,800). The grants were sanctioned by Government without any conditions regarding the manner of utilisation of grant and without receipt of the audited accounts with the utilisation certificate in respect of grants for 1960-61.
Estimates of expenditure were not obtained and scrutinised before sanction was accorded. |
|--------------------------------------|----------------------|------------|--|

REVENUE DEPARTMENT

- | | | | |
|------------------------------------|--------------------|----------|--|
| (6) Grants to Khondmals Road Fund. | 1955-56 to 1960-61 | 1,27,732 | The Khondmals Road Fund consists of sums contributed by the people of Khondmals subdivision as plough tax supplemented by an equal amount of contribution by Government. Due to shortfall in receipt of plough tax and non-collection of arrears during the period from 1955-56 to 1960-61, Government paid sums of Rs. 72,218 and Rs. 55,514 as special and additional grants respectively against the actual collection of plough tax amounting to Rs. 16,704. The payment of these additional and special grants is not covered by rules for the administration of the Road Fund. Periodical reports of progress of expenditure were not obtained from the Deputy Commissioner, Khondmals to see that there is no unauthorised diversion of grants. |
|------------------------------------|--------------------|----------|--|

102. *Irregular sanction of grant-in-aid for a Government work.*— Amounts of Rs. 0.50 lakh and Rs. 0.25 lakh were sanctioned by Government in March, 1960 and April, 1960 respectively towards non-recurring grants to a Committee of officials for construction of a building for Government State Library at Bhubaneswar. The sanction of grant-in-aid for a Government work was irregular. The grants were drawn by the Director of Public Instruction, Orissa in March, 1960 and March, 1961. An amount of Rs. 0.50 lakh was kept in 'Mohsin Endowment Fund Account' in the State Bank of India for the period from 21st May, 1960 to 21st September, 1960. It was decided by Government in July, 1961 that the construction should be executed as a normal Government work through the State Public Works Department. The total amount of Rs. 0.75 lakh was refunded to Treasury in December, 1961. The drawal of grants and their retention outside the Government account was irregular.

EDUCATION DEPARTMENT

103. *Payment of grant-in-aid in advance (Grant No. 11)*—A grant-in-aid of Rs. 1 lakh was sanctioned against the permissible limit of Rs. 76,000, as a special case in May, 1955 to the District Board, Koraput for construction of High School Building at Jeypore. The amount was drawn in July, 1955 by the Special Officer of the District Board before even the site for the building was selected. The management of the school was transferred to Government in January, 1958. The grant-in-aid was, however, retained by the District Board and a sum of Rs. 36 was spent by it in September, 1958 towards obtaining an encumbrance certificate for the site. The balance of Rs. 99,964 was kept in a postal savings bank account in February, 1960 and the account transferred in the name of the Collector, Koraput in March, 1960 as the work was treated as a Government work.

It has been stated by Special Officer, District Board that the delay in the construction by the Board was due to delay in land acquisition and the resort to opening a postal savings bank account in the name of the Collector was taken to expedite land acquisition proceedings and the construction work.

INDUSTRIES DEPARTMENT

104. *Premature sanction of grant-in-aid (Grant No. 17).*—A grant-in-aid of Rs. 2.88 lakhs for purchase of equipment for Kendrapara Engineering School was sanctioned on 30th March, 1961 which was drawn by the Director of Industries on that date. The amount was kept in a banking account in July, 1961 to be operated upon with the approval of the Director of Industries. Later, Government sanctioned in August, 1961 the diversion of an amount of Rs. 2.16 lakhs for the construction of essential buildings required by the school. Funds were actually released from the banking account to the school in December, 1961 by the Director of Industries. The utilisation certificate for the entire grant is still awaited (March, 1963).

105. *Utilisation certificates.*—The financial rules of Government require that either the authorities sanctioning grant-in-aid or others nominated by them should satisfy themselves that amounts sanctioned as grants-in-aid are actually utilised for the purposes for which the grants were made and within a reasonable time and furnish a certificate to that effect to Audit. In respect of grants made to parties other than local bodies up to March, 1962, 1,702 certificates involving an amount of Rs. 4.95 crores were still due (September, 1962).

These comprise 209 items involving Rs. 99.37 lakhs for the year 1960-61 and 227 items involving Rs. 1.13 crores for the year 1959-60 and earlier years. The details of these are given in Appendix VII (page 117).

CHAPTER X

Local Audit and Inspection

106. Important irregularities and defects in accounts noticed during Local Audit and Inspections are included in Inspection Reports which are sent to the Departmental Officers for necessary action. The points mentioned therein should receive their special attention and be settled expeditiously so that such irregularities may not persist or recur. That this was not done to the required extent is indicated by the fact that as many as 2,742 Inspection Reports with 20,502 items, issued up to 1961-62 some of which date back to 1946-47 have remained undisposed of at the end of September, 1962. These include 6,555 items which have been outstanding for more than 3 years. 1,290 outstanding items were specially brought to the notice of Government for taking necessary steps to expedite their settlement.

The names of the Departments with heavy outstandings are shown below :—

Departments	Year of issue of the earliest outstanding report	Total number of outstanding	
		Reports	Items in reports
1	2	3	4
(i) Community Development and Panchayati Raj.	1953-54	595	6,236
(ii) Revenue ..	1952-53	447	3,524
(iii) Agriculture and Animal Husbandry.	1946-47	327	2,702
(iv) Industries ..	1950-51	193	1,011
(v) Tribal and Rural Welfare ..	1954-55	79	967
(vi) Planning and Co-ordination	1955-56	89	850
(vii) Health ..	1952-53	167	800
(viii) Works (Roads and Buildings)	1954-55	63	563
(ix) Transport ..	1953-54	72	520
(x) Supply ..	1948-49	141	504
(xi) Education ..	1953-54	83	485
(xii) Co-operation and Forestry ..	1956-57	78	467
(xiii) Home ..	1954-55	114	406
(xiv) Labour ..	1958-59	79	347
(xv) Irrigation and Power (Electricity).	1953-54	42	321
(xvi) Finance ..	1953-54	46	229

The common irregularities for three years ending 31st March, 1962 are shown in Appendix VIII (page 118).

UNDISPOSED OF AUDIT OBJECTIONS

107. The number of objections pertaining to the period up to March, 1962 outstanding on 31st July, 1962 and the extent of amount involved are indicated below :—

Year	Item	Amount (Rs. crores)
Pertaining to 1957-58 and earlier years.	57,484	13.36
1958-59 ..	20,809	5.25
1959-60 ..	27,810	5.75
1960-61 ..	31,811	9.06
1961-62	26,924	14.12
Total ..	1,64,838	47.54

These include objections such as (a) non-sanctioning of estimates, (b) excess over estimates and (c) non-submission of detailed bills, vouchers, sub-vouchers, stamped receipts, etc. Delay in their settlement lead to the recurrence of the objectionable items and in some cases may hold up detection of cases involving losses, defalcations, etc.

The departments which have heavy outstandings

Serial No.	Department	(In lakhs)		
		Non-sanctioning of estimates	Excess over estimates	Non-submission of agreements to Audit
1	2	3	4	5
1.	Works (Roads and Buildings)	4,83.23	1,05.75	82.44
2.	Irrigation and Power (Irrigation).	1,73.56	87.06	1.52
3.	Irrigation and Power (Electricity).	1,29.38	13.65	..
4.	Works. (Public Health Engineering).	74.53	32.16	17.81
5.	Community Development Projects, etc.	..	..	..
6.	Tribal and Rural Welfare	..	..	..
7.	General Administration	..	..	..
8.	Revenue	..	..	..
9.	Agriculture and Animal Husbandry.	..	..	..
10.	Finance	..	..	..
11.	Miscellaneous	..	..	..
12.	Health	..	..	..
13.	Education	..	..	..
14.	Transport	..	..	..
15.	Commerce	..	..	..
16.	Other departments	..	..	..
	Total	.. 8,60.70	2,38.62	1,01.77

are shown below :—

of rupees)

Non-submission of detailed Contingent Bills	Non-submission of vouchers, sub-vouchers etc.	Non-issue of sanction	Tour advance	Other items	Total
6	7	8	9	10	11
..	4.42	..	..	60.89	7,36.73
..	..	..	..	45.11	3,07.25
..	0.35	..	..	0.01	1,43.39
..	0.05	..	..	8.97	1,33.52
3,33.81	37.66	9.36	0.12	2,09.63	5,90.58
3,42.59	..	..	..	2,08.23	5,50.82
3,97.44	11.21	3.92	0.03	1,35.94	5,48.54
2,99.90	5.72	6.72	0.03	20.21	3,32.58
1,93.04	8.89	0.86	0.01	78.80	2,81.60
1,07.96	1.00	0.12	0.01	84.79	1,93.88
1,53.87	7.26	0.06	0.12	29.93	1,91.24
45.46	75.76	13.37	0.14	50.00	1,84.73
1,08.81	12.55	3.83	0.19	18.79	1,44.17
54.15	42.74	4.95	0.02	39.96	1,41.82
63.16	0.36	2.97	0.01	41.44	1,07.94
60.63	19.79	8.46	0.21	75.81	1,64.90
21,60.82	2,27.76	54.62	0.89	11,08.51	47,53.69

Under the Treasury and Departmental rules, officers drawing advances for contingent expenditure on abstract bills are required to submit to the Controlling Officers a detailed account of the advances with all supporting sub-vouchers within three months in respect of expenditure on works and one month in all other cases. These accounts are with a few exceptions required to be countersigned by the Controlling Officers and transmitted to the Audit Office promptly. That this requirement has not been complied with is evident from the amount outstanding for want of detailed contingent bills which amounted to Rs. 21.61 crores comprising 89,979 items, some of which date back to the year 1947-48.

In addition, the total number of outstanding objections relating to Hirakud Dam Project raised by the Financial Adviser and Chief Accounts Officer up to 31st March, 1962 and outstanding on 31st July, 1962 were 150 and Rs. 5.49 crores respectively on account of excess over estimates and other reasons.

CHAPTER XI

Other topics of interest

108. *Delay in finalisation of outstanding pension cases.*—Mention was made in para 63 of the Audit Report, 1962 about the delay in submitting the pension cases by Administrative Departments and the consequential delay in finalising the pension cases in time.

Of the 660 cases received during 1961-62, only 22 were received prior to the date of retirement and the rest after the date of retirement as shown below:—

Cases pertaining to the officers who retired in—

1958-59 and earlier years		224
1959-60	..	114
1960-61	..	192
1961-62	..	130

Out of the cases received up to 31st March, 1962, the title to pension could not be reported in 234 cases (August, 1962) owing to non-receipt of essential information/documents called for from the Administrative Departments. The delay in furnishing the information ranged from 6 months to 4 years. Further in cases where title to pension was reported, the drawal of pension could not be authorised in 115 cases (August, 1962) the delay ranging from 6 months to 2 years either for want of sanction or on account of non-receipt of relevant particulars or documents.

109. *Delay in finalisation of Provident Fund final payment cases.*—Mention was made in para 64 of the Audit Report, 1962 about the delay in sending applications to the Audit Office for the final withdrawal of amounts standing to the credit of the provident fund accounts of Government servants. Out of 447 final withdrawal cases noticed during 1961-62, applications required to be submitted to the Audit office as soon as possible after the event permitting such withdrawal, e. g., quitting service, proceeding on leave preparatory to retirement or death were not received in 11 cases. In as many as 175 cases there was delay of more than six months beyond the dates on which the dues became payable in submission of applications.

110. *Delay in issue of sanctions for creation/continuance of temporary posts.*—It is necessary that the sanctions of Government to the continuance of temporary posts during any financial year should normally be communicated to audit not later than the end of March in the previous year so that there may be no delay in the drawal of pay by Government servants holding these posts.

During 1961-62, sanctions for the continuance of Gazetted posts in 1,200 cases were not issued even by end of April, 1961. Similarly sanctions for the continuance of the temporary posts during 1962-63, were not received in 1,079 cases even by the end of April, 1962, out of which 251 cases were outstanding by end of May, 1962 and 114 cases by end of June, 1962.

Consequently there was delay in issue of authorisation by the Audit office for the drawal of pay by the concerned officers, in several cases the issue of provisional authorisation of pay involving additional work became necessary.

BHUBANESWAR,

The 17 JUL 1963

S. MANZUR-E-MUSTAFA

Accountant General, Orissa

Countersigned

NEW DELHI,

The 22 JUL 1963

A. K. ROY

*Comptroller and Auditor General
of India*

APPENDIX I

(Referred to in paras 20, 21, pages 16-17)

STATEMENT SHOWING SAVINGS UNDER VOTED GRANTS

(In lakhs of rupees)

Number and Name of Grant	Original	Supple- mentary	Final	Expendi- ture	Saving	Percentage of Saving
1	2	3	4	5	6	7
<i>1—Cases where the Savings amounted to 20 per cent or more of the total grant</i>						
5—Community Deve- lopment Projects, etc.	4,40.47	80.10	5,20.57	3,99.11	1,21.46	23.31
6—River Valley Development.	16.69	4.33	21.02	13.38	7.64	36.36
7—Expenditure on Displaced Persons	5.10	2.69	7.79	3.57	4.22	54.13
17—Expenditure rela- ting to the Industries Depart- ment.	2,04.07	36.18	2,40.25	1,35.47	1,04.78	43.66
20—Labour and Emi- gration and Employ- ment Organisation.	20.29	1.00	21.29	16.32	4.97	23.40
28—Electricity Schemes.	2,98.59	1.38	2,99.97	1,08.19	1,91.78	63.93
29—Taxes on Vehicles	13.21	0.15	13.36	10.49	2.87	21.47
33—Co-operation ..	45.43	1.82	47.25	36.25	11.00	23.29
34—Contribution to Local Bodies.	16.53	14.78	31.31	23.66	7.65	24.44
39—Hirakud Dam Project.	76.20	0.50	76.70	41.40	35.30	46.02
40—Community Development Projects.	26.40	..	26.40	11.24	15.16	57.43
43—Electricity Schemes outside the Revenue account in other expendi- ture relating to the Works Department.	15,77.75	56.45	16,34.20	12,93.93	3,40.27	20.82
44—Agricultural Improvement and Research.	69.88	..	69.88	55.02	14.86	21.27
45—State Schemes of Government Trading.	3,05.98	..	3,05.98	1,74.64	1,31.34	42.92

APPENDIX I—Contd.

(In lakhs of rupees)

Number and Name of Grant	Original	Supple- mentary	Final	Expen- diture	Saving	Percentage of Saving
1	2	3	4	5	6	7
50—Capital outlay on Ports (Paradip).	82.08	16.50	98.58	46.39	52.19	52.94
53—Capital Account of other works relating to Home Department.	3.61	..	3.61	0.68	2.93	81.28
55—Capital expenditure relating to Development (Co-operation) Department.	18.75	4.46	23.21	9.15	14.06	60.58
57—Capital expenditure relating to Development (Veterinary) Department.	7.62	3.77	11.39	4.88	6.51	57.16

II—Cases where the Savings exceeded 10 per cent but were within 20 per cent of the total grant

1—Election and other expenditure relating to the Home Department.	40.06	18.95	59.01	50.35	8.66	14.50
3—Police ..	2,30.81	49.08	2,79.89	2,36.30	43.60	15.58
4—Expenditure relating to the Planning and Co-ordination and Political & Services Departments.	48.02	0.77	48.79	39.83	8.96	18.37
10—Pensions ..	41.44	2.58	44.02	39.29	4.73	10.74
13—Land Revenue ..	1,85.04	4.96	1,90.00	1,52.50	37.50	19.74
16—District Administration and other expenditure relating to the Revenue Department.	2,53.61	3,79.33	6,32.94	5,35.86	97.08	15.34
21—Tribal and Rural Welfare Department.	2,38.85	42.86	2,81.71	2,52.81	28.90	10.26
22—Medical and other expenditure relating to the Health Department.	1,78.68	26.86	2,05.54	1,65.39	40.15	19.53
23—Public Health ..	79.32	29.61	1,08.93	87.83	21.10	19.37

APPENDIX I—Contd.

(In lakhs of rupees)

Number and Name of Grant	Original	Supple- mentary	Final	Expendi- ture	Saving	Percentage of Saving
1	2	3	4	5	6	7
27—Public Works, Common Establishment and other expenditure relating to the Works Department.	60.66	37.65	98.31	78.66	19.65	19.99
31—Forest ..	1,27.72	10.43	1,38.15	1,10.59	27.56	19.95
35—Animal Husbandry.	89.56	4.53	94.09	76.31	17.78	18.90
36—Public Relations	17.42	0.55	17.97	15.64	2.33	12.90
37—Agriculture ..	1,54.08	7.93	1,62.01	1,38.30	23.71	14.64
41—Loans to Local Funds, Government servants, etc.	1,72.55	2,12.49	3,85.04	3,19.25	65.79	17.09
42—Compensation for abolition of Zamindari System and other expenditure relating to the Revenue Department.	89.51	12.00	1,01.51	82.70	18.81	18.53

III—Cases where the Savings were below 10 per cent of the total grant

2—Jails ..	37.35	2.04	39.39	36.28	3.11	7.89
9—Ministers, Civil Secretariat and other expenditure relating to the Finance Department	72.40	8.13	80.53	75.55	4.98	6.19
11—Expenditure relating to the Education Department.	5,46.92	1,51.44	6,98.36	6,76.00	22.36	3.20
12—Taxation ..	14.97	1.61	16.58	15.38	1.20	7.22
14—Excise ..	21.49	1.80	23.29	21.66	1.63	7.02
15—Registration ..	6.09	1.04	7.13	6.70	0.43	5.99
18—Civil and Sessions Court and other expenditure relating to the Law Department.	27.97	2.14	30.13	28.67	1.46	4.86

APPENDIX I—Concl'd.

Number and Name of Grant	(In lakhs of Rupees)					
	Original	Supple- mentary	Final	Expendi- ture	Saving	Percentage of Saving
1	2	3	4	5	6	7
19—Stationery and Printing and other expenditure relating to the Commerce Department.	42·36	14·29	56·65	55·17	1·48	2·62
25—Civil Works ..	6,66·23	3,01·94	9,68·17	9,55·31	12·86	1·33
26—State Legislature	6·59	1·54	8·13	8·03	0·10	1·29
30—Transport Schemes.	1,20·98	34·19	1,55·17	1,52·60	2·57	1·66
32—Fisheries ..	29·07	3·99	33·06	30·83	2·23	6·74
38—Supply Department.	21·80	1·47	23·27	21·12	2·15	9·24
46—Road Transport Schemes.	2·00	4·75	6·75	6·63	0·12	1·76
47—Capital outlay on Public Health and Capital account of Civil Works relating to Health (L. S.-G) Department.	34·00	8·00	42·60	39·94	2·66	6·24
48—Capital outlay on Industrial Development.	27·21	1,01·00	1,28·21	1,18·66	9·55	7·45
49—Capital outlay on Ports (Chandbali).	1·00	..	1·00	0·93	0·07	7·64
51—Subsidised Industrial Housing Scheme.	5·00	5·00	10·00	9·15	0·85	8·50
54—Capital outlay on Forests.	13·24	..	13·24	13·15	0·09	0·71
58—Capital Account of other works relating to the Planning and Co-ordination (Grama Panchayat) Department.	7·04	1·10	8·14	8·07	0·07	0·85
60—Capital Account of Civil Works.	4,12·54	3,03·32	7,16·36	6,52·72	63·64	8·85

APPENDIX II

(Referred to para in 26, page 23)

Withdrawal of money in excess and/or far ahead of requirements to avoid lapse of budget provision and the connected irregularities.

Serial No.	Details of withdrawals	Remarks
------------	------------------------	---------

POLITICAL AND SERVICE DEPARTMENT

(Grant No. 4)

- | | | |
|---|---|---|
| 1 | The unspent cash balance at the end of 31st March, 1961 in the office of the Superintendent of Police, Anti-corruption, Cuttack was Rs. 9,554. | The matter was brought to the notice of Government during November, 1962. |
| 2 | The closing cash balance in the Office of the Special Officer for Land Acquisition, Rourkela at the end of 31st March, 1961 was Rs. 6.15 lakhs. | The matter was brought to the notice of Government during November, 1962. |

COMMUNITY DEVELOPMENT AND PANCHAYATI RAJ DEPARTMENT

(Grant No. 5)

- | | | |
|---|---|---|
| 3 | The unspent cash balance in 84 blocks on 31st March, 1961 was Rs. 91 lakhs. In 26 blocks the withdrawals during March, 1961 amounted to 61 to 100 per cent of the total withdrawals during the year. | The matter was brought to the notice of Government during August, 1962. |
| 4 | An amount of Rs. 34,442 was drawn by the Block Development Officer, Barpalli in March, 1962 for disbursing Irrigation Loans (Rs. 2,253), purchase of Equipment and Furniture (Rs. 2,189) and expenditure on Minor Irrigation (Rs. 30,000) | <p>The unspent balance at the end of August, 1962 was Rs. 32,286.</p> <p>Out of the unspent balance of Rs. 32,286 an amount of Rs. 23,500 was diverted for expenditure on construction of Office building for which estimate was not sanctioned and purchase of cement and Miscellaneous items for which no sanction existed.</p> <p>The matter was brought to the notice of Government during September, 1962.</p> |

REVENUE DEPARTMENT

(Grant Nos. 9 and 16)

- | | | |
|---|---|---|
| 5 | The unspent cash balance in 11 Collectorates on 31st March, 1961 was Rs. 1.52 crores and 2 Collectorates on 31st March, 1962 was Rs. 12.38 lakhs. | The matter was brought to the notice of Government during December, 1961 to July, 1962. |
|---|---|---|

APPENDIX II—Contd.

Serial No.	Details of withdrawals	Remarks
(Grant No. 13)		
6	An amount of Rs. 14,890 was sanctioned by Government in December, 1956 for purchase of sea-coast house at Sendkud, Kujang and was drawn by the Anchal Adhikari (Now Tahasildar, Kujang) in April, 1957.	The amount withdrawn from the Anchal Fund was retained in hand till May, 1960 when it was stated to have been refunded to the Treasury.

The amount from the date of drawal till the date of refund was kept in sealed bag in the Kujang Sub-Treasury. Government stated in November, 1962 that due to protracted correspondence and bargaining for the purchase of the house for years together, the amount drawn could not be brought to Government account till May, 1960.

- 7 A total sum of Rs. 8,535 was drawn by the Subdivisional Officer, Pal-Laharain March, 1959 towards cost of 91 tons of cement supplied by a firm against the rate contract of the Director-General of Supplies and Disposals.

The amount was stated to have been refunded in December, 1959 and March, 1960. The credit has not been verified by the Dhenkanal Treasury in spite of reminders.

The Director-General of Supplies and Disposals raised debit for the amount which was adjusted. The drawal by the Subdivisional Officer was made only to show the Budget allotment as spent which actually resulted in inflating the expenditure.

The matter was brought to the notice of Government during October, 1962.

(Grant No. 16)

- 8 An amount of Rs. 2.99 lakhs was drawn on the 31st March, 1962 by Collector, Balasore for construction of saline embankment as a flood relief measure.

The amount was not utilised and refunded in August, 1962.

Government stated in December, 1962 that anticipating utilisation of the funds before June, 1962 they were withdrawn. The funds were, however, withdrawn without finalisation of formalities.

EDUCATION DEPARTMENT

(Grant No. 11)

The closing balance as on the 31st March, 1961 with 3 District Inspectors of Schools was Rs. 0.85 lakh.

An amount of Rs. 21,992 out of the balance of Rs. 39,641 in Baripada Inspectorate drawn in March, 1961 was kept in deposit at call account in the State Bank of India, Baripada.

An amount of Rs. 25,000 out of the balance of Rs. 37,952 in Phulbani Inspectorate was kept in sealed bag in the Treasury.

The matter was brought to the notice of Government in November, 1962.

APPENDIX II—Contd.

Serial No.	Details of withdrawals	Remarks
10.	Government sanctioned on 2nd March, 1962 a non-recurring grant of Rs. 6.50 lakhs for purchase of 5,000 units of Scientific Gadgets for use in Schools and Colleges. An amount of Rs. 4.29 lakhs was placed at the disposal of the Principals of different Government College, by the Director of Public Instruction which was drawn by them and kept in hand.	Purchase of the Gadgets was not made and the amount is lying undisbursed with the Principals of the Colleges (July, 1962). Government stated in January, 1963 that the delay in purchase was due to delay in going through the formalities of calling for tenders, etc., and Government ordered in August, 1962 to refund the unspent amount. Compliance to these orders was not reported.
INDUSTRIES DEPARTMENT (Grant No. 17)		
11.	The closing cash balance as on the 31st March, 1961 in 6 Industrial Training Institutes and in District Industries Office was Rs. 13.64 lakhs of which Rs. 9.51 lakhs was drawn during March, 1961.	A sum of Rs. 4.46 lakhs out of the balance of Rs. 6 lakhs with the Training Centre of Adult Civilian in the Orissa School of Engineering, Cuttack was kept in deposit at Call Account in the State Bank of India, Cuttack since May, 1961 and at the end of August, 1961 an amount of Rs. 5.02 lakhs remained unspent. A further amount of Rs. 5.04 lakhs out of the balance of Rs. 5.16 lakhs with 3 Industrial Institutes was kept in the form of Bank drafts. The Industrial Training Institute at Rourkela refunded an amount of Rs. 2.55 lakhs during July-August, 1961 out of Rs. 3.06 lakhs. The matter was brought to the notice of Government during November, 1962.
12.	The unspent cash balance on the 31st March, 1961 in the Office of the Director of Industries, Orissa was Rs. 16.54 lakhs out of which an amount of Rs. 14.89 lakhs was withdrawn from the Treasury in March, 1961.	A sum of 15.94 lakhs was spent by end of January, 1962. The matter was brought to the notice of Government during June, 1962.
13.	The entire amount of Rs. 6.46 lakhs sanctioned by Government on the 7th March, 1961 for purchase of equipments for the Jharsuguda Engineering School was drawn by the Principal towards the last week of March, 1961.	An amount of Rs. 1.64 lakhs was spent by end of June, 1961. The unspent balance of Rs. 4.82 lakhs required to be refunded as per instructions of the Finance Department in July, 1961 was retained in hand under orders of the Industries Department. The unspent balance on the 31st March, 1962 was Rs. 1.72 lakhs. The unspent amount required to be refunded under instruction of the Director of Industries was retained till July, 1962 and utilised for further payment.

APPENDIX II—Contd.

Serial No.	Details of withdrawals	Remarks
14	The unspent cash balance with the Principal, Orissa School of Engineering on the 31st March, 1962 was Rs. 1.19 lakhs out of which an amount of Rs. 1.03 lakhs was drawn on 31st March, 1962.	The unspent balance on 20th August, 1962 was Rs. 0.82 lakh representing mainly the drawal during March, 1962. A deposit at Call Account in the State Bank of India was opened unauthorisally and the balance on 20th August, 1962 was Rs. 0.75 lakh. The matter was brought to the notice of Government during October 1962.

(Grant No. 41)

15	A sum of Rs. 1 lakh was sanctioned by Government on 25th March, 1958 and was drawn by the Director of Industries, Orissa on 30th March, 1958 for advancing Ways and Means loan to a Rural Education Society for Establishing an Engineering School and kept in hand in shape of a Bank draft.	Amounts of Rs. 50,000 each were paid to the Society on the 9th June, 1958 and 1st November, 1958. The orders issued by Government to draw the amount by the 31st March, 1958 and to keep it in Deposit with a Scheduled Bank till actually required for disbursement in two instalments when the Society has furnished proper security and has executed requisite agreement were contrary to the financial rules prohibiting withdrawal of money not required for immediate disbursement. The Drawing Officer, however, kept the money with him in the shape of Bank drafts and did not also refund the same in spite of general instructions subsequently by the Government to refund all amounts drawn up to the 31st March, 1958 but not yet disbursed into the Treasury by the 25th June, 1958. It was stated by Director of Industries in May, 1962 that pending completion of formalities the amounts were retained on hand in shape of Bank drafts.
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CO-OPERATION AND FORESTRY DEPARTMENT

(Grant Nos. 17 and 33)

16	The unspent cash balance as on the 31st March, 1961 in the office of Registrar, Co-operative Societies was Rs. 5.93 lakhs.	The matter was brought to the notice of Government during March, 1962.
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MINING AND GEOLOGY DEPARTMENT

(Grant No. 17)

17	The closing cash balance on the 31st March, 1961 with the Deputy Director of Mines, Orissa was Rs. 2.06 lakhs.	Amounts of Rs. 1.30 lakhs and Rs. 62,900 were kept in sealed bags in Treasury and office cash chest respectively and Rs. 8,851 in the form of Bank drafts. The matter was brought to the notice of Government during May, 1962.
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APPENDIX II—*Conclde.*

Serial No.	Details of withdrawals	Remarks
TRIBAL AND RURAL WELFARE DEPARTMENT		
(Grant No. 21)		
18	The unspent cash balance as on 31st March, 1961 with the Director of Tribal and Rural Welfare was Rs. 78,971.	The balance by end of December, 1961 was Rs. 126. The matter was brought to the notice of Government in March, 1962.
19	The unspent cash balance as on 31st March, 1961 in six District Welfare Offices was Rs. 10.49 lakhs	The matter was brought to the notice of Government during January, 1962 to May, 1962.
HEALTH DEPARTMENT		
(Grant Nos. 22 and 23)		
20	The unspent cash balance on 31st March, 1961 with certain District Medical and Public Health Officers was Rs. 3.70 lakhs of which an amount of Rs. 1.70 lakhs was drawn during March, 1961.	The matter was brought to the notice of Government during November, 1962.
AGRICULTURE AND ANIMAL HUSBANDRY DEPARTMENT		
(Grant No. 35)		
21.	The unspent cash balance on 31st March, 1961 with 11 departmental offices was Rs. 11.98 lakhs out of which an amount of Rs. 3.29 lakhs was drawn in March, 1961.	An amount of Rs. 10.31 lakhs was spent during the period from July, 1961 to August, 1962. An amount of Rs. 590 was kept in sealed bag in one office and Rs. 1.81 lakhs in shape of bank drafts by 5 offices. The matter was brought to the notice of Government during November, 1962.
22	An amount of Rs. 89,169 was drawn by the District Animal Husbandry and Veterinary Officer on 31st March, 1962 towards cost of equipment, medicines, etc., and execution of works.	An amount of Rs. 70,829 remained undisbursed at the end of August, 1962. An amount of Rs. 68,824 held in the form of bank drafts (26 Nos.) in favour of the Director of Animal Husbandry and Veterinary Services was converted in June, 1962 into 6 bank drafts in the name of the Drawing Officer and retained in hand (August, 1962). The purchase of bank drafts when no remittance was involved indicated abuse of the facility. The matter was brought to the notice of Government during November, 1962.
(Grant No. 37)		
23	The unspent cash balance in 27 offices on 31st March, 1960 was Rs. 34.30 lakhs.	The matter was brought to the notice of the Government in September, 1961.
HOME DEPARTMENT		
(Grant No. 36)		
24.	The closing cash balance as on 31st March, 1961 with the Director of Public Relations was Rs. 66,998.	An amount of Rs. 56,966 was spent by end of August, 1961. The matter was brought to the notice of Government during January, 1962.

APPENDIX III

(Referred to in para. 57, page 51)

Statement showing arrears in respect of Stores and Stock Accounts

Serial No.	Name of the Account	Grant No. to which it relates	Year of account for which in arrears
WORKS DEPARTMENT—ROADS AND BUILDINGS BRANCH			
1	Civil Works—Non-Electrical	.. 23	1961-62
2	New Capital Project	.. 43	1961-62
IRRIGATION AND POWER DEPARTMENT—IRRIGATION BRANCH			
3	Irrigation Works (Non-Commercial)	.. 24	1961-62
4	Navigation, Embankment and Drainage Works (Non-Commercial).	24	1961-62
5	Irrigation Works—(Commercial)	.. 43	1961-62
6	Navigation, Embankment and Drainage Works—(Non-Commercial).	43	1961-62
7	Delta Irrigation Scheme	.. 43	1961-62
8	Hirakud Dam Project Stage I	.. 43	{ 1960-61 1961-62
IRRIGATION AND POWER DEPARTMENT—ELECTRICAL BRANCH			
9	Civil Works—Electrical	.. 25	1961-62
10	Electricity Schemes	.. 28	1961-62
11	Duduma Transmission Scheme	.. 43	1961-62
12	Hirakud Power Utilisation Scheme	.. 43	1961-62
13	Falcher Thermal Scheme	.. 43	1961-62
HOME DEPARTMENT			
14	Orissa Jails	.. 2	1961-62
COMMERCE DEPARTMENT			
15	Orissa Government Press, Cuttack	.. 19	1961-62
HEALTH DEPARTMENT			
16	Government Headquarters Hospital including Sriram Chandra Bhanja Medical College Hospital, Cuttack.	22	1960-61 ¹⁰ 1961-62.
AGRICULTURE AND ANIMAL HUSBANDRY DEPARTMENT			
17	Chemical Fertilizers	.. 37	1958-59 ¹⁰ 1961-62.

APPENDIX IV

(Referred to in para. 94 page 84)

THE GOODS TRANSPORT SERVICES, ORISSA

Operational Accounts for year ended 31st March, 1960

Dr.						Cr.	
1958-59 Amount	Particulars	1959-60 Amount	1958-59 Amount	Particulars	1959-60 Amount		
1	2	3	4	5	6		
Rs.		Rs.	Rs.		Rs.		
43,522	To Pay and allowances of staff.	46,356	1,93,885	By Freight ..	1,35,169		
1,13,464	To Consumption of Stores.	72,688	1,930	By Miscellaneous Income.	486		
3,107	To Miscellaneous expenses.	3,895	2,246	By Sale-proceeds ..	2,055		
12,935	To Motor Vehicles Tax.	11,743	27,216	By Net loss transferred to Government Capital.	65,232		
42,079	To Depreciation reserve.	46,042	..	..	..
..	To Interest ..	9,263	..	..	..
3,976	To audit and accounting charges.	2,754	..	..	..
1,241	To Workmen's compensation reserve.	1,692	..	..	..
7,231	To Obsolescence reserve.	7,963	—	..	..
702	To Audit Fees ..	543	..	..	..
2,38,277	Total ..	2,02,942	2,28,277	Total ..	2,02,942		

APPENDIX IV—*Concl'd.*

THE GOODS TRANSPORT SERVICES, ORISSA

Balance Sheet as at 31st March, 1960

Capital and Liabilities			Properties and Assets		
1958-59 Amount	Particulars	1952-60 Amount	1958-59 Amount	Particulars	1959-60 Amount
1	2	3	4	5	6
Rs.		Rs.	Rs.		Rs.
—1,22,082	Government Capital	—88,711	29,566	Buildings	.. 53,948
40,177	Reserve for Workmen's Compensation and Accidents	49,832	2,22,222	Vehicles	.. 92,774
1,57,513	Depreciation Reserve	1,04,386	8,178	Tools and Equipments	9,055
14,590	Other reserves ..	17,344	2,133	Furniture	.. 2,376
4,06,287	Sundry Creditors and Security deposits.	2,86,822	1,80,479	Sundry debtors and advances	89,320
			710	Security deposit Investment	952
			52,530	Spare parts	.. 95,139
720	Central Audit cost	1,245	1,359	Cash in hand	.. 27,343
4,97,187	Total	3,70,915	4,97,187	Total	.. 3,70,915

APPENDIX—V

(Referred to in para. 95 page 84)

SCHEME FOR LAND RECLAMATION AND HIRING OF TRACTORS

Revenue Account for the year ending 31st March, 1961

Dr.						Cr.
1959-60 Amount	Particulars	1960-61 Amount	1959-60 Amount	Particulars		1960-61 Amount
1	2	3	4	5		6
Rs.		Rs.	Rs.			Rs.
84,412	To Opening stock ..	83,392	96,748	By Hire charges and Miscellaneous receipts.		1,08,324
28,111	To Purchases ..	36,486	83,392	By Closing stock ..		87,506
9,458	To Miscellaneous Contingencies and repairing charges.	9,581	..	..		..
79,485	To Establishment charges.	83,818	54,230	By Balance being net lose for 1960-61 transferred to Government Capital Account.		67,177
32,904	To Depreciation ..	39,730	..	..		..
2,34,370	Total ..	2,53,007	2,34,370	Total ..		2,53,007

SCHEME FOR LAND RECLAMATION AND HIRING OF TRACTORS

Balance Sheet as at 31st March, 1961

Capital and Liabilities			Properties and Assets		
1959-60 Amount	Particulars	1960-61 Amount	1959-60 Amount	Particulars	1960-61 Amount
1	2	3	4	5	6
Rs.		Rs.	Rs.		Rs.
11,86,338	Government Capital	11,86,759	12,023	Buildings ..	11,422
45,007	Sundry Creditors ..	51,863	8,10,445	Tractors and Bul- dozers.	7,74,916
12,844	Advance repayable	18,208	7,964	Vehicles ..	6,769
			11,331	Tools and imple- ments.	9,631
			4,671	Furniture Cycle, Tents and Tar- paulines, etc.	3,995
			83,392	Closing Stock ..	87,506
			2,97,088	Sundry Debtors ..	3,35,265
			12,844	Deposit into Trea- sury on account of hire charges advanced by par- ties per contra.	18,208
			4,431	Cash in hand ..	9,118
12,44,189	Total ..	12,56,830	12,44,189	Total ..	12,56,830

APPENDIX VI

(Referred to in Para. 96, page 84)

STATE SCHEMES OF GOVERNMENT TRADING

Trading Account of Foodgrains (Other than imported stock) for the year ended 31st March, 1961 (Grain Supply Scheme)

Dr.				Cr	
1959-60 Amount	Particulars	1960-61 Amount	1959-60 Amount	Particulars	1960-61 Amount
1	2	3	4	5	6
Rs.		Rs.	Rs.		Rs.
38,26,631	To Opening stock	4,53,127	..		
3,51,088	To Cost of purchase including milling charges of paddy.	-39,389	43,14,215	By Sales (Local) ..	2,01,541
5,89,623	To Gross Profit carried over to Profit and Loss Account.	..	4,53,127	By Closing stock ..	1,85,861
			..	By Gross Loss carried over to Profit and Loss Account.	26,336
47,67,352	Total ..	4,13,738	47,67,342	Total ..	4,13,738

Profit and Loss Account of Foodgrains (Other than imported stock) for the year ended 31st March, 1961 (Grain Supply Scheme).

..	To Gross Loss brought forward from Trading Account.	26,336	5,89,623	By Gross Profit brought forward from Trading Account.	..
4,26,030	To Transport and consolidated charges.	2,01,384	..	By Interest recoverable from Purchasing Agents.	5,190
8,12,506	To Interest on Government Capital.	8,18,766	38,831	By Miscellaneous receipts and Lease/Lend Lorries (Hire).	5,659
22,110	To Depreciation of Anti-smuggling vehicles.	22,111	..	By Sundry creditors written off.	4,79,985
10,316	To Sales Tax ..	86	..	..	..
..	To Sundry Debtors written off.	9,178	6,42,508	By Net Loss transferred to Government Capital.	5,87,027
12,70,962	Total ..	10,77,861	12,70,962	Total ..	10,77,861

APPENDIX VI—contd.

Balance Sheet of Foodgrains (Other than imported stock) as at 31st March, 1961
(Grain Supply Scheme)

Capital and Liabilities			Properties and Assets		
1959-60 Amount	Particulars	1960-61 Amount	1959-60 Amount	Particulars	1960-61 Amount
1	2	3	4	5	6
Rs.		Rs.	Rs.		Rs.
2,04,69,158	Government Capital.	1,98,82,131	45,821	Vehicles	23,710
61,54,000	Subsidised sale account.	..	4,53,127	Stock in trade	1,85,861
			1,11,28,494	Sundry Debtors	85,62,957
94,16,778	Sundry Creditors.	72,98,767	62,842	Advance to Purchasing Agents.	1,15,622
2,62,648	Lease/Lend Lorries Suspense Account.	2,62,648	14,063	Interest recoverable from Purchasing Agents.	13,551
1,50,89,543	Reserves	1,59,08,309			
44,940	Central Audit cost payable.	44,940	32,01,290	Lease/Lend Lorries suspense Account.	32,01,492
			3,65,31,430	Cash in Treasury.	3,12,93,602
5,14,37,067	Total ..	4,33,96,795	5,14,37,067	Total ..	4,33,96,795

Stock Account of Foodgrains (Other than imported stock) and Gunnies for the year 1960-61 (Grain Supply Schemes)

Particulars	Paddy	Rice	Ragi	Gunny
1	2	3	4	5
Opening balance on 1st April, 1960.	1,078	10,634	50	9,98,770
Purchases	..	15	..	65,967
Total	1,078	10,649	50	10,64,737
Issues—				
(i) Sales and other disposals	984	2,659	50	5,76,266
(ii) Shortages	..	69	..	..
Total	..	1,053	50	5,76,266
Closing balance on 31st March, 1961.	25	7,272	..	4,88,471

APPENDIX VI—contd.

Trading Account of Foodgrains (Other than imported stock) for the year ended 31st March, 1961 (Grain Purchase Scheme)

Dr.				Cr.	
1959-60 Amount	Particulars	1960-61 Amount	1959-60 Amount	Particulars	1960-61 Amount
1	2	3	4	5	6
Rs.		Rs.	Rs.		Rs.
..	To Opening stock	2,56,00,845	10,56,06,563	By Sales and exports	3,64,51,202
11,65,90,452	To Purchase and Milling charges.	1,83,49,479	2,56,00,845	By Closing stock ..	1,35,82,257
1,46,16,986	To Gross Profit carried over to Profit and Loss Account.	60,83,135	..	..	..
13,12,07,438	Total	5,00,33,459	13,12,07,438	Total	5,00,33,459

Profit and Loss Account of Foodgrains (Other than imported stock) for the year ended 31st March, 1961 (Grain Purchase Scheme)

20,31,143	To Establishment charges.	19,31,911	1,46,16,986	By Gross Profit brought forward from Trading Account.	60,83,135
1,05,72,241	To Transport and consolidated charges.	42,21,413	23,874	By Interest recoverable from Purchasing Agents.	4,886
10,81,031	To Reserve for interest on Government Capital and for claims, etc.	10,88,944	1,19,448	By Agents by Miscellaneous receipts.	53,742
49,871	To Cost of audit	46,668	..	By Net Loss transferred to Government Capital.	11,55,656
..	To Debtors written off.	8,483	..	..	..
10,25,972	To Net Profit transferred to Government Capital.	..	..	..	..
47,60,308	Total	72,97,419	1,47,60,308	Total	72,97,419

APPENDIX VI—contd.

Balance Sheet of Food grains (Other than imported stock) as at 31st March, 1961
(Grain Purchase Scheme)

Capital and Liabilities			Properties and Assets		
1959-60 Amount	Particulars	1960-61 Amount	1959-60 Amount	Particulars	1960-61 Amount
1	2	3	4	5	6
Rs.		Rs.	Rs.		Rs.
2,16,57,115	Government capital.	2,63,33,370	2,56,00,845	Stock in trade ..	1,35,82,257
1,19,79,410	Sundry Creditors	2,03,92,819	18,41,214	Sundry Debtors	1,31,25,090
7,62,623	Reserve for interest on Capital and disputed claims etc.	17,45,546	21,50,392	Advance recoverable from Purchasing Agents.	28,45,660
			3,646	Interest recoverable from Purchasing Agents.	1,252
49,871	Central audit cost payable.	96,539	48,52,922	Cash in Treasury.	1,90,14,015
3,44,49,019	Total ..	4,85,68,274	3,44,49,019	Total ..	4,85,68,274

Stock Account of Food grains (Other than imported stock) and gunnies for the year 1960-61 (Grain Purchase Scheme)

Particulars	Paddy	Rice	Gunny
1	2	3	4
	Mds.	Mds.	Nos.
Opening balance on 1st April, 1960	11,81,682	8,08,179	7,40,388
Receipts ..	9,99,346	11,57,261	7,12,161
Total ..	21,81,028	19,65,440	14,52,549
Issues—			
(i) Sales and other disposals ..	16,44,311	13,95,95,667	2,72,247
(ii) Shortages ..	41,063	47,877	—
Total ..	16,85,374	14,43,544	2,72,247
Closing balance as on 31st March, 1961	4,95,654	5,21,896	11,80,302

APPENDIX VI—concl.

*Scheme for financing purchase of cloth and yarn
Profit and Loss Account for the year ended 31st March, 1961*

1959-60 Amount	Particulars	1959-60 Amount	1959-60 Amount	Particulars	1960-61 Amount
1	2	3	4	5	6
Rs.		Rs.	Rs.		Rs.
3,000	To Reserve for interest on Capital.	3,000	3,000	By Net Loss transferred to Government Capital.	3,000
3,000	Total ..	3,000	3,000	Total ..	3,000

*Scheme for financing purchase of cloth and yarn
Balance Sheet as at 31st March, 1961*

Capital and Liabilities			Properties and Assets		
1959-60 Amount	Particulars	1960-61 Amount	1959-60 Amount	Particulars	1960-61 Amount
1	2	3	4	5	6
Rs.		Rs.	Rs.		Rs.
4,53,349	Government Capital	3,50,349	1,08,684	Advances ..	96,509
4,78,295	Establishment charges.	4,78,295	52,870	Interest, etc. ..	36,322
14,735	Sundry Creditors ..	14,735	10,30,732	Surcharge on Suspense Account.	10,30,732
3,45,802	Reserve for interest on Capital and disputed claims.	3,48,802	99,895	Cash Balance (Treasury).	28,613
12,92,181	Total ..	11,92,181	19,22,181	Total ..	11,92,181

APPENDIX VII

(Referred to in para. 105, page 91)

Cases where utilisation certificates are still awaited (September, 1962)

(In lakhs of rupees)

Name of Department	1959-60 and earlier years		1960-61		1961-62		Total	
	No. of items	Amount	No. of items	Amount	No. of items	Amount	No. of items	Amount
1	2	3	4	5	6	7	8	9
Education ..	53	18.73	64	18.89	1,111	2,04.45	1,228	2,42.07
Co-operation and Forestry.	4	39.78	4	37.81	2	0.13	10	77.72
Industries ..	35	17.61	13	3.83	23	50.41	71	71.85
Health ..	30	14.11	21	15.16	59	9.60	110	38.87
Tribal and Rural Welfare.	39	6.80	44	9.39	16	7.52	99	23.71
Planning and Co-ordination.	18	5.94	38	11.62	..	..	56	17.56
Political and Services ..	17	8.79	7	0.08	..	..	24	8.87
Transport ..	3	0.24	3	0.24	46	8.05	52	8.53
Agriculture and Animal Husbandry.	..	..	1	0.05	7	2.11	8	2.16
Revenue ..	..	..	4	1.61	..	..	4	1.61
Community Development and Panchayati Raj.	19	0.82	..	..	..	..	19	0.82
Law ..	4	0.24	3	0.28	..	..	7	0.53
Home ..	2	0.02	4	0.04	2	0.30	8	0.36
Commerce ..	..	..	2	0.32	..	..	2	0.32
Home (P. R.) ..	3	0.09	1	0.05	..	..	4	0.14
Total ..	227	1,13.18	209	99.37	1,266	2,82.57	1,702	4,95.12

APPENDIX VIII

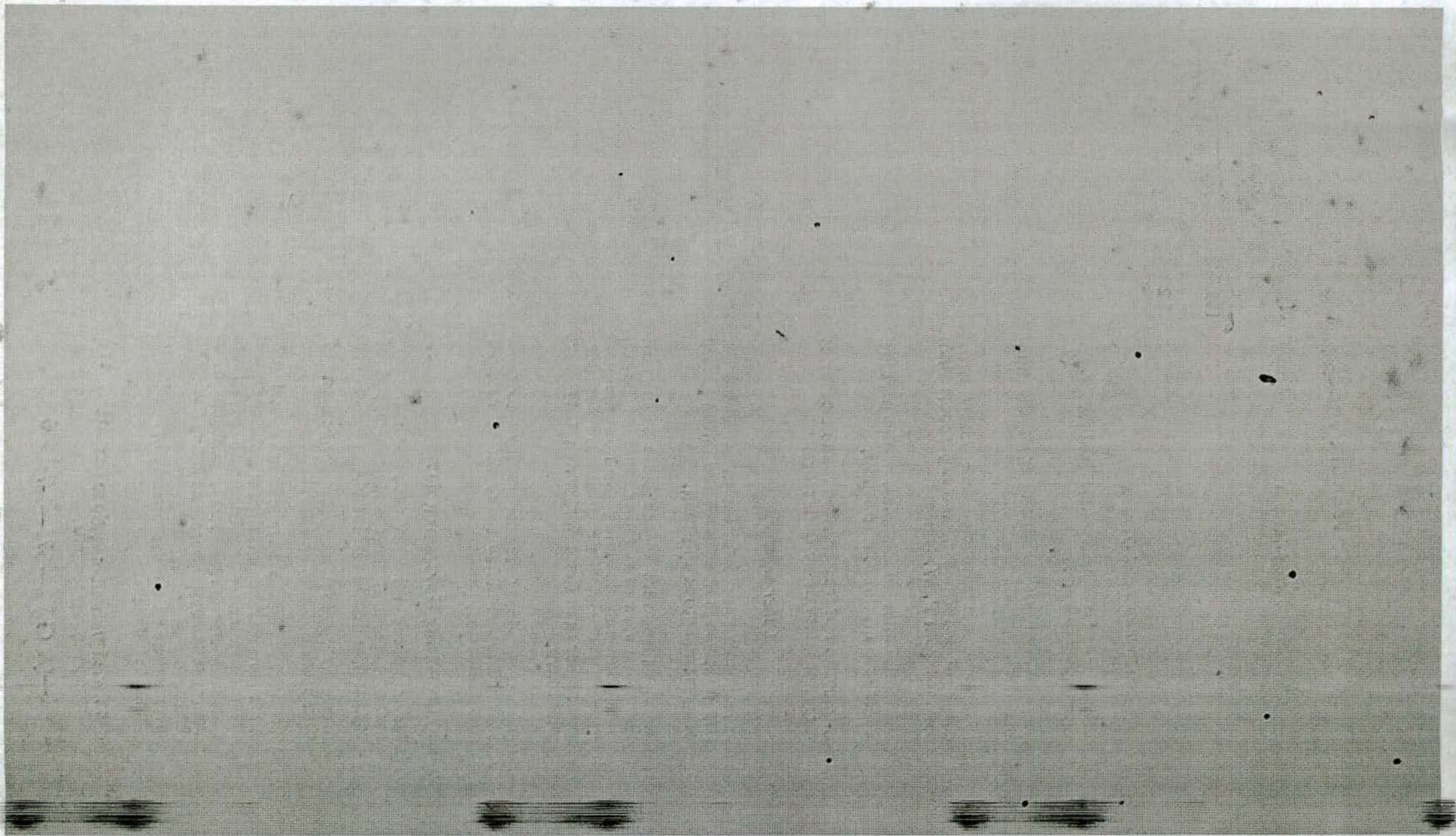
(Referred to in paragraph 106, page 92)

Statement showing common irregularities during Local Audit and Inspection

Nature of irregularities	Number of Offices in which the irregularities occurred in the year		
	1959-60	1960-61	1961-62
1	2	3	4
<i>Public Works Divisions</i>			
(i) Non-observance of rules regarding recording of measurements.	7	2	13
(ii) Non-verification of unused materials charged to works by Executive Engineers.	5	12	9
(iii) Delay in debiting to the contractors' ledger the cost of the materials supplied to contractors.	13	14	1
(iv) Commencement or continuance of works without detailed plans and estimates or delay in according technical sanction to estimates.	3	11	16
(v) Purchases made without public invitation of tenders.	5	4	
(vi) Issue of materials not provided for in contracts or in excess of requirements.	2	11	
(vii) Projects started without technical sanction ..	2	3	
(viii) Irregular payment of bills ..	2	7	
(ix) Commencement of work by the contractor before execution of the agreement. ..		9	
<i>Forest Divisions</i>			
(i) Non-observance of rules regarding maintenance of registers of Stores and Tools and Plants.	1	1	
(ii) Irregularities in the Timber Accounts ..	10	--	5
(iii) Delay in fixation of standard rent of the buildings of Forest Department.	1	2	2
(iv) Delay in compounding Forest Offences ..	--	11	7
(v) Delay in realisation of compensation money in Forest Offence cases. ..		10	3

APPENDIX VIII—concl'd.

Nature of irregularities	Number of Offices in which the irregularities occurred in the year		
	1959-60	1960-61	1961-62
1	2	3	4
<i>Treasuries and Sub-Treasuries</i>			
(i) Excess over the normal balance fixed for Treasuries/Sub-Treasuries.	4	7	7
(ii) Non-realisation of securities from the Sub-ordinates.	6	3	10
(iii) Strong room not inspected and yearly certificates of securities of strong rooms not obtained from P. W. Officers.	6	7	4
(iv) Annual certificates of balances of the personal ledger account not sent to Audit.	3	1	.
(v) Non-inspection of treasuries and sub-treasuries at regular intervals by Collectors.	4	3	6
<i>Other Offices</i>			
(i) Non maintenance or defective maintenance of important books of account and initial records of stores and stock and cash.	219	238	266
(ii) Rush of expenditure at the close of financial year with a view to avoiding lapse of budget provisions and spending them in the next financial year and their utilisation for purposes other than those for which they were withdrawn.	177	210	191
(iii) Utilisation of departmental receipts towards expenditure and delay in remitting receipts into Treasuries.	27	31	8
(iv) Delay in realising Government dues	34	38	20
(v) Irregular procedure in disbursement of advances, grant of loans and non-receipt of reports of utilisation of loans.	71	113	97
(vi) Omission to conduct physical verification of cash balance, stores and stock.	91	139	147
(vii) In inviting tenders proper publicity was not given to attract maximum number of competitive tenders, sufficient and prescribed time-limit was not allowed. Tenders other than the lowest were accepted without sufficient and convincing reasons. Works were entrusted to the contractors without calling for tenders.	40	41	46
(viii) Works started without sanctioned estimates and execution of agreements.	46	45	



PRINTED BY SUPERINTENDENT, ORISSA GOVERNMENT PRESS, MADHUPATNA, CUTTACK, 1963

