



सत्यमेव जयते

GOVERNMENT OF WEST BENGAL

**AUDIT REPORT**  
**1965**

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## Prefatory Remarks

This volume mainly relates to matters arising from the Appropriation Accounts for 1963-64 together with other points arising from audit of the financial transactions of the Government of West Bengal. It also includes :

- (i) certain points of interest arising from the Finance Accounts for the year 1963-64 ; and
- (ii) matters relating to certain statutory 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 1963-64 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 1963-64 have also been included wherever considered necessary.





# CHAPTER I

## General

*Budget and Actuals* : The Budget Estimates and Actuals in respect of revenue receipts and expenditure met from revenue for the year 1963-64, are given below along with the corresponding figure for the years 1959-60 to 1962-63 :

Year	Budget Actuals		Variations		Revenue surplus (+) / Deficit (-)		
	Year	Budget Estimates	Amount	Percentage	Year	Budget Estimates	Actuals
	<i>(In crores of rupees)</i>					<i>(In crores of rupees)</i>	
<i>Revenue Receipts</i>							
1959-60	79.04	91.64	+ 12.60	+ 15.9			
1960-61	88.17	96.04	+ 7.87	+ 8.9			
1961-62	95.48	101.70	+ 6.22	+ 6.5			
1962-63	107.18	107.51	+ 0.33	+ 0.3	1959-60	- 3.63	+ 5.76
1963-64	117.05	125.91	+ 8.86	+ 7.6	1960-61	- 1.06	+ 3.00
					1961-62	- 3.20	- 0.78
					1962-63	- 4.05	- 6.02
					1963-64	+ 7.26	+ 8.70
<i>Expenditure met from Revenue</i>							
1959-60	82.67	85.88	+ 3.21	+ 3.8			
1960-61	89.23	93.04	+ 3.81	+ 4.3			
1961-62	98.68	102.48	+ 3.80	+ 3.8			
1962-63	111.23	113.53	+ 2.30	+ 2.1			
1963-64	109.79	117.21	+ 7.42	+ 6.8			

The revenue receipts and expenditure exceeded the budget estimates in all the five years ending with 1963-64.

In the two years preceding 1963-64, there were deficits in the Revenue Budget. In 1963-64, there occurred a surplus of Rs. 8.70 crores.

2. *Revenue Receipts* : The revenue receipts during the year 1963-64 (Rs. 125.91 crores) showed an increase of Rs. 18.40 crores (17.1 per cent) compared with those in 1962-63 and Rs. 33.18 crores (35.8 per cent) compared with those in 1959-60.

The increase is analysed below ;

	1959-60	1962-63	1963-64	Increase over 1959-60	
				Amount	Percentage
(In crores of rupees)					
Receipts from the Central Government—					
(a) State's share of divisible Central Taxes.	14.42*	19.78	23.00	8.58	59.5
(b) Statutory grants under Article 275 of the Constitution.	5.82	..	..	-5.82	
(c) Other grants-in-aid	8.93*	9.83	11.65	2.72	30.4
(ii) Revenue raised by the State Government—					
(a) From taxes, duties and other principal sources of revenue.	44.52*	60.85	71.84	27.32	61.4
(b) From other receipts, such as water rates, betterment levy, rents from buildings, etc.	19.04*	17.05	19.42	0.38	2.0
<b>Total—</b>	<b>*92.73</b>	<b>107.51</b>	<b>125.91</b>	<b>33.18</b>	<b>35.8</b>

The receipts from the Central Government accounted for 27.5 per cent of the total revenues for 1963-64.

The increase of Rs. 27.32 crores in the revenue raised by the State Government from taxes, duties and other principal sources of revenue since 1959-60 occurred mainly under the following heads:

Head of account	1959-60	1962-63	1963-64	Increase over the five year period
	(In crores of rupees)			
Land Revenue .. .. .	5.04	7.84	6.42	1.38
State Excise Duties .. .. .	6.02	7.69	8.81	2.79
Taxes on vehicles .. .. .	2.06	2.70	4.80	2.83
Sales Tax .. .. .	17.11	24.68	32.18	15.07
Stamps .. .. .	3.70	4.88	5.51	1.81
Other Taxes and Duties. .. .. .	9.17	11.28	12.34	3.17

\*The figures for 1959-60 have been recast in accordance with the revised classification adopted with effect from 1962-63, as indicated in paragraph 2 of the Audit Report, 1964.

The highest increase of Rs. 15.07 crores under Sales Tax is mainly attributable to the following reasons:

- (a) The rates of Inter-State Sales Tax were enhanced by the Government of India.
- (b) The rates of Sales Tax on luxury goods and certain other articles were enhanced by the State Government.

The increase under "Other Taxes and Duties" occurred mainly under Electricity Duties (Rs. 1.92 crores) and Entertainment Tax (Rs. 1.03 crores). The increased receipt under Electricity Duties is due to raising the rates of industrial electricity excluding consumption by Cottage and Small Scale Industries with effect from the 1st May, 1963.

No new tax was levied during 1963-64.

3. *Expenditure on Revenue Account*: The expenditure during the year 1963-64 (Rs. 117.21 crores) showed an increase of 3.2 per cent over that of 1962-63 and 36.5 per cent over that of 1959-60.

The increase is analysed below :

	1959-60	1962-63	1963-64	Increase over 1959-60	
				Amount	Per-centage
(In crores of rupees)					
(i) Collection of Taxes, Duties and other Principal Revenues.	*5.56	5.78	5.90	0.34	6.1
(ii) Administrative Services—					
Police	8.03	10.23	10.53	2.50	31.1
Other Administrative Services.	*6.91	9.39	8.95	2.04	29.5
(iii) Social and Developmental Services—					
Education	15.95	23.36	24.12	8.17	51.2
Medical and Public Health.	7.83	11.52	12.36	4.53	57.9
Agriculture	4.07	5.32	6.21	2.14	52.6
Other Departments	*6.61	9.65	10.75	4.14	62.6
(iv) Other Services—					
Interest charges	*4.34	8.31	9.39	5.05	116.4
Other heads	*27.67	29.97	29.00	1.33	4.8
<b>Total—</b>	<b>*86.97</b>	<b>113.53</b>	<b>117.21</b>	<b>30.24</b>	<b>34.8</b>

\*The figures for 1959-60 have been recast in accordance with the revised classification adopted with effect from 1962-63, as indicated in para 2 of the Audit Report, 1964.

The reasons for the main items of increase are indicated below :

<i>Head of Account</i>	<i>Reasons</i>
Social and Developmental Services—Education	More expenditure under Development Schemes.
Medical and Public Health	Increase of expenditure under 'Hospitals and Dispensaries' and Development Schemes.
Other Services—Interest	More amounts of interest paid on market loans and loans taken from the Central Government.

4. *Expenditure outside the Revenue Account* : The expenditure recorded outside the Revenue Account includes, besides capital expenditure, the amount disbursed by Government as 'Loans and Advances'.

The expenditure on Capital Account during the five years ending with 1963-64 as compared with the Budget Estimates for these years is shown below ('Loans and Advances' are dealt with in paragraph 7) :

<i>Year</i>	<i>Budget</i>	<i>Actuals</i>	<i>Variation</i>	
			<i>Amount</i>	<i>Percentage</i>
			(In crores of rupees)	
1959-60	26.77	22.29	— 4.48	16.7
1960-61	33.96	22.75	—11.21	33.0
1961-62	42.13	26.97	—15.16	35.9
1962-63	45.43	34.45	—10.98	24.2
1963-64	33.43	26.79	— 6.64	19.9

Substantial savings in the Budget provision have been a regular feature during the last five years. The saving in the Budget Estimates during the year 1963-64 was mainly under outlay on Multipurpose River Schemes (Rs. 4.65 crores), outlay on Public Works (Rs. 0.70 crore) and Capital Outlay on Other Works (Rs. 2.81 crores), partly offset by excess under Capital Outlay on Schemes of Government Trading (Rs. 2.32 crores).

5. A further analysis of the expenditure outside the Revenue Account is given below :

<i>During</i> 1963-64	<i>During</i> 1959-60 to 1963-64	<i>Progressive</i> total upto 1963-64
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(In crores of rupees)

#### I. Capital Expenditure on

(i) Irrigation and Multipurpose River Schemes.	6.97	34.17	191.83
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	During 1963-64	During 1959-60 to 1963-64	Progressive total upto 1963-64
	( In crores of rupees )		
(ii) Other Commercial Departments/Undertakings, Schemes of Government Trading, Industrial Development, Road and Water Transport and Agricultural Schemes.	4.17	8.33	13.30
(iii) Compensation to Land holders, etc., on the abolition of Zamindari System.	2.45	9.88	12.65
Outlay on Civil and Other Works ..	13.15	80.53	142.35
Miscellaneous Capital Outlay on Other Works and payment of commuted value of pension.	0.05	0.34	0.55
Electricity Schemes.	..	..	1.28
Total Capital Expenditure ..	26.79	133.25	301.96
II. Net outgo under "Loans and Advances" by the State Government, i.e. after taking into account recoveries of loans.	33.86	60.81	116.63
	60.65	194.06	418.59

Further details of capital expenditure are given in Statement Nos. 2 (1) and 13 of the Finance Accounts, 1963-64.

6. The sources from which expenditure outside the Revenue Account including that on "Loans and Advances" during 1963-64 and during the five year period ending with 1963-64 was met are indicated below :

	1963-64	1959-60 to 1963-64
	( In crores of rupees )	
Net additions to—		
I. (i) Permanent Debt .. ..	-3.58	23.78
(ii) Loans from the Central Government .. .	36.87	123.92
(iii) Loans from other sources and Unfunded Debt.	3.33	10.47
II. Miscellaneous (mainly excess of deposits, etc., received by Government over repayment on that account)	1.67	18.19
III. Decrease in cash balance and investments. ..	13.86	7.04
IV. Revenue surplus .. .	8.70	10.66
Net resources available for expenditure outside the Revenue Account.	60.65	194.06

7. *Loans and Advances by the State Government* : The total amount of loans and advances disbursed by the State Government and outstanding on the 31st March, 1964 was Rs. 1,16.63 crores ; the principal classes of the loans are shown below :

<i>(In crores of rupees)</i>	
(1) Loans to Corporation, Municipalities, District and other Local Fund Committees, Port Trust and other Port Funds.	2.77
(2) Advances to Cultivators. . . . .	4.56
(3) Loans and advances to displaced persons. . . . .	42.61
(4) Loans under Community Development Project. . . . .	3.10
(5) Miscellaneous Loans and Advances—	
(i) (a) Loans to West Bengal State Electricity Board.	35.61
(b) Loans to West Bengal State Electricity Board under Railway Electrification Scheme.	3.26
(ii) Loans to West Bengal Development Corporation.	2.13
(iii) Loans under the Low Income Group Housing Scheme.	1.73
(iv) Loans to Calcutta State Transport Corporation.	1.00
(v) Loans to Durgapur Projects Limited.	8.56
(vi) Other Miscellaneous Loans.	10.52

*Non-settlement of terms and conditions* : The terms and conditions of repayment of loans and the rate of interest have not been settled in respect of the loans paid to the West Bengal Development Corporation (Rs. 2.13 crores) and the State Transport Corporation (Rs. 1.00 crore) ; the loans were advanced during the period from 1956-57 to 1963-64. No part of the principal and the interest has been recovered from them so far (December, 1964).

In regard to the loans to the State Electricity Board, only the rate of interest for the loans advanced upto the 31st March, 1961 (Rs. 7.71 crores) has been settled. The rate of interest for the loans paid after that date and the terms and conditions of repayment of the principal of Rs. 38.87 crores remain unsettled (December, 1964).

*Overdue amounts* : The detailed accounts of the loans against item 1 and part of item 3, items 5(i), 5(ii), 5(iv) and part of item 5(vi) are maintained by the Audit Office. In respect of these loans, the repayment of a sum of Rs. 72.62 lakhs was in arrears as on the 31st March, 1964 as indicated below. Of this, an amount of Rs. 23.96 lakhs was in arrears for more than 3 years (Principal Rs. 9.17 lakhs and interest Rs. 14.79 lakhs).

<i>Item No.</i>	<i>From whom due.</i>	<i>Principal</i>	<i>Interest</i>
		<i>(In lakhs of rupees)</i>	
1.	Corporation, Municipalities, etc.	9.18	3.09
3.	Displaced persons.	27.46	28.76
5(vi)	Educational Institutions.	2.21	1.92

In the case of other loans, the departmental officers are responsible for maintaining the detailed accounts. The details of overdue instalments of principal and interest have not been intimated by them (December, 1964).

*Utilisation Certificate* : In respect of part of other miscellaneous loans and loans under the Low Income Group Housing Scheme, utilisation certificates were due as on the 31st. March, 1964 in 353 cases covering a total amount of Rs. 4.82 crores, but the certificates have not been received (December, 1964) in 213 cases covering a total loan of Rs. 1.98 crores.

8. *Debt position* : The details of the debt transactions for the year 1963-64 are given below :

	Receipts during the year.	Repayments during the year. (In crores of rupees)	Net increase during the year.
(i) Market loans	..	3.58	(—) 3.58
(ii) Loans from the Central Government.	48.43	11.56	36.87
(iii) Other loans	1.81	0.15	1.66
(iv) Unfunded Debt	2.77	1.09	1.68
Total --	53.01	16.38	36.63

The total debt outstanding at the end of each of the five years ending with 1963-64 is indicated below :

	1959-60	1960-61	1961-62 (In crores of rupees)	1962-63	1963-64
1. Market loans	34.86	41.91	49.22	54.50	50.92
2. Loans from the Central Government for—					
Development purposes.	36.96	38.65	47.96	54.28	62.04
Other purposes.	199.16	217.33	234.96	250.18	279.29
3. Other loans	1.99	3.63	3.99	4.51	6.17
4. Unfunded debt.	9.26	10.19	11.22	12.35	14.03
Total --	282.23	311.71	347.38	375.82	412.45

9. *Loans from the Central Government* : The amount of loans received from the Central Government outstanding at the end of the year 1963-64 was Rs. 341.33 crores which formed 82.8 per cent. of the total debt.

The following amounts which fell due for re-payment on account of principal and interest up to 1963-64 remained outstanding on the 31st August, 1964 :

	Principal (In lakhs of rupees)	Interest
Grow More Food Scheme	101.89*	0.94
Small Scale Industries	5.09**	2.32
Handloom Industry	0.31	0.75
Loans to West Bengal Goods Transport Co-operative Society Limited.	0.56	0.25
Loans for paying West Bengal Government's share of expenditure on Damodar Valley Corporation.	---	113.41
Loans for Educational Development.	---	0.10

\* Out of this, a sum of Rs. 100.20 lakhs has been repaid between June and August, 1964

\*\* Out of this, a sum of Rs. 1.00 lakh has been repaid up to August, 1964

In addition, a sum of Rs. 25.60 crores on account of principal and Rs. 11.96 crores on account of interest in respect of Rehabilitation loans remained outstanding towards repayment on the 31st March, 1964 according to the original terms and conditions of repayment. The revised terms and conditions of repayment as recommended by the Finance Commission have not been accepted by the State Government. The State Government pay to the Government of India whatever amount they collect from the loanees during a year.

The terms and conditions of repayment of 26 other loans from the Government of India amounting to Rs. 3.02 crores obtained during the period 1959-60 to 1963-64 have not been settled. No repayment has consequently been made in respect of these loans.

10. *Interest charges* : Interest payments on account of debt are analysed below :-

	1962-63	1963-64
	(In crores of rupees)	
(i) Interest paid by the State Government.	11.47	11.62
(ii) Deduct—		
(a) Interest received on loans and advances.	1.40	2.52
(b) Interest received on investment of Cash Balances.	0.53	0.14
(c) Interest received on capital advanced to the Damodar Valley Corporation.	3.16	2.23
(iii) Net burden of interest on Revenue--		
(i) minus (ii)	6.38	6.73
(iv) Net interest as percentage of Revenue.	5.93	5.34

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

- (i) A sum equal to  $1\frac{1}{2}$  per cent. of the total nominal amount of the loan is set apart to form a Depreciation Fund for purchasing the securities of the loans for cancellation.
- (ii) In addition to the contribution to the Depreciation Fund, an annual contribution is made to the Sinking Fund for amortisation of the loan at such rates as Government may decide from time to time.

During 1963-64, a sum of Rs. 4.10 crores was credited to the Funds. After meeting the repayment of Market loans (Rs. 3.58 crores) out of this Fund, the balance at credit at the end of 1963-64 was Rs. 17.81 crores (including interest.) Out of this, a sum of Rs. 10.03 crores stood invested in securities of the Governments of West Bengal, India and other States.

Government have not considered any amortisation arrangement necessary for repayment of loans from the Central Government.

12. *Guarantees given by the State Government*: Article 293 of the Constitution empowers the State Government to give guarantees within such limits as may be fixed by the Legislature. The Legislature has not enacted any law in this regard.



The total maximum amount for which guarantees have been given, as at the end of March, 1964 was Rs.16.07 crores as indicated below:

(A) Guarantee for the repayment of principal with interest in respect of loans raised by—

Parties on whose behalf guarantee was given	No. of cases	Limit upto which guarantee was given	Actual amount of loans raised as at the end of 1963-64 against the sum guaranteed
		<i>(In crores of rupees)</i>	
(i) Statutory Corporations	2	3.61	3.61
(ii) Local bodies	2	3.00	1.55
(iii) Government Companies	1	0.50	..
(iv) Joint Stock Companies	3	0.20	0.17
(v) Co-operative Societies	8	0.12	0.05
(vi) Co-operative Banks	5	4.97	0.65

(B) Guarantees of other types—

Parties on whose behalf guarantee was given	No. of cases	Nature of guarantee
West Bengal Financial Corporation	6	Repayment of share capital and bonds and payment of dividend and interest thereon (Total share capital and bonds issued Rs.1 crore and Rs. 2.67 crores respectively).

Further details of the guarantees are given in Statement No.6 of the Finance Accounts, 1963-64.

13. *Investments of Government:* Investments of Government in Statutory Corporations, Joint Stock Companies, Co-operative Banks and Institutions amounted to Rs.24.53 crores on the 31st March, 1964, as indicated below:

- (i) 4 Statutory Corporations (Rs.6.72 crores)
- (ii) 4 Government Companies (Rs.16.66 crores)
- (iii) 1 Joint Stock Company (Rs.1.70 lakhs)
- (iv) 26 Co-operative Banks (Rs.59 lakhs)
- (v) 1393 Co-operative Societies (Rs.54.64 lakhs)

The detailed particulars of the investments have been given in statement No.14 of the Finance Accounts, 1963-64.

The West Bengal State Warehousing Corporation has been sustaining losses since 1959-60, while another Statutory Corporation - West Bengal Financial Corporation - earned a net profit of Rs.8.19 lakhs during 1963-64.

Of the four Government Companies, three earned a profit of Rs.31.03 lakhs during 1963-64; the accounts of the other company are still awaited.

14. *Financial results of Irrigation and Multipurpose River Schemes:* On the 31st March, 1964, Government's investment on Irrigation and Multipurpose River Schemes (for which capital and revenue accounts are maintained) amounted to Rs.32.33 crores. After making provision for interest on capital (Rs.1.40 crores), there was a net loss of Rs.1.24 crores during 1963-64. This was 3.84 per cent in 1963-64 on the Capital investment as against net loss of 3.13 per cent during the previous year.

Further details are given in Statement No.3(1) of the Finance Accounts, 1963-64.

15. *Democratic Decentralisation*: Under the scheme of democratic decentralisation envisaged in the West Bengal Panchayat Act, 1956, which came into effect from the 24th January, 1957, 19,649 Gram Panchayats and 2,925 Anchal Panchayats have been formed (upto August, 1964) in the State with devolution of powers and authority to function as local bodies for the execution of development works, spread of primary education, provision of medical and public health facilities, etc. The main sources of income of these bodies are (a) contributions made by the State Government for general or any specific purposes, (b) local income from tax, toll, fees, etc. and (c) any sums contributed by the District Board or any other local authorities.

The number of Gram and Anchal Panchayat set up and the grants paid to these bodies by Government to the end of 1963-64 are indicated below :

Year	No. of Panchayats formed		Grants paid by Government to these bodies
	Anchal	Gram	
	(In lakhs of rupees)		
1958-59	60	342	1.09
1959-60	409	2,680	7.05
1960-61	245	1,534	13.86
1961-62	245	1,553	19.97
1962-63	52	360	25.96
1963-64	746	5,207	32.20

In exercise of the powers conferred by the West Bengal Panchayat Act, 1956 Government have made rules providing that the audit of the accounts of these bodies shall be carried out by the Supervisor of the Panchayats who will submit his report to the Inspector of Panchayats and the District Panchayat Officers.

16. *Grants-in-aid*: A total amount of Rs. 23.33 crores was paid during 1963-64 as grants-in-aid to local bodies and private institutions and individuals; this formed 19.9% of the Government's total expenditure on Revenue Account.

According to the rules of Government certificates of proper utilisation of grants should be sent to Audit by the departmental officers.

However, the utilisation certificates for grants paid during 1956-57 to 1962-63 amounting to Rs. 5.62 crores in respect of 2,052 cases have not yet been furnished (January, 1965). The departments with comparatively heavy outstandings are shown below:

Name of the Department	Item Nos.	Amount.
	(In crores of rupees)	
Education	1155	3.23
Co-operation	143	1.30
Medical	261	0.66
Agriculture	51	0.03

Further details are given in Appendix I.

## CHAPTER II

### Appropriation Audit and Control over Expenditure

#### Appropriation Audit

##### SUMMARY

17. The following table compares the expenditure during the year 1963-64 with the total of voted grants and charged appropriations :

		Grants/ Appropriations	Actual Expenditure	Saving (-)	Percent- age
<i>(In crores of rupees)</i>					
Voted—					
Original	2,06.70	} 2,40.80	2,22.80	(-)18.00	7.5
Supplementary	34.10				
Charged—					
Original	35.69	} 35.82	31.64	(-)4.18	11.7
Supplementary	0.13				
<b>Total</b>		<b>2,76.62</b>	<b>2,54.44</b>	<b>(-)22.18</b>	<b>8.0</b>

The saving of Rs. 22.18 crores formed 8 per cent of the total amount of voted grants and charged appropriations. This was the result of savings in 59 grants/appropriations (Rs. 27.60 crores) and excesses in 15 grants/appropriations (Rs. 5. 42 crores).

In the preceding three years, the savings amounted to 12.9, 15.3 and 18.9 per cent.

18. *Change in the budgeting procedure* : In preparing the demands for grants, Government had been following till 1962-63 the "Net System of Voting"; under this system estimates were prepared for the net expenditure after taking credit for the anticipated receipts or recoveries which are taken in reduction of the expenditure for accounting purposes.

From 1963-64 Government have adopted the "Gross System of Voting" which is followed at the Centre and in other States. Under this system, estimates are prepared for the gross requirements without taking into account the anticipated receipts or recoveries in the grants/appropriation.

In the case of Grant No. 48-Capital Outlay on Public Works, the "Gross System of Voting" has not been followed; the reasons for this have not been intimated by Government (December, 1964).

19. *Supplementary Grants and Appropriations* : During the year supplementary provision amounting to Rs. 34.23 crores was obtained under 31 voted grants (excluding 2 cases of token provision obtained under two grants) and 21 charged appropriations.

The details given in Appendix II bring out the following points:

- (i) In 6 cases (5 voted grants and 1 charged appropriation) the supplementary grant/appropriation (exceeding Rs. 1 lakh in each case) amounting

to Rs. 2.33 crores proved entirely unnecessary as the expenditure did not come up even to the original provision.

- (ii) In 74 voted grants, the supplementary provision (exceeding Rs. 1 lakh in each case) proved excessive. In these cases, against the supplementary provision of Rs. 16.13 crores, the amount actually utilised came up to Rs. 12.55 crores.
- (iii) In 8 cases of voted grants the supplementary grant (exceeding Rs. 1 lakh in each case), proved inadequate. In these cases while the additional provision made totalled Rs. 11.16 crores, the actual expenditure incurred exceeded the total grant (including the supplementary provision) by Rs. 5.21 crores. The excess formed 46.7 per cent of the supplementary provision. As the supplementary provision in all the cases was obtained as late as on the 30th March, 1964, the departments concerned should have been in a position to frame a reasonably closer estimate of their requirements.

20. *Savings in grants/appropriations* : (a) Voted Grants : (i) The details given in Appendix III show that among voted grants, there were 14 cases where the savings exceeded 10 per cent. of the total provision and in 9 of these cases the savings ranged from 22.6 per cent. to 63 per cent. as against 20 and 14 cases respectively in the preceding year. In 10 of these grants (serial numbers 2, 3, 4, 5, 8, 9, 10, 11, 12 and 13) of Appendix III considerable savings occurred in the preceding 3 years also.

As in the previous years, savings occurred this year as well in a number of grants (9) as a result of excessive supplementary provisions which were obtained towards the close of the financial year. This shows that there is scope for improvement in the scrutiny of the departmental estimates of additional funds required to be provided by supplementary grants towards the end of the year.

(ii) Large savings occurred mainly in the following grants; against the total provision of Rs. 83.98 crores in these cases, the expenditure came up to Rs. 64.65 crores.

Number and name of Grant	Total provision	Saving and its percentage to the total provision	Reasons for the saving
1	2	3	4
(In crores of rupees)			
22-Agriculture-Agriculture	9.71	2.50 (25.8%)	Non-implementation/partial implementation of a number of schemes owing to non-completion of preliminaries, slow progress of work on account of non-availability of materials, vacant posts, non-settlement of discrepancies in distributors' claims and transport difficulties in lifting fertilisers due to shortage of wagons.
24-Animal Husbandry	4.92	1.41 (28.6%)	Non-implementation/partial implementation of a number of schemes due to non-completion of preliminaries, less procurement of raw-milk on account of fluctuating market rates, delay in acquisition of land and appointment of technical staff.

Number and name of Grant	Total provision	Saving and its percentage to the total provision	Reasons for the saving
1	2	3	4
<i>(In crores of rupees)</i>			
26-Industries-Industries.	3.72	1.34 (36.1%)	Discontinuance of the scheme for 'Accelerated Training Programme, by the Government of India, non-receipt of approval of the Government of India to open collieries by the State Government and non-payment of share contribution to Consumers' Co-operatives.
42-Miscellaneous-Other Miscellaneous Expenditure	8.96	1.57 (17.6%)	Non-payment of house-building loans owing to non-execution of necessary bonds by the parties, slow progress/temporary suspension of work of some schemes and entrustment of the operation of the 'Krebs Scheme' to the Durgapur Chemicals Limited, a Government sponsored company.
46-Expeniture connected with the National Emergency, 1962	1.66	0.65 (39.2%)	Non-receipt of equipment, non-execution of work, vacant posts, first-aid-centres and fire fighting stations not opened and fall in the number of trainees and prisoners of special jails.
47-Capital Outlay on Multipurpose River Schemes-Damodar Valley Projects	16.95	7.61 (44.9%)	Less payment of capital advance to the Corporation and allocation of less share of expenditure to the State Government.
48-Capital Outlay on Public Works	9.01	1.09 (12.1%)	Non-execution or slow progress of a number of works due to (a) non-availability of building materials, (b) non-receipt or late receipt of administrative approval and (c) non-finalisation of land acquisition proceedings.
50-Capital Outlay on Schemes of Government Trading	29.05	3.16 (10.9%)	Unanticipated small purchase of rice owing to delay in introduction of percentage levy on the milled stock of rice in the rice mills in the State and non-receipt of debit from the Government of India for supply of rice. In the preceding year also there was a saving of Rs. 1.48 crores under the Grant.

(iii) Some of the major schemes, items, etc., the provision for which remained wholly or substantially unutilised are shown below; some other are indicated in Appendix IV.

Number and name of Grant	Description of the scheme, item, etc.	Total provision	Saving and its percentage to the provision	Reasons for the saving
1	2	3	4	5
<i>(In lakhs of rupees)</i>				
2-Land Revenue	Compensation-Final compensation in lieu of acquired land	2,00.00	97.31 (48.7%)	Delay in finalisation of the scheme for payment of compensation locally (Rs. 19.50 lakhs) and non-payment of compensation owing to non-preferment of claims by ex-intermediaries (Rs. 37.31 lakhs).  The reasons for the balance saving of Rs. 40.50 lakhs were not furnished by the Controlling authorities.
22-Agriculture-Agriculture	Scheme for distribution of Chemical Fertilisers.	3,12.65	1,20.89 (38.7%)	Less lifting of fertilisers owing to transport difficulties for shortage of wagons.
24-Animal Husbandry	Schemes of Government Trading-Greater Calcutta Milk Supply Schemes.	3,94.62	1,30.43 (33.1%)	Partial implementation of the scheme due to delay in acquisition of land and slow progress of construction work, etc.  The savings occurred under this head in the preceding three years also for the same reasons.
26-Industries-Industries	Expansion of Craftsman Training.	56.33	34.94 (62%)	Discontinuance of the scheme for 'Accelerated Training Programme' at the instance of the Government of India.
	Coal Mining by the State Government-Investment in share capital.	17.44.	17.44 (100%)	Non-receipt of approval from the Government of India to open the collieries.

Number and name of Grant	Description of the scheme, item, etc.	Total provision	Saving and its percentage to the provision	Reasons for the saving
1	2	3	4	5
<i>(In lakhs of rupees)</i>				
34-Public Works	Development of State Roads [Maintenance of roads constructed by the Development (Roads) Department during the Second Five-Year Plan period].	36.00	18.64 (51.8%)	The saving was mainly due to slow progress of work on account of shortage of road rollers.
40-Forest	Timber Operation and Forest Utilisation.	25.00	25.00 (100%)	Non-finalisation of the scheme owing to foreign exchange difficulties.
42-Miscellaneous-Other Miscellaneous Expenditure	Filling up of Circular Canal.	37.00	36.84 (99.6%)	Temporary suspension of the scheme till completion of the "filling up of New Cut Canal" following a post-budget decision.
	Krebs Scheme.	50.00	49.59 (99.2%)	Transfer of control of the scheme during the year from the direct administration of the Government to a Government sponsored company viz., Durgapur Chemicals Limited.
	Land acquisition and development project at Behala.	48.00	48.00 (100%)	Non-implementation of the projects as a result of the decision of the Government of India not to treat the schemes as centrally sponsored schemes.
	Land acquisition and development project at Durgapur.	25.00	25.00 (100%)	

(b) Charged Appropriations : There were savings totalling Rs. 4.33 crores in the charged appropriations ; the main items are given below :

Number and name of Appropriation	Provision	Saving and its percentage to the provision	Reasons
( In crores of rupees )			
9-Interest on Debt and other obligations	13.24	2.05 (15.5%)	Mainly due to less payment of interest on loans for Damodar Valley Project <sup>s</sup> to the Central Government consequent on less realisation of interest charges on capital advances to the Damodar Valley Corporation.
51-Public Debt	16.68	2.20 (13.2%)	Mainly due to non-utilisation of the provision for repayment of advances for financing procurement operations. There were large savings in this appropriation during the preceding three years also for the same reasons.

21. *Excesses over voted grants* : The following 12 cases of excesses over voted grants require to be regularised under article 205 of the Constitution. Of the 12 cases, excesses occurred under two grants (serials 5 and 6) during the preceding three years also.

Sl. No.	Particulars of Grant	Total Grant	Expenditure	Excess	
				Amount	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
	Rs.	Rs.	Rs.	Rs.	
1.	7-Stamps Original 13,92,000 Supplementary 93,000	14,85,000	15,77,751	92,751	6.2
The excess occurred mainly in the expenditure on discount to stamp vendors consequent on the increase in the sale of stamps. In the previous year also, an excess of Rs. 1.02 lakhs occurred under this grant.					
2.	8-Registration Fees Original 28,96,000 Supplementary 1,89,000	30,85,000	31,72,472	87,472	2.8
The excess was attributed to entertainment of more staff to cope with the rush of registrations and larger volume of work.					
3.	11-Parliament and State Legislatures	32,15,000	33,07,915	92,915	2.9



Sl. No.	Particulars of Grant	Total Grant	Expenditure	Excess	
				Amount	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
	Rs.	Rs.	Rs.	Rs.	
4.	13-Administration of Justice				
	Original 1,00,43,000	1,10,63,600	1,11,24,667	61,067	0.6
	Supplementary. 10,20,600				
5.	17-Miscellaneous Departments—Excluding Fire Services				
	Original 1,77,28,000	1,81,72,000	1,84,40,040	2,68,040	1.5
	Supplementary. 4,44,000				
6.	19-Education				
	Original 21,24,65,000	24,39,57,000	25,81,43,695	1,41,86,695	5.8
	Supplementary. 3,14,92,000				

The excess was attributed to increased expenditure mainly on the following items :

- (i) Improvement of the conditions of services of teachers under Secondary Education (Rs. 81.73 lakhs).
- (ii) Improvement of the condition of service of teachers of Primary Schools (Rs. 10.22 lakhs) and Multipurpose Schools (Rs. 36.32 lakhs).
- (iii) Improvement of non-Government Colleges etc. (Rs. 10.73 lakhs).
- (iv) Financial assistance for free elementary education for girls upto the age of 14 (Rs.8.01 lakhs).

The excess was partly counterbalanced by savings under certain other items.

This grant was exceeded during the preceding five years also.

7.	21-Public Health				
	Original 3,44,46,000	4,03,76,000	4,24,61,804	20,85,894	5.1
	Supplementary. 59,30,000				

The excess occurred mainly under the following two heads :

- (i) Development schemes (a) Third Five Year Plan—Control of Diseases—Malaria Eradication Schemes (Rs. 22.95 lakhs) and

Sl. No.	Particulars of Grant	Total Grant	Expenditure	Excess	
				Amount	Percentage
(1)	(2)	(3)	(4)	(5)	(6)

(ii) J—Suspense—Stock (Rs. 61.13 lakhs).

The excess was partly offset by savings under several other items.

8.	30-Labour and Employment					
	Original 37,77,000	} 1,41,03,200	1,43,77,180	2,73,980	0.2	
	Supplementary 1,03,26,200					
9.	31-Miscellaneous Social and Developmental Organisations—Welfare of Scheduled Tribes and Castes and other Backward Classes.					
	Original 93,25 000	} 1,05,19,000	1,05,74,384	55,881	0.5	
	Supplementary 11,94,000					
10.	33-Irrigation					
	Original 7,87,14 000	} 8,99,68 000	9,42,33,344	42,65,344	4.7	
	Supplementary 1,12,54,000					

The excess occurred mainly under the group-head "Suspense". The reasons for the excess were not furnished by the Controlling Officer.

11.	34-Public Works.					
	Original 10,78,47,000	} 13,00,99,000	15,63,74,352	2,62,75,352	20.2	
	Supplementary 2,22,52,000					

The excess was due to more expenditure under the following group-heads :

Group head	Provision	Excess	Reasons for excess
<i>(In lakhs of rupees)</i>			
(i) N-Suspense	7,02.26	2,65.64	Unanticipated larger purchase of materials.
(ii) D-Repairs	1,98.89	13.03	Execution of some special repair works.

The excess was partly counterbalanced by savings under several other items.

12.	36-Famine Relief					
	Original 2,76,79,000	} 5,73,56,000	3,20,45,343	46,89,343	8.2	
	Supplementary 2,96,77,000					

The excess occurred mainly due to non-provision of funds for expenditure met out of the West Bengal Famine Insurance Fund.

22. *Excesses over charged appropriations* : The charged appropriations were exceeded in the following three cases ; the excesses require regularisation.

Sl. No.	Number and name of the Appropriation	Total Appropriation	Expenditure	Excess	
				Amount	Percentage.
		Rs.	Rs.	Rs.	Rs.
1.	13-Administration of Justice				
	Original 33,91,000	38,62,400	38,68,974	6,574	0.2
	Supplementary 4,71,400				
2.	29-Community Development Projects	49,65,000	67,03,096	17,38,096	34.8
3.	50-Capital Outlay on Schemes of Government Trading Supplementary	23,000	23,000	24,850	18.0

\*The excess was due to repayment to the Government of India of the overpayment of loans received for State Plan Schemes during the year 1961-62.

23. *Control over expenditure* : (a) 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/appropriations where a saving is anticipated to other sub-heads in the same grant/appropriation where there is need for additional provision of funds,
- (ii) by effecting surrender of surplus funds under any sub-head as soon as the savings can be foreseen,
- (iii) by obtaining supplementary grants or appropriations where necessary and
- (iv) by taking suitable advances from the Contingency Fund for meeting unforeseen requirements of additional funds during the year or for meeting expenditure on a 'new service' or 'new instrument of service', if it is not possible immediately to obtain supplementary grants voted by the Legislature.

(b) Cases where the total expenditure against a grant or appropriation as a whole has exceeded the sanctioned amount and requires regularisation by the Legislature have been brought out in paragraphs 21 and 22 ante.

(c) Cases where the additional funds provided in the course of the year by supplementary grant or appropriation proved unnecessary or excessive or inadequate have been indicated in paragraph 19.

(d) The following points were noticed in connection with the surrender of the unutilised amounts :

- (i) In the following three cases, the total amount of the funds surrendered at the end of the year was substantially in excess of the savings actually available for surrender as indicated below :

Sl. No.	Number and name of grant or appropriation	Saving	Amount surrendered
		(In lakhs of rupees)	
	Voted—		
1.	20-Medical	26.11	52.60
2.	52-Loans and Advances by State Government	90.67	1,77.09
	Charged—		
3.	Public Debt	2,20.42	3,96.57

- (ii) Although the rules require that the unutilised amounts should be surrendered as soon as the possibility of saving is envisaged, the surrenders, this year, amounting to Rs. 19.33 crores against the available saving of Rs. 27.60 crores in grants and appropriations were, however, made only in March, 1964 and mostly on the 30th and 31st March, 1964.
- (iii) After taking into account surrenders made during the year, there remained unsurrendered savings to the extent of more than 10 per cent. of the modified provision in the case of 7 voted grants and 2 charged appropriations and in 5 of these grants the unsurrendered saving exceeded Rs. 10 lakhs in each case. The details are given in Appendix V. The unsurrendered saving in the case at serial No. 7 of Appendix V was as high as Rs. 4.49 crores while those in the case of serial numbers 2 and 8 of the Appendix were Rs. 81.49 lakhs and Rs. 1,08.58 lakhs respectively.
- (iv) There were also cases where surrenders were made in grants although there were excesses over the grants and no amount was actually available for surrender. Two important cases of this type where the surrender exceeded Rs. 1 lakh in each case have been mentioned in Appendix V.
- (v) Important instances of defective control over expenditure in respect of individual group-heads within the grants/appropriations have been indicated in the Appropriation Accounts.

24. *Delay in submission of materials for Appropriation Accounts* : The information required for framing the explanations for variations in the case of 72 group-heads in the Appropriation Accounts were not received from the controlling officer or were incomplete.

These heads formed 34.1 per cent. of the number of group-heads in respect of which variations were to be explained. Although such delays have been mentioned in successive Audit Reports and were also brought to the notice of Government, the position continues to be unsatisfactory. The result of such delay in the submission of materials by the departments is that the report furnished to the Legislature remains incomplete in certain essential respects.

## CHAPTER III

### Civil Departments

#### DEPARTMENT OF AGRICULTURE AND COMMUNITY DEVELOPMENT

25. *Scheme for Reclamation of Waste Land*: The scheme provided for reclamation of waste land with a view to increasing the food production in the State by cultivation of the reclaimed land. The scheme was to be run on "no-profit and no-loss" basis; the cost of the reclamation was to be recovered from the beneficiaries comprising Government Departments and private individuals by levying hire charges for tractors and bull dozers used in the reclamation work.

(a) The particulars furnished below indicate that the physical achievement has not been commensurate with the expenditure incurred.

Year	Estimate		Actuals			
	Amount (In lakhs of rupees)	Area to be covered (In acres)	Amount (In lakhs of rupees)	Area covered (In acres)	Percen- tage of ex- penditure	Percentage of area covered
1956-1957						
to						
1960-61	38.44	37,500	42.20	25,510	109.8	68.0
1961-62						
to						
1963-64	34.85	56,100	22.37	13,630	64.2	24.3

It would appear that during the Second Plan period (1956-57 to 1960-61), only 68.0% of the target of reclamation was achieved while the expenditure incurred was 109.8% of the estimates; during the period from 1961-62 to 1963-64 only 24.3% of the target was achieved against 64.2% of the estimated expenditure.

(b) For the execution of the scheme, the tractor fleet was strengthened from 36 to 49 during the period from 1956-57 to 1963-64. It was estimated that a tractor would work 1000 hours on an average per working season and reclaim 0.4675 acre per working hour. On this basis the total area reclaimed during 1956-57 to 1963-64 required only a maximum of 11 tractors. It would thus appear that a number of tractors remained idle entailing loss to Government by way of locking up of funds and extra maintenance expenditure.

(c) The scheme was to be run on "no-profit no-loss" basis; the *proforma* accounts to ascertain the financial results of the scheme, have not, however, been prepared so far. However, on the basis of actual expenses and the accrued receipts on account of hire charges of tractors, it is seen that the scheme has incurred a

total loss of Rs. 51.70 lakhs upto March, 1964, as indicated below:

Year	Maintenance Expenditure (excluding interest on capital and depreciation)	Accrued receipts	Loss
(In lakhs of rupees)			
1956-57	5.76	1.23	4.53
1957-58	5.81	1.86	3.95
1958-59	5.38	1.38	4.00
1959-60	17.51	1.55	15.96
1960-61	7.74	1.18	6.56
1961-62	7.31	1.19	6.12
1962-63	7.57	0.78	6.79
1963-64	7.49	3.70	3.79
Total	64.57	12.87	51.70

The hire charges of tractors varied between Rs. 10 to Rs. 30 per acre; the actual expenditure covering maintenance charges, however, came upto Rs. 205 per acre on an average. The rates of hire charges fixed in February, 1953, have not been revised so far (November, 1964).

(d) Of the total amount of Rs. 12.87 lakhs levied by way of hire charges during 1956-57 to 1963-64, the recovery of a sum of Rs. 4.70 lakhs was in arrears.

26. *Deep Tubewell Irrigation Scheme* : With a view to utilising the underground water resources for irrigation purposes, the Development Department sank 36 tubewells during the first Five-Year Plan period at a cost of Rs. 41,300 each. Subsequently the scheme was implemented by the Agriculture Department.

(a) The following table indicates that the expenditure incurred on the scheme during the period from 1956-57 to 1963-64 amounted to Rs. 299.32 lakhs which formed 75.6% of the sanctioned estimate, only 97 wells were completed (upto March, 1964) as against the target of 532; the work on 321 wells was reported to be in progress (March, 1964).

Year	Expenditure		Targets	Achievement	
	Estimate	Actuals		Completed	In progress
(In lakhs of rupees)					
1956-57 to 1960-61	54.67	31.43	125	12	37
1961-62 to 1963-64	3,41.31	2,67.89	407	85	284

The shortfall in achievement is stated to be due to the following reasons :—

- (i) Scarcity of cement;
- (ii) Undue delay on the part of the State Electricity Board in energising the tubewells;
- (iii) Protracted land acquisition proceedings;
- (iv) Non-availability of reinforced cement concrete pipes;
- (v) The laying of pipes in the trenches being confined to a period of 4 months only in a year when crops are not standing on the field; and

(vi) The late receipt (latter part of 1958-59) of the approval of the Government of India to an extension of the scheme.

(b) The scheme envisaged irrigation of 200 acres of land per season by one tubewell, but the area actually irrigated, as intimated by the department, was much below the anticipated acreage in most of the cases as will appear from the statement below .

Locality	No. of completed tubewells (mostly commissioned in April, 1963)	Estimated Area to be served (Acres)	Area actually served per season (1963-64) (Acres)
Habra	16	3,200	505
Nadia	63	12,600	5,248
Midnapore	5	1,000	103

The District Agriculture Officer, Nadia, stated in September, 1964, that "the surface channels constructed by the Development Department have been very badly damaged and cannot serve even a very small part of the total command area."

(c) The recovery of water rates was in arrears to the extent of Rs.66,169 in respect of 50 tubewells, as indicated below:

Designation of the Controlling Officer	No. of tubewells	Amount due up to the end of 1963-64 Rs.	Amount in arrears as on 30-11-64 Rs.
Block Development Officer, Santipur(Nadia)	20	43,575 (up to 1961-62)	11,298
Block Development Officer, Habra	8	6,298	3,509
District Agriculture Officer, Nadia	22	45,106	21,026
Total	50	94,779	38,833

The information in respect of other wells (47) has not been furnished (January, 1965).

27. *Extra expenditure* : (a) A tender for the supply of 200 tonnes of insecticides and pesticides (BHC 10 per cent. dust) was invited in May, 1962. Two Bombay firms quoted Rs. 308 per tonne f.o.r. Bombay and two Calcutta firms Rs. 430 per tonne. On grounds of economy, the order was placed on the Bombay firms on the 29th June, 1962. A total sum of Rs.1.18 lakhs was paid for the supply (cost of materials Rs. 0.63 lakh and freight Rs. 0.55 lakh which included Rs. 44,643 for carriage of 10 tonnes by Passenger train).

Only 5 days after the placement of the former order with the Bombay firm another order for 200 tonnes was placed with a Calcutta firm on the 4th July, 1962. This cost Rs. 0.88 lakh for supply up to the departmental godown at Calcutta. The purchase from the Bombay firms thus proved more expensive instead of economical; the extra expenditure amounted to about Rs. 30,000.

## DEPARTMENT OF HEALTH

(b) Tenders for the supply during May, 1963 to March, 1964, of dietary articles to hospitals and health centres in Hooghly district were invited in March, 1963. In respect of three out of four zones, the lowest offer received (10% above the scheduled rates) was from a firm whose registered office was in Calcutta and head office at Chinsurah (Hooghly). This was not accepted by the District Diet Committee on the ground that the firm had produced the Income-tax Clearance Certificate from the concerned Income Tax Officer, Calcutta, instead of from the Income-tax Officer, Chinsurah. The offers of two other tenderers (at rates varying between 13 to 25% above the scheduled rates) were accepted in April, 1963. The contracts for two of these three zones were terminated with effect from July, 1963, because of repeated unsatisfactory supplies. After inviting fresh tenders, the contract was allotted (June, 1963) to the same Calcutta firm (whose tender was the lowest again) at 15% and 20% above scheduled rates although this time also the firm had produced the Income tax Clearance Certificate from the Income-tax Officer, Calcutta. The rejection of the tender of this firm on the earlier occasion entailed an extra expenditure of Rs. 42,000 to Government.

Government stated in October, 1964, that the tender of the firm was accepted on the second occasion as an Income-tax Clearance Certificate from the Income-tax Officer, Chinsurah, in the name of an individual who was a major shareholder of the firm, was furnished in addition.

## DEPARTMENT OF AGRICULTURE AND COMMUNITY DEVELOPMENT

28. *Outstanding recovery* : Under the revised scheme for the establishment of Demonstration Centres (which was implemented from 1957-58), seeds, fertilizers and agricultural implements are supplied to such centres (private institutions run by agriculturists) at a subsidised rate of 50 per cent. of their cost.

Seeds, fertilizers, agricultural implements, etc., of the value of Rs. 19.47 lakhs were supplied to the centres between 1958-59 and 1963-64 for which a sum of Rs. 9.73 lakhs should have been recovered from the owners of the centres. But up to March, 1964, only an amount of Rs. 3.87 lakhs had been realised, leaving a balance of Rs. 5.86 lakhs as indicated below :

Year	Amount realisable	Amount realised	Balance due
	Rs.	Rs.	Rs.
1958-59	1,64,755	69,29	95,460
1959-60	1,56,178	83.73	72,446
1960-61	1,71,832	65.07	1,06,756
1961-62	1,71,014	18,389	1,52,625
1962-63	1,30,395	66,928	63,467
1963-64	1,79,497	83,903	95,594
	9,73,671	3,87,323	5,86,348

29. *Audio-visual units* : 35 Block Development Officers received from the Director of Publicity, West Bengal, audio-visual units (35) costing Rs. 4.86 lakhs (approximately) during the period from April, 1959 to July, 1963. A sum of about Rs. 1.18 lakhs was spent on the maintenance of those units during 1963-64.

The information furnished by 31 Block Development Officers indicated that as against 9,841 shows which should have been arranged during the year only 2,176 shows were exhibited by these units. Thirteen of these units were idle for more than six months.



The short performances have been attributed mainly to (a) mechanical disorders and (b) want of equipments. etc. It may be mentioned that two mobile workshops set up for repairing the equipments of the audio-visual units working in Blocks were maintained during 1963-64.\*

30. *Infructuous expenditure* : (a) In the following 7 cases, which have come to the notice of Audit, orders of dismissal/reversion of Government servants were set aside by the High Court on account of procedural defects in departmental action; the officials had to be re-instated and paid pay and allowances for the periods they were not either in the service or holding the higher post concerned. The total amount so paid during the period from August, 1961 to January, 1965, in these cases amounted to Rs. 80,553.

Sl. No.	Particulars	Period	Amount Rs.
<b>DEPARTMENT OF FOOD AND SUPPLIES</b>			
1	A Sub-Inspector under the Directorate of Food was placed under suspension and departmental proceedings were drawn up against him on the basis of certain police report. He was subsequently dismissed from service. The orders of dismissal were declared void in March, 1961 by the High Court on the ground that the official concerned had not been given a chance to explain his conduct.	November, 1947 to March, 1961	25,135
2	An Accountant attached to the Office of the Assistant Regional Controller of Procurement, Alipur, 24-Parganas. was placed under suspension on the 9th August, 1954 and removed from service from the 2nd September, 1955. The dismissal orders were set aside by the High Court in May, 1959, on the ground that (i) the departmental proceedings were not finalised in accordance with the law and (ii) the punishing authority pursued the wrong procedure by asking for comments of his subordinate officer and relying upon them without disclosing them to the official concerned. The employee resumed duties on the 28th March, 1960, but resigned from service on the 31st March, 1960. His resignation was accepted.	August, 1954 to March, 1960	10,790
3	A Sub-Inspector attached to the Office of the Sub-divisional Controller of Food and Supplies, Hooghly, was placed under suspension on the 28th September, 1954 and removed from service from the 15th September, 1955. In February, 1958 the orders of dismissal were set aside by the High Court on grounds (i) that the Enquiring Officer had taken extraneous matters into consideration which the official had no opportunity to meet and (ii) the punishing authority did not disclose the reasons for imposing the punishment on the findings of the Enquiring Officer.	September, 1954 to April, 1958	5,330

Sl. No.	Particulars	Period	Amount Rs.
<b>DEPARTMENT OF FORESTS</b>			
	A curator attached to the Indian Botanical Garden, Sibpore, was placed under suspension with effect from the 21st July, 1958 and dismissed from service with effect from the 28th October, 1960, on certain charges of misconduct. In December, 1963 the orders of dismissal were set aside by the High Court on grounds, <i>inter-alia</i> , of	July, 1958 to August, 1961	13,855
	(a) procedural defects,		
	(b) the findings of the Enquiring Officer being perverse and not warranted by the evidence on record and		
	(c) the Enquiring Officer having not acted bonafide or in a responsible manner.		
	The incumbent, having in the meantime reached the age of superannuation on the 3rd August, 1961, was treated as on duty from the date of suspension to the date of superannuation.		
<b>DEPARTMENT OF HEALTH</b>			
	A male nurse attached to the B. C. Hospital, Burdwan, was dismissed from service with effect from the 22nd September, 1955 for non-compliance with the orders of transfer communicated to him. The orders of dismissal were, however, quashed by the High Court on the ground that the requisite one month's notice had not been given, as required under the rules, before termination of his service.	September, 1955 to March, 1963	12,350
<b>BOARD OF REVENUE</b>			
	A permanent Lower Division Clerk of the Howrah Collectorate officiating as an Upper Division Clerk with effect from the 16th December, 1956, was reverted on the 18th October, 1957 to his substantive post on a charge of malpractice. The orders of the reversion were quashed by the High Court on the 24th November, 1961 on grounds, <i>inter-alia</i> , of (i) that there had been no inquiry and no opportunity was given to him to defend himself against the alleged malpractice and (ii) that the departmental inquiry was started against him only after his reversion.	October, 1957 to March, 1962	8,033
<b>HOME (POLICE) DEPARTMENT</b>			
	A Sub-Inspector of Calcutta Police was placed under suspension from the 14th July, 1956, pending enquiry into his conduct and was ultimately dismissed from service on the 11th	July, 1961 to December, 1964	5,060

Sl. No.	Particulars	Period	Amount Rs.
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November, 1957. The dismissal order was, however, set aside by the High Court in December, 1962, on the grounds that the Sub-Inspector had been dismissed by an authority which was not competent to do so and that no hearing was given to him though it was mandatory under the rules. Fresh departmental proceedings, as allowed by the High Court instituted in September, 1964. have not yet been completed (February, 1965) and the official still continues under suspension. The subsistence allowance paid to the official for the period from the 1st July, 1961 to the 31st December, 1964 amounted to Rs. 5,060 ; his claim for the same for the period from the 12th November, 1957 to the 30th June, 1961 (Rs. 5,127) has not yet been preferred in the absence of Government sanction.

#### HOME (POLICE) DEPARTMENT

(b) The services of a constable of the office of the Superintendent of Railway Police, Howrah were terminated from the 1st February, 1957; this was stated to have been done on the basis of a letter of resignation given by the constable. Four years later the constable instituted a suit in 1961 in a Court stating that the alleged letter of resignation had been fraudulently got signed from him by the then Officer-in-charge on the pretext of cancelling his transfer order. The suit was decreed in favour of the constable in February, 1962; the Court observed that "the alleged discharge is illegal, malafide and not binding on the plaintiff."

The Law Department considered the case fit for an appeal; an appeal could not, however, be filed as the Vokatnama was not got signed by the Chief Secretary within the time allowed, viz. six months after the judgement of the lower Court.

The constable was taken back to service on the 5th October, 1962; his pay and allowances for the period from the 1st February, 1957 till his reinstatement amounted to Rs.5,879.

#### DEPARTMENT OF HEALTH

(c) A Blood Transfusion Officer was superannuated and retired from service with effect from the 1st July, 1957 on the basis of his date of birth (1st July, 1902) as recorded in his Matriculation Certificate: in the Government's Civil List of 1952 and 1953 his date of birth had been shown as the 10th June, 1906. At the time of his promotion to the Gazetted post of Blood Transfusion Officer in March, 1951, the Officer gave his date of birth to the Public Service Commission as the 7th June, 1906.

On receipt of intimation (11th July, 1957) of his retirement with effect from the 1st July, 1957, the officer represented that his correct date of birth was the 7th June, 1906; in support of this he had produced an affidavit affirmed by his mother.

The representation was referred by Government to the Legal Remembrancer in January, 1960; he stated in February, 1960, that "in as much as in the Civil list of 1952 and 1953, the date of birth is given as the 10th June, 1906 it was wrong to terminate his service from the 1st July, 1957 on the ground of superannuation on the basis of his age as recorded in his Matriculation Certificate." The matter, however,

remained under consideration and ultimately in May, 1963 a decree by consent was obtained from the High Court (in which a suit had been filed by the officer); an amount of Rs.40,000 was paid to the officer in August, 1963 in full settlement of his claims for Rs.57,441.

(d) Two Medical Officers of the Calcutta Police Hospital were transferred out of Calcutta by an order of the Director of Health Services issued in April, 1959. Both the doctors made over charge in May, 1959, but instead of joining their new appointments they represented to Government in the same month that the orders of transfer were in violation of the terms and conditions of their appointments. One of them followed up the representation by instituting a law suit in July, 1959.

The matter was, however, referred to the Legal Remembrancer with complete papers and information only on the 16th September, 1960 and his opinion that the officer's representation was valid became available to Government on the 19th September, 1960. But orders reinstating the doctors to their previous posts were issued in May, 1961, after a further delay of 8 months and they resumed duties in June and August of the same year.

On account of the delay in taking legal opinion and in giving effect to it, a sum of Rs.12,345 had to be paid to the officers as their pay and allowances for the period of their absence from duty.

#### DEPARTMENT OF COMMERCE AND INDUSTRIES

31. *Unfruitful expenditure:* (†) The scheme for the "vocational training of the displaced persons" was discontinued by the State Government with effect from the 1st August, 1959. Accordingly, 26 employees (12 permanent and 14 temporary) attached to the training centres at Kurseong, Gariahat (Calcutta) and Howrah were declared surplus and served with one month's notice on the 15th September, 1959, terminating their service with effect from the 15th October, 1959.

Some of these employees moved the High Court challenging the validity of the order of Government; the High Court quashed (September, 1961) the notices of termination of their service on the following grounds:

- (a) the notices on permanent employees were far less than the prescribed time limit of 3 months and did not confer any retirement benefits to which they were entitled, and
- (b) the notices on the temporary employees were far less than the prescribed time limit of 3 months or did not contain the gratuity benefits "not exceeding their emoluments by which the notices actually fell short of 3 months."

Consequently the employees had to be retained in service apparently without any gainful employment till their final absorption elsewhere on different dates during October, 1959 to November, 1963. The expenditure on account of their pay and allowances during this period amounted to Rs. 1.66 lakhs.

#### REFUGEE RELIEF AND REHABILITATION DEPARTMENT

(b) A market for the settlement of East Pakistani refugees, constructed at a cost of Rs. 3.27 lakhs was opened for business in July, 1958. The market contained 194 stalls.

An expenditure of about Rs. 27,000 was incurred on establishment and maintenance charges upto September, 1963; receipts from rent, toll charges, etc., upto the same month amounted to Rs. 10,350 as against the estimated amount of Rs. 1,15,430.

The main reasons for the poor receipts were :

(i) Only 14 stalls had been formally allotted; even in respect of these only a sum of Rs. 350 was collected between 1960-61 and 1962-63 (against a demand of Rs. 9,660).

(ii) According to the information furnished by the department in July, 1963, 156 of the remaining 180 stalls were under unauthorised occupation and the rest vacant. In December, 1964, it was reported that the unauthorised occupants of the stalls had since been evicted in February, 1964.

The loss on account of rent for these 180 stalls computed with reference to the monthly rate fixed by Government in February, 1958 (Rs. 10 per stall per month) amounted to about Rs. 1.13 lakhs upto September, 1963. The Sub-Divisional Officer, Bongaon stated (December, 1964) that "as suitable candidates are not always available, some of the stalls could not be let out as yet and are lying vacant."

It was stated (January, 1964) by the Relief and Rehabilitation Commissioner, West Bengal, that the market would be leased out to a suitable party; information regarding further action taken in the matter is awaited (December, 1964).

#### DEPARTMENT OF CO-OPERATION

32. *Co-operative Farming*: During the years 1961-62 and 1962-63 an amount of Rs. 1.78 lakhs was drawn by the departmental officers for disbursement to 18 Co-operative Farming Societies organised in Pilot Project areas under the scheme of Co-operative Farming, as indicated below :

					<i>(In lakhs of rupees)</i>
Loans	..	..	..	..	1.32
Share Capital		..	..	..	0.17
Subsidies	..	..	..	..	0.29

But a sum of Rs. 38,050 only was actually disbursed upto June, 1963 and the balance was kept by them.

The following further points were noticed in audit :

(a) 7 Societies organised during 1961-62 (Two) and 1962-63 (Five) did not start functioning till June, 1963. 7 other societies were running at a loss.

(b) Under the rules loans are payable to the societies against security of agricultural implements actually acquired by them. An amount of Rs. 15,000 was, however, disbursed to 4 societies during 1961-62 and 1962-63 against agricultural implements costing Rs. 1,236 only.

#### EDUCATION DEPARTMENT

33. *Unfruitful capital grant*: Government sanctioned between July and August 1962, a grant of Rs. 10,000 to the Women School Meal Service, Calcutta, a private organisation towards capital expenditure for the purchase of equipments, utensils, etc., in connection with the scheme of school meal service in Ballygunge Government High School, Calcutta. The amount was drawn in 2 instalments by March, 1963.

The supply of tiffin by the organisation which started in July, 1962, was discontinued with effect from May, 1964; this was stated to be due to the unhygienic and unsatisfactory quality.

The capital grant of Rs. 10,000 made to the private organisation did not, thus fully serve the intended purpose.

Government stated (January, 1965) that steps were being taken for the recovery of the grant from the grantee-organisation.

## HOME (CONSTITUTION AND ELECTION) DEPARTMENT

34. *Extra financial benefit to an officer*: The West Bengal Legislative Assembly Secretariat Rules, framed after consultation with the Speaker of the Legislative Assembly, provide that the post of Secretary, West Bengal Legislative Assembly shall be held by a member of the West Bengal State Service (other than one in the Higher Judicial Service). The conditions of service of the incumbent as regards leave, pension and allowances, etc., are governed by the rules and orders applicable to a member of the West Bengal State Service (other than one in the Higher Judicial Service). Such an officer is entitled to a maximum pension of Rs. 375 per month on retirement.

An officer who retired on the 1st January, 1963 from the post of the Secretary, West Bengal Legislative Assembly (carrying a scale of pay of Rs. 1200-50-1800) was, however, allowed, on retirement, pensionary benefits as admissible to a member of the West Bengal Higher Judicial Service (Rs. 675 per month) in relaxation of the normal rules. This conferred an additional financial benefit on the officer to the extent of about Rs. 42,000 (representing the capitalised value of increase in pension and the enhanced amount of retirement gratuity).

Government stated (May, 1963) that the benefits were "bestowed" in relaxation of the normal rules by equating the post with one in the West Bengal Higher Judicial Service in consideration of the nature and responsibility of the duties of the post.

No orders have, however, been issued equating the post with one in the Higher Judicial Service. Besides, there are several other posts under Government which carry scales of pay even higher than the scale of the post of Secretary, Legislative Assembly; the incumbents of these posts continue to be entitled to a maximum pension of Rs. 375 per month only. Four examples are given below:

<i>Post</i>	<i>Scale of pay</i>
Chief Engineer, Development Department (C.B.Branch)	Rs. 2,000-125-2,250
Superintending Engineer, P.W.D. “	Rs. 1,500-60-1,800
Conservators of Forests	do
Director, Dairy Development and Ex-officio Milk Commissioner.	do

## HOME (POLICE) DEPARTMENT

35. *Extra expenditure and its non-recovery*: 19 buildings were hired between 1958-59 and 1961-62 in Calcutta for the accommodation of police personnel; the rents fixed included cost of essential and petty repairs. The Department, however, incurred an expenditure of Rs. 11,747 on essential and petty repairs of these buildings during 1959-60 to 1962-63, and no steps have been taken so far (December, 1964) to recover the amount from the landlords.

36. *Irregular purchase of stores*: The Police Service Depot (in charge of repairs and maintenance, etc., of the police vehicles at Calcutta) incurred during the year 1963-64 an expenditure of Rs. 4.32 lakhs on the purchase of stores. The officer-in-charge of the Depot was delegated by Government with power to incur expenditure upto Rs. 1,000 for each item for purchase of spares and accessories, etc. and up to Rs. 500 for each item of other stores. The entire requirements of the year were split up into 1,350 indents apparently to keep the amount of each indent within

the limit of his powers. The procedure adopted not only resulted in the expenditure having escaped the scrutiny and control of higher authorities but also deprived Government of the benefit of competitive rates for bulk purchases.

Government observed (December, 1964) that the purchases were split up to keep the value of indents within the financial limit in order to avoid delay in obtaining necessary sanction of the competent authority and consequential delay in the repairs of the vehicles. They have also stated that bulk purchase of a large stock was not possible due to inadequacy of storage facilities and suitable staff for the maintenance of stock account.

37. *Avoidable expenditure* : The formation of a new Industrial Area Reserve Force at Barrackpore (Dist. 24-Parganas) was sanctioned by Government in January, 1960. A Commandant for the force was appointed with effect from the 13th. February, 1960, but the staff was not sanctioned till June, 1962; the Reserve Force was formed only from the 1st September, 1962.

The avoidable expenditure incurred on the pay and allowances of the Commandant during the period prior to the formation of the Force amounted to Rs. 37,410.

#### HOME (TRANSPORT) DEPARTMENT

38. *Purchase of Aeroplanes* : Mention was made in the Appropriation Accounts 1948-49 (pages 72-73) and paragraphs 23 and 20 of the Audit Reports, 1952 and 1959, respectively, of an expenditure of Rs. 3.41 lakhs on six State aeroplanes which had made only 84 flights during the period August, 1948 to March, 1951. Four of these planes were sold for Rs. 36,206 and one (book value Rs. 65,000) was made over to a Government Engineering College in May, 1953, free of cost. Another aeroplane purchased (for Rs. 2.53 lakhs) in January, 1948, was rendered unserviceable due to an accident during an unauthorised flight while in the custody of a private firm for maintenance and supervision. This is stated to have been disposed of at a price of about Rs. 1,000 to a flying club.

In August, 1962, Government purchased a second hand 20-Seater Dakota aircraft at a cost of about Rs. 2.51 lakhs. The plane was purchased for the use of the Chief Minister; subsequently (May, 1964) it was decided to utilise it for tourists' service and for use by ministers and high officials. A sum of Rs. 1.06 lakhs was spent on the overhauling of the engines in January, 1963 and Rs. 1.05 lakhs (approximately) on its maintenance (till March, 1964). Over a period of about 2 years (up to August, 1964) this plane made only 56 flights for about 117 hours, of which 6 flights for five hours were test flights. Of the remaining ones, 22 flights for 67 hours were defence charter trips and 28 flights for 45 hours were for ministers, tourists, etc.

While this plane has remained largely unutilised Government have purchased another aircraft ('Morava') in March, 1964, at a cost of Rs. 2.30 lakhs. The performance of this aircraft has not been tested till December, 1964, for want of "endorsement certificate".

Government stated (October, 1964) that the plane (Dakota) was acquired for administrative convenience and undertaking long trips, whereas for short distance travel Morava was necessary. Government expected that this plane would be utilised for official tours by ministers and officials during the coming winter.

#### DEPARTMENT OF HOUSING

39. *Rental Housing Scheme* : The scheme envisaged construction of 1986 tenements at 23 different locations at a total estimated cost of Rs. 2,53.24 lakhs

with a view to providing rented residential accommodation to the low paid State Government employees whose income does not exceed Rs. 500 p.m. Loans bearing interest at the rate of 5% to 5½% per annum, repayable in 20 equated instalments were obtained from the Life Insurance Corporation of India for this purpose.

The following points were noticed in audit :

(i) A total sum of Rs. 2,35.13 lakhs was drawn as loan from the Corporation during the period from 1958-59 to 1963-64. The table below would show that loans were taken much in advance of actual requirement.

Year	Loan drawn	Amount utilised	Unutilised amount
1	2	3	4
( In lakhs of rupees )			
1958-59	15.00	Nil	15.00
1959-60	13.38	7.55	20.83
1960-61	1,63.00	11.48	1,72.35
1961-62	25.75	39.66	1,58.44
1962-63	Nil	55.76	1,02.68
1963-64	18.00	52.58	68.10

Interest on the unutilised loans amounts to more than Rs. 7 lakhs.

Government stated in December, 1964 that money remaining unutilised was inevitable for various reasons.

The Public Accounts Committee had reiterated in July, 1963 that a loan should not be taken unless it was required for utilisation in immediate future.

(ii) Against the target of 1,986 tenements, 663 remain to be completed made ready for occupation (March, 1964.)

There has been upward revision of estimates in many cases, which in the case of 364 tenements ranged between 17% to 30% over the original estimate.

(iii) The tenements were not rented out soon after their completion/becoming ready for occupation. The table given below indicates some of the cases where the intervening period was more than 6 months and also cases where the tenements were lying unoccupied for over 6 months after allotment :

Location	Number of tenements	Date of completion/ becoming ready for occupation	Date of renting	Remarks
1	2	3	4	5
Kalyani	100	4th July, 1963	Nil	None rented out up to March, 1964.
Darjeeling	48	March, 1963	December 1963 (35 tenements)	13 tenements vacant up to May, 1964.
Alipurduar	4	November 1962	September, 1963 (1 tenement)	3 vacant up to May, 1964.
Bankura	50	April, 1963	August, 1964	



Loss of revenue to the extent of Rs. 40,000 has occurred on account of tenements lying vacant at Bankura only for a period of about 1 year and 4 months.

Further, a sum of Rs. 13,900 has been found to be outstanding on account of rent on the 31st March, 1964 in respect of two tenement-estates alone.

(iv) Government stated (August, 1964) that in view of the high rate of interest of the loans, fixation of rent of the tenements under the normal rules of Government was not possible. Rents for the tenements were fixed on an ad-hoc basis, after allowing some subsidy keeping in view, *inter-alia*, the paying capacity of the employees to whom these were allotted.

(v) Some other points noticed in connection with the expenditure on this scheme are given below :

(a) In Housing Construction Division No. IV tenders submitted in July, 1963 by a Class I contractor in connection with the construction of buildings under this scheme were considered informal and rejected by the Superintending Engineer. His rate was lower by about Rs. 38,000 than that accepted in August, 1963 after inviting fresh tenders.

(b) The schedule of items of work relating to construction of buildings at Regent Park undertaken by Housing Construction Division No. IV contained an item, "supplying, fitting and fixing best quality C. P. teak wood panel shutters 1½" thick with brass fittings, etc." (estimated cost of the works Rs. 7,896) with the stipulated rate of Rs. 5.50 per sft. In actual execution, however, panel shutters supplied and fixed were ¾" thick only. But payment was allowed to the contractor at the full rate in spite of this departure from the specification. The extent of overpayment has not been assessed by the Department.

40. *Middle Income Group Housing Scheme* : The Middle Income Group Housing Scheme formulated by the Government of India was introduced in the State during 1958-59. The scheme envisaged (a) construction of houses/flats by the State Government for sale on hire-purchase basis or letting out on rent and (b) grant of loans by the State Government for purchase of land and construction of houses thereon to persons whose income ranged between Rs. 6,001—15,000 per annum.

The scheme was financed mainly from loans obtained from the Life Insurance Corporation of India.

The following points were noticed in Audit :

(a) The details of loans received from the Life Insurance Corporation and the amounts utilised, given below show that the borrowings were far in excess of and in advance of actual requirements.

Year	Loans received (In lakhs of rupees)	Loans utilised	Total amount remaining unutilised at the end of the year
1958-59	84.00	Nil	84.00
1959-60	44.00	1.80	126.20
1960-61	Nil	30.02	96.18
1961-62	20.00	35.62	80.56
1962-63	44.00	41.17	83.39
1963-64	36.00	26.34	93.05
Total	228.00	134.95	

The interest on the unutilised loans amounted to Rs. 3.70 lakhs.

(b) There has been considerable delay in the sale or letting out of houses/flats constructed by Government ; this has resulted in locking up of Government money to the extent of Rs. 59.77 lakhs (up to December, 1963) as indicated below :

<i>Particulars</i>	<i>Remarks</i>
(1) 30 houses constructed (cost Rs. 9.94 lakhs) by March, 1963 under Patipukur Phase I Project has not been sold.	The information regarding the amount of loss of rent has not been furnished by the department.
(2) 60 houses (cost Rs. 24.07 lakhs) out of 100 constructed by February, 1963 under Kalyani Project had not been sold.	Even in the 40 cases where allotments were made, the allottees have not taken possession yet (May, 1964). According to the information furnished by the department an expenditure of about Rs. 10,199 had been incurred (up to April, 1964) on watch and ward of the vacant houses.
	The information regarding the amount of loss of rent had not been furnished by the department.
(3) 144 flats (cost Rs. 25.76 lakhs) in Netaji Subhas Road, Tollygunge completed by July, 1963 had not been rented out (May, 1964).	The monthly loss of rent amounts to Rs. 28,440.

No reasons for delay in sale of/renting out the houses/flats have been furnished by Government.

(c) Loans totalling Rs. 60.20 lakhs were advanced during 1959-60 to 1963-64 (up to the 31st December, 1963) for the construction of 426 houses including purchase of land. The loans are repayable in annual equated instalment of principal and interest. The arrears in the recovery of instalments on the 31st May, 1964, amounted to Rs. 35,716 towards principal and Rs. 47,940 for interest.

(d) Loans at Rs. 4,000 in each case, totalling Rs. 12,000 were advanced to individuals in March and June, 1960, for purchase of land and for preliminary expenses. The loanees have not yet (May, 1964) applied for house building loan nor have they refunded the loan money.

#### DEPARTMENT OF LAND AND LAND REVENUE

41. *Interest charges* : Government had to incur an interest liability of about Rs. 3.13 lakhs during the year 1963-64 due to delayed payment of land-compensation in twentythree cases in the district of 24-Parganas.

During June, 1950 to September, 1963, land was acquired for various schemes and compensation was awarded to the extent of about Rs. 6.53 lakhs between September, 1962 and March, 1964. Rules require that when the amount of compensation is not paid or deposited on or before taking possession of land, the amount awarded with interest thereon at 6 % per annum shall be paid from the time of taking possession till the date of payment or deposit of the compensation-value. Because of inordinate delay ranging from five to thirteen years in the finalisation of land acquisition proceedings and consequential delay in payment of compensation Government

had to bear the charges on account of interest which works out to about 48 % of the compensation-value.

#### RELIEF DEPARTMENT

42. *Loss* : In the Basirhat Sub-division, the work of grinding wheat into 'atta' was entrusted to a contractor in October, 1961. A test-check of the Stock Register kept in the Office of the Sub-divisional Officer (Basirhat) indicated (January, 1964) that while in the custody of the contractor, 13,372 Kgs. of wheat was found short on physical verification and 7,345 Kgs. rendered unfit for human consumption. The latter quantity was sold in auction for Rs.785.

The loss to Government amounted to about Rs. 9,000. No recovery has been made from the contractor; his cash security of Rs. 5,000 has not, however, been released so far (December, 1964).

#### DEPARTMENTS OF LABOUR AND TRIBAL WELFARE

43. *Other miscellaneous irregularities, Losses, etc.* : Particulars of 2 cases of other miscellaneous irregularities, losses, etc., involving a total amount of Rs. 68,000 are given in Part I of Appendix VI.

## CHAPTER IV

### Misappropriation of Government Money

44. *Misappropriations and defalcations, etc.* : At the end of 1962-63, 254 cases of misappropriations and defalcations involving a total amount of Rs. 7.30 lakhs were pending for final action. During the year 1963-64, 37 fresh cases involving a total amount of Rs. 0.61 lakh were reported to or noticed by Audit ; during the same period, 23 cases involving Rs. 0.27 lakh were finally disposed of leaving a balance of 268 cases amounting to Rs. 7.64 lakhs outstanding at the end of 1963-64. Of the above 23 cases finally disposed of, recovery could be effected from the persons concerned in 19 cases only involving a total sum of Rs. 0.22 lakh and orders for write off were issued in the remaining 4 cases for the balance of Rs. 0.05 lakh.

A statement showing department-wise analysis of 268 outstanding cases is given in Appendix VII. Particulars of some of the cases are given in paragraphs 45 to 50 below.

#### BOARD OF REVENUE

<i>Particulars</i>	<i>Remarks</i>
45. Nineteen cases of misappropriation of Government money by Tahsildar totalling Rs. 20,567 were reported to Audit during 1962-63 and 1963-64 from eight districts. One such case amounting to Rs. 3,129 was also detected by Audit during 1963-64.	<p>In most of the cases revenue collected was either not deposited with the Treasury or different amounts were noted in the original and counterfoil of the receipts issued by the Tahsildars. In two cases, the departmental officers were held responsible for lack of proper supervision. Departmental action against the delinquent officials is yet to be taken (October, 1964).</p> <p>A total sum of Rs. 7,722 was recovered from eight Tahsildars and Rs. 1,000 was realised from the Life Insurance Corporation against the surety bond on behalf of one Tahsildar. Claim for Rs. 2,000 is yet to be settled with the Life Insurance Corporation in two cases. A sum of Rs. 134 was written off in July, 1964 in one case.</p> <p>Three Tahsildars were arrested by the police, three were absconding, one was discharged from service and one left the service. Two Tahsildars died before any recovery could be effected. Criminal cases against 2 Tahsildars have been started. No reports about the action taken against the remaining eight Tahsildars have been received in Audit (October, 1964).</p>

**DEPARTMENT OF AGRICULTURE AND  
COMMUNITY DEVELOPMENT**

<i>Particulars</i>	<i>Remarks</i>
<p>46. A sum of Rs. 27,720 (out of which misappropriation of Rs. 24,664 was detected during special audit conducted between April and August, 1964) was misappropriated in a Block Development Office in the district of Burdwan during the period from May, 1958 to August, 1963. The <i>modus operandi</i> mainly was that—</p> <p>(i) cash receipts from various sources were neither entered in the Cash Book nor remitted into the treasury ;</p> <p>(ii) entries were recorded on the payment side of the Cash Book twice over for the same payments;</p> <p>(iii) bills encashed from the treasury were neither entered in the Cash Book nor was any disbursement made to the payees concerned;</p> <p>(iv) advances received from higher authorities were not accounted for ; and</p> <p>(v) <i>Katcha</i> receipts signed by different officials were issued to the parties and the cash so collected was not taken into Government account.</p>	<p>The misappropriation was facilitated by laxity in supervision and non-observance of the rules and procedure.</p> <p>Serious irregularities were also noticed in the maintenance of the Cash Book. As many as 7 Cash Books in 14 volumes were maintained concurrently. In some cases the books were not closed nor were the balances physically verified each month.</p> <p>The stock account of the Receipt Books was not maintained. Some Receipt Books were printed locally but authority therefor was not shown to Audit. In the absence of the stock account it could not be verified that all the Receipt Books used during the period covered by audit (April, 1958 to August, 1963) were produced for scrutiny.</p> <p>The matter is reported to be under police investigation since August, 1963 and the cashier is under suspension.</p>

**DEPARTMENT OF LAND AND LAND REVENUE**

<p>47. A total sum of Rs. 1,757 (of which Rs. 1,667 was detected by Audit in August, 1964) was misappropriated during the period from April, 1960 to August, 1961, by a Nazir in a Sub-divisional Office. The <i>modus operandi</i> was that the money collected was neither entered in the Cash Book nor remitted into the Treasury.</p>	<p>The misappropriation was facilitated by non-observance of the departmental rules and procedure relating to control, safe-custody and checking of used-up duplicate carbon receipt books. The laxity on the part of the officer-in-charge and failure to observe rules and procedure resulted in non-detection of the continued misappropriation over this long period.</p> <p>Serious irregularities were also noticed in the maintenance of Cash Book, <i>viz.</i>, overwritings, mistakes in totaling, undischarged balance not</p>
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*Particulars**Remarks*

accounted for, short entries in receipts and payments, delay in the accounting of receipts and unauthorised holding of cash etc.

The Nazir was dismissed from service in December, 1963, in connection with a misappropriation of Rs. 90 detected by the Department. It has not been intimated whether the case was reported to the police.

The responsibility of the supervisory officers in regard to the misappropriation has not been fixed.

## DEPARTMENT OF LOCAL SELF-GOVERNMENT AND PANCHAYATS

48. A total sum of Rs. 12,826 was misappropriated between October, 1963 and June, 1964 in the Office of the Director of Fire Services, West Bengal. The misappropriation was alleged to have been done by drawal of fictitious claims of pay and allowances in respect of persons who had either been discharged or left the service or had already been paid for the period in question. The money was disbursed allegedly on forged acquittances.

The provisions of financial rules and procedure in the preparation and drawal of bills and disbursement of pay and allowances of the staff, etc. had not been fully observed.

One Gazetted Officer (Personal Assistant to the Director) and seven members of the staff were placed under suspension in June, 1964. Departmental proceedings are in progress.

The case has been reported to the Police for investigation.

## PUBLIC WORKS (ROADS) DEPARTMENT

49. A sum of Rs. 9,264 is alleged to have been misappropriated between March, 1962 to January, 1963 by a Head Clerk of the Office of the Superintending Engineer, Planning Circle.

The misappropriation was facilitated by laxity in supervision and non-observance of the rules and procedure regarding the custody of keys, maintenance of cash books and accounts records and the non-closing of cash books of the 6 offices under the Planning Circle for periods ranging between 2 to 5 months. Cash balances were also not physically verified.

The alleged misappropriation came to light on a voluntary confession by the said Head Clerk on the 25th June, 1963.

The case was reported to the police on the 22nd July, 1963 and the Head clerk was arrested on the 26th July 1963. A criminal case is

*Particulars**Remarks*

50. A sum of Rs. 3,928 is alleged to have been fraudulently withdrawn from the Serampore Sub-treasury during February, 1962 to April, 1963, by presenting nine abstract Travelling Allowance bills in the names of Sub-Assistant Engineers of a Division; the amount was misappropriated. In all these cases bills were stated to have been prepared by someone forging the signature of the drawing officer and were presented direct to the Sub-treasury for payment. The cash was obtained by a temporary peon of the office.

stated to have been instituted immediately; the results are still awaited (March, 1965).

The local office could not produce during local audit many bills, vouchers and acknowledgement of payments aggregating Rs. 1,833 and also 2 Cash Books. In their absence, the total amount of defalcation could not be ascertained.

The misappropriation came to light on the 14th May, 1963, during local audit of the accounts of the Division. The peon confessed his guilt and was handed over to the police on the same day (14th May, 1963). Investigation by the police and criminal cases were also started immediately thereafter. Results are awaited (December, 1964).

Government observed (December, 1964) that the question of fixation of responsibility would be taken up as soon as the pending case was over and the reports of investigation by the police were available.

## CHAPTER V

### Works Expenditure

51. *Review of works expenditure : (a) Works executed without specific budget provision*—Specific budget provision is ordinarily required to be made in respect of every work costing over Rs. 2 lakhs; an expenditure of Rs. 52.35 lakhs was, however, incurred during 1963-64 without specific budget provision on 8 new works, each estimated to cost over Rs. 2 lakhs as indicated below :

<i>Department</i>	<i>Number of works</i>	<i>Expenditure incurred during 1963-64 without budget provision</i>
		(In lakhs of rupees)
(i) Public Works ..	4	29.40
(ii) Public Works (Roads)	2	4.61
(iii) Public Works (Construction Board)	1	2.01
(iv) Housing ..	1	16.33
	8	52.35

(b) *Want of estimates or expenditure in excess of estimates*—According to rules, no work shall be commenced or liability in connection with it incurred until a detailed estimate has been sanctioned also, when the total expenditure on a work is likely to exceed the sanctioned estimate by more than 5%, a revised estimate has to be prepared and sanctioned by the competent authority. In a large number of cases, expenditure on works had been incurred either without sanctioned estimates or in excess of the sanctioned estimates. The position as on the 31st March, 1964 was as follows :

<i>Department</i>	<i>Want of sanctioned estimates</i>		<i>Excess over sanctioned estimates</i>	
	<i>Number of works</i>	<i>Amount (Rs. in crores)</i>	<i>Number of works</i>	<i>Amount (Rs. in crores)</i>
(1) Public Works ..	3,009	11.84	50	0.61
(2) Irrigation and Waterways ..	1,788	9.27	173	0.76
(3) Agriculture ..	43	0.62	..	..
(4) Community Development and Extension Services ..	75	0.49	35	0.02
(5) Development (Development) ..	75	0.43	2	0.03
(6) Public Works (Roads) ..	65	0.21	49	0.12
(7) Refugee, Relief and Rehabilitation ..	141	0.08	..	..
(8) Public Works (Construction Board) ..	60	0.86	..	..
(9) Public Health ..	91	2.82	10	0.22
	5,347	26.62	319	1.76



Particulars of works costing over Rs. 5 lakhs each which have been executed without sanctioned estimates or on which expenditure exceeded the sanctioned estimates by more than 10 per cent are given in Appendix VIII.

*Vouchers not furnished* : It was mentioned in paragraph 51 of the Audit Report, 1964 that vouchers for expenditure totalling Rs. 45.81 lakhs incurred upto the 31st March, 1963 had not been furnished to Audit. The position deteriorated during 1963-64; as at the end of March, 1964 vouchers in support of expenditure amounting to Rs. 52.84 lakhs (incurred upto the end of March, 1964) were awaited from departmental officers, as indicated below :

<i>Department</i>	<i>Number of vouchers</i>	<i>Amount (In lakhs of rupees)</i>
Agriculture .. .. .	10	0.11
Community Development and Extension Services .. .. .	131	0.83
Development (Development) .. .. .	8	0.92
Public Works .. .. .	270	13.48
Public Works (Roads) .. .. .	33	3.65
Refugee Relief and Rehabilitation .. .. .	20	0.06
Irrigation and Waterways .. .. .	117	4.77
Public Works (Construction Board) .. .. .	29	17.58
Housing .. .. .	73	4.48
Public Health .. .. .	30	7.01
	721	52.84

#### DEPARTMENT OF IRRIGATION AND WATERWAYS

52. *Salt Lake Reclamation Scheme* : *Delay in redemption of capital*—With a view to distributing land to the middle class people on a no-profit no-loss basis, a scheme for reclamation of 3.75 sq. miles of the Salt Lake bordering Calcutta on the North-east side was administratively approved in November, 1960 (estimated cost Rs. 19.20 crores). Work on this scheme commenced in April, 1962 and it is expected to be completed by 1966.

The expenditure incurred on the scheme up to the end of 1963-64 amounted to Rs. 4,31.94 lakhs.

It was envisaged that there would be phased pre-sale of land annually right from the first year of its commencement and accordingly capital to the extent of Rs. 77.76 lakhs was to be redeemed in 1962-63 by sale of 4,320 *kottaks* of land at Rs. 1,800 per *kottah*. This has not been done (January, 1965).

The Project authorities have stated (December, 1964) that pre-sale of plots was not found practicable as Government were not in a position to hand over possession of the land owing to non-completion of certain works.

53. *Extra expenditure due to incorrect estimate* : In August, 1959, tenders were invited for the work of excavation of various types of soils, (estimated cost Rs. 12 lakhs) in certain chainages of the Khatra Main Canal of the Kangesabati Project ; the work was allotted to the contractor whose overall tender was the lowest with reference to the estimated quantities indicated in the tender notification. Actually, however, the quantities excavated varied widely from the estimated

quantities of the different categories as indicated in Appendix IX. The cost of work came to Rs. 15.33 lakhs against the estimated cost of Rs. 12 lakhs.

Based on the actual quantities excavated, the offer of another contractor would have been lower; the extra expenditure computed with reference to the lower offer amounted to Rs. 3.10 lakhs.

Government stated (November, 1963) that the work was taken up at a very early stage of the Kangsabati Project work and before commencement of any excavation anywhere in the entire length of the canal and consequently during execution of work the anticipations in regard to the classification of the soils did not materialise.

54. *Undue financial aid to contractors in the shape of advance payments* : Under the financial rules of Government advance payments to contractors for works done but not measured are permissible on a certificate given by an officer not below the rank of a Sub-divisional Officer that the value of work done is not less than the advance payments made or proposed to be made.

The rules also prescribe that actual measurements should be taken at the earliest opportunity and the advance payments adjusted in full.

The following points were noticed in this connection in three divisions of the Kangsabati Project as indicated below :

- (a) In 27 cases a total amount of Rs. 4.37 lakhs was paid to the contractors within 2 to 27 days from the date of work order.
- (b) In 36 cases two or more advance payments were allowed without adjustment of previous ones (Rs. 11.09 lakhs.)
- (c) In 19 cases delays ranging from 3 to 12 months occurred in adjusting advance payments of Rs. 4.79 lakhs.
- (d) In 86 cases advance payments for Rs. 9.31 lakhs, allowed during September, 1962 to April, 1964, are still to be adjusted (July, 1964).

55. *Extra expenditure* : Particulars of 6 cases involving a total extra expenditure of Rs. 1,84,000 are given below :

#### DEPARTMENT OF HEALTH

(a) The requirements of  $\frac{1}{2}$ " Rod Socket for the East Circle, Public Health Engineering, for 1961-62 were estimated to be 16,000 numbers. The entire quantity was not purchased in one lot; the purchase was made in two parts, 8,000 numbers each in September, 1961 and October, 1961; after inviting tenders. The tender received in October, 1961, was a rupee per socket higher (Rs. 1.75 per socket) than the tender (August, 1961) for the earlier purchase made in September, 1961 (Rs 0.75 per socket). This entailed an extra expenditure of Rs. 8,000 which could have been avoided had the entire estimated quantity been purchased on the earlier occasion in September, 1961, itself.

#### DEPARTMENT OF IRRIGATION AND WATERWAYS

(b) Indents for supply of 360 tons of steel materials required for the protective works on the bank of the river Hooghly were placed by the Hooghly Irrigation Division on M/s. Tata Iron and Steel Company Limited, in March, 1959, with the stipulation that the material be delivered at Chinsurah railway siding, the nearest point to the work site. But by the time the materials arrived (February, 1960) final decision to start the work had not been taken and accordingly the consignments were diverted to the Ultadanga Railway Station for being stored at a nearby Government godown. The final decision to start the work was taken about a year later, early in 1961 and 340 tons of steel materials were transferred to the work site at a cost of about Rs. 24,000. The procurement of the material in anticipation of the decision to start the work resulted in this extra expenditure.

## PUBLIC WORKS DEPARTMENT

(c) In the North Bengal Construction Division the work of carriage of stock materials was allotted in August, 1962 to the lowest tenderer. He, however, refused to execute the work on the rates accepted (which were with reference to *normal* schedule of rates) due to the advent of National Emergency. A *special* schedule of rates (being double of those in the *normal* schedule of rates) was prepared (this was stated to have been done with the verbal consent of the Deputy Chief Engineer). On the basis of bids invited, the work was allotted in December, 1962 to a contractor at 5 percent below the *special* schedule of rates (90 percent above the *normal* schedule of rates). The contractor was allowed to execute more than double the stipulated quantities of work notwithstanding the fact that the contract had been allotted at almost double the ordinary rates. Fresh tenders were invited only in February, 1963. The same contractor submitted the lowest tender; the rate was only 5% above the normal schedule of rates and the contractor was awarded further work on this basis.

According to the rules the approval of Government for increases exceeding 10 percent of the contracted quantity of work should be obtained if the estimate is exceeded by more than 5%. This was not done in this case.

The additional expenditure incurred in getting the extra work executed without inviting tenders amounted to about Rs. 33,000 computed with reference to the rates at which the work was allotted in February, 1963, after inviting tenders.

## PUBLIC WORKS DEPARTMENT (CONSTRUCTION BOARD)

(d) The Murshidabad Division, Construction Board, invited tenders in October, 1959 for the work "Construction of a Basic Training College with hostel and quarters at Bara-Andulia" (estimated cost Rs. 2.94 lakhs). The lowest tender received from a class I contractor (2.50 per cent *below* the estimated cost) was rejected by the Construction Committee on the grounds that "it was not safe to entrust the new firm to execute the work amounting to Rs. 3 lakhs". It is, however, noticed that the contractor had already been enlisted as a class I contractor (that is, one who can be entrusted with work involving any amount) two years earlier in October, 1957.

On the advice of the Chief Engineer, the second lowest tenderer (whose rate was 4.50 percent *above* the estimated cost) was requested to state whether he was agreeable to take up the work at the lowest rate. As he did not agree, the work was subsequently entrusted to another contractor in March, 1960 after a fresh call for tenders. The extra expenditure due to the rejection of the earlier lowest tender was about Rs. 15,000.

(e) In May, 1961 the Nadia Division, Construction Board, invited, open tenders for the sanitary and plumbing works of 400 houses at Kalyani (estimated cost Rs. 6.88 lakhs); for this purpose, the work was split up into five groups. The amount of the lowest tenders for all the groups aggregated Rs. 5.96 lakhs.

The tenders were rejected, on the advice of the Chief Engineer, mainly on the grounds that .

- (i) the departmental schedules were defective and
- (ii) the same contractors participated in almost all the groups.

In regard to (i) it is observed that the defect in the departmental schedule was only in respect of one item and the concurrence of the lowest three tenderers for the rectification of the defect had been obtained.

As regards (ii) the terms of the tender did not stipulate any restriction on the participation of a contractor in more than one group.

The estimate for the work was thereafter revised to Rs. 6.33 lakhs without any material modifications in the design and specifications; fresh tenders for the work as a whole (and not by groups) were called for in October, 1961 and the lowest tender of Rs. 6.31 lakhs was accepted.

The extra expenditure computed with reference to the lowest tenders received on the earlier occasion amounted to Rs. 35,000.

### PUBLIC WORKS (ROADS) DEPARTMENT

(f) The Cooch Behar Construction Division (Roads) accepted October, 1961) the lowest tender for supply of stone materials for the "Falakata Sildanga Road, 7-10 miles" (estimated cost Rs. 1.84 lakhs) at 46.31 percent below the departmental schedule of rates. The contract stipulated 50 percent of the supply by February, 1961 and the balance by May, 1961. The contractor however, supplied only 29 percent of the materials by the 31st December, 1962; his request for further extension of time upto the 30th June, 1963 was rejected and the contract was terminated with effect from the 31st December, 1962, without imposition of any penalty.

According to the terms of the contract the remaining work could have been got completed through other agencies at the risk and cost of the original contractor. This was not done and negotiations were made with the same contractor and the work was allotted to him in March, 1963 (with the approval of Government), at the rates at par with departmental schedule of rates on the grounds of urgency of work. This contract stipulated completion of the supply by the 15th April, 1963, but it was completed only by the 13th June, 1963; no penalty was again imposed for the delayed supply.

The extra expenditure as the result of termination and reallocation of the contract at enhanced rates amounted to about Rs. 69,000. This could have been avoided if, instead of terminating and reallocation the contract, the contractor's request for extension of time up to June, 1963, had been granted.

### DEPARTMENT OF IRRIGATION AND WATERWAYS

56. *Infructuous expenditure*: The work of construction of a sluice at the mouth of 'Arpara Khal' (estimated cost Rs. 81,598) was started by the Berhampore Irrigation Division in April, 1961. It was abandoned in May, 1961 as the concrete casting of the sluice floor started bulging out due to slipping of slushy earth below it. The expenditure of about Rs. 20,000 incurred thus became infructuous. The estimate for the construction of the sluice at an alternative site is still under consideration (February, 1965).

The Superintending Engineer, Mayurakshi Canal Circle stated (February 1962) that no proper check of foundation soil, before the foundation concrete was laid or before preparing the design had been done by the Division, as required under the existing Departmental instructions. Responsibility has not so far been fixed (July, 1964) for the non-observance of these instructions.

57. *Unauthorised and wasteful expenditure*: During execution of the work "Raising and Strengthening Jagatkhal Embankment", in 1960-61, the Sub-divisional Officer, Irrigation, Krishnagar, changed the original alignment of the embankment without the prior approval of the Superintending Engineer and constructed a forward bund for this purpose. As a consequence an additional quantity of 23 lakh cft. of earth work was done at a cost of about Rs. 40,000.

The Superintending Engineer disapproved the action of the Sub-divisional Officer and stated in September, 1960, that the "forward bund on which the alignment

was made by the Sub-divisional Officer is likely to be affected much more due to the direct action of the river and huge maintenance expenses are likely to be required". The additional work has not yet been sanctioned by the Chief Engineers (July, 1964). The proceedings against the persons concerned are, however, stated (May, 1963) to have been dropped by him.

PUBLIC WORKS (ROADS) DEPARTMENT,  
DEPARTMENTS OF HEALTH AND  
IRRIGATION AND WATERWAYS

58. *Non-submission of accepted tenders to Audit*: Rules require that a certified copy of each of the tender accepted by an authority higher than the Divisional Officer should be furnished to Audit along with connected papers soon after the execution of the contracts.

In as many as 56 cases, however, certified copies of tenders accepted during 1958-59 to 1963-64 had not been sent to Audit (August, 1964) as indicated below :

<i>Year</i>	<i>Number</i>
1958-59	2
1959-60	3
1960-61	5
1961-62	20
1962-63	21
1963-64	5
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	56
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On the basis of reports received from the Divisional Offices (October, 1964) total payments made in 8 such cases aggregated Rs. 28.32 lakhs (upto August, 1964) including final payments of Rs. 7.64 lakhs in 5 cases. Non-submission of the documents has held up exercise of the necessary audit checks for an unduly long period.

The position has been reported to Government from time to time ; but there has been no improvement.

PUBLIC WORKS (ROADS) DEPARTMENT

59. *Purchase of machinery without calling for tenders*: The financial rules of Government provide that open tenders should be invited in cases of purchase of articles costing Rs. 5,000 or more. The Director, Roads and Buildings Research Institute, however, purchased in December, 1963 one compression testing machine at a cost of Rs. 27,935 without inviting open tenders; only some quotations were taken. The lowest offer of Rs. 10,952 was rejected without assigning any reasons and the machine was purchased from the second lowest offerer.

60. *Expenditure without or in excess of allotment of funds irregularly debited to "Suspense"*: According to the rules, expenditure incurred should be recorded under the appropriate head of account to which it pertains; but in cases where the head of account cannot be readily ascertained, the transactions are to be classified temporarily under the head 'Suspense—Miscellaneous Public Works Advances'.

A test check in 10 Public Works Divisions has indicated that 4 of them have been incurring large expenditure on repairs and maintenance works without/or in excess of the allotment of the funds and debiting the amounts to the suspense head 'Miscellaneous Public Works Advances' although the final heads of account were known. This was irregular and it defeated the purpose of legislative control over expenditure.

In these Public Works Divisions, a total expenditure of Rs. 12.55 lakhs irregularly debited to the 'Suspense' head was pending adjustment under the final heads concerned at the end of March, 1964; details are indicated below :

Name of the Division	Year in which expenditure was incurred	Amount (In lakhs of rupees)
1. Hooghly Construction Division	.. 1956-57	0.07
	.. 1962-63	2.63
	.. 1963-64	2.88
2. 24-Parganas Construction Division	.. 1963-64	2.21
3. Midnapore Constructon Division	.. 1963-64	1.96
4. Burdwan Construction Division	.. 1962-63	1.17
	.. 1963-64	1.63

61. *Locking up of funds* : In June, 1962, tenders for supply of 1.14 lakh cft. of Pakur Stone or Blast furnace slag metal were invited by the Hooghly Construction Division. The lowest rate quoted for supply of Pakur Stone was Rs. 98.95% cft.; this was recommended by the Executive Engineer for acceptance on the 4th August, 1962.

On the 10th August, 1962, another tenderer reduced his rates to Rs. 98.95% cft. for supply of Blast furnace slag. Both the offers were accepted by the Superintending Engineer in September, 1962, for ensuring quicker supply. Government approval was obtained more than a year later in December, 1963. In the meantime the contracts had been terminated in July, 1963, because of storage inconvenience. By this time about 1 lakh cft. of Pakur Stones and 77,000 cft. of Blast furnace slag metal had been supplied against the total estimated quantity of 1.14 lakh cft. The entire quantity of road materials procured at a cost of Rs. 1.75 lakhs, still (June, 1964) remains unutilised.

#### PUBLIC WORKS DEPARTMENT (CONSTRUCTION BOARD)

62. *Extra expenditure and extra-contractual payments* : 100 houses were constructed (by North Bengal Division, Construction Board) between October, 1961 to September, 1963 at a cost of Rs. 4.31 lakhs for giving alternative accommodation to the displaced families from Berubari. Extra expenditure amounting to Rs. 85,300 and extra-contractual payments amounting to Rs. 17,380, as detailed below, were noticed in audit in this case :

(a) The work provided that the houses, estimated to cost Rs. 3,894 each, should be roofed with jax-board. When 47 houses had been completed at a cost of Rs. 1.69 lakhs, it was decided in February, 1962, that corrugated iron sheet roofing be substituted for jax-board roofing because of its ability to withstand the heavy rainfall in that locality. This brought down the estimated cost per house to Rs. 3,050. The extra cost already incurred on the 47 houses amounted to Rs. 39,668.

Though the revised plan was communicated to the contractor on the 19th February, 1962, 28 more houses were constructed with jax-board roofing there after, entailing a further extra expenditure of Rs. 23,632.

Further, in order to protect the jax-board from heavy rains the jax-board roofs of the 75 houses were tarfeited during February, 1963, on top at an additional cost of Rs. 22,000.

The total extra cost amounted to Rs. 85,300; this could have been avoided had corrugated iron sheet roofing been provided in the original design, keeping in view the heavy rainfall in the locality.

(b) (i) Although the contract stipulated that the contractor would carry the jax-boards from the Jalpaiguri Railway Station to the site of the work at his own cost he was paid a sum of Rs. 9,774 as cost of carriage of this material.

(ii) It was stipulated in the contract that no extra cost was to be paid for normal wastage of jax-board. None-the-less a sum of Rs. 7,606 was paid to the contractor on this account.

No reasons have been placed on record for the extra contractual payments; the approval of the Finance Department which was necessary has also not been obtained yet (January, 1965).

63. *Irregular entrustment of work*: The offer of the lowest tenderer at 2.77% above the estimate was accepted by the Durgapur Division, Construction Board, for "Construction of Workshop shed" at the Regional Engineering College, Durgapur (estimated to cost Rs. 2.14 lakhs). But before the issue of the work order (9th July, 1960), another work—"Construction of Laboratory shed"—(estimated cost Rs. 3.81 lakhs) was entrusted on the 25th June, 1960, to the same contractor on grounds of urgency as an extra work under the tender for the former work. The works scheduled to be completed by September, 1960, were actually completed after a year in September, 1961.

The allotment of the second work the estimated cost of which was more than the first one without invitation of tenders was in contravention of the financial rules and has deprived Government of competitive rates for the work. It has been observed that in respect of all other building works in the same locality undertaken during 1960-61, after invitation of tenders, the rates were less by 2.77 per cent on an average than the estimates.

#### DEPARTMENT OF IRRIGATION & WATERWAYS AND PUBLIC WORKS (ROADS) DEPARTMENT

64. *Other Miscellaneous Irregularities, Losses, etc.*; Particulars of 4 cases of other miscellaneous irregularities, losses, etc., involving a total amount of Rs. 79,425 are given in Part II of Appendix VI.

## CHAPTER VI

### Stores and Stock Accounts

65. *Stores and stock accounts* : (a) A synopsis is given below of the important Stores Accounts (other than those of Government Commercial and quasi-Commercial Departments/undertakings, etc.) for the latest year furnished to Audit :

Sl. No.	Name of the Department	Description	Opening balance	Receipts during the year	Issues during the year	Closing balance
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(In lakhs of rupees)

#### 1960-61

1.	Department of Health (Principal State Hospitals in West Bengal except Kanchrapara T.B. Hospital)	Instruments, medicines, drugs, dressings, bedding, clothing and crockery, etc.	21.36	55.14	51.74	24.76
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(i) In the case of 2 hospitals, the value of stores received as free gifts (from different sources, e.g., UNICEF, etc.) was not included in the Stores Accounts.

(ii) The value of certain stores received during 1960-61 from the Central Medical Stores, Calcutta was entered as Rs. 12,73,622; whereas, the supply actually made, as intimated to Audit by the Central Medical Stores amounted to Rs. 11,57,266. The reasons for the excess adjustment have not been intimated.

(iii) In 2 hospitals, the Stores Accounts exclude the value of stores held in Sub-Stores.

#### 1961-62

1.	Home (Publicity) Department (Publicity Branch-excluding Distribution Section)	Miscellaneous Stores.	16.88	11.12	8.36	19.64
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(i) Folk Entertainment Section :

(a) Value of some articles acquired from other stores has not been shown in the Stores Account.

(b) Certificate of physical verification of stores has not been recorded.

(c) Value of the damaged or depreciated articles (Rs. 7,924) though condemned by the Department, has not been written off since 1962-63.



## (ii) Radio Repair Workshop:

- (a) Closing balance does not include stores held by 15 Technical Supervisors in various districts.
- (b) Value (not assessed) of unserviceable or condemned articles yet to be disposed of, has not been reflected in Stores Account.
- (c) Value of some articles prepared in the Radio Repair Workshop has been left out of the Stores Account.

Sl. No	Name of the Department	Description	Opening balance	Receipts during the year	Issues during the year	Closing balance
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(Figures in lakhs)

**1961-62**

2	Home (Publicity) Department (Publicity Branch-Distribution Section)	Miscellaneous Stores	9.75 Nos.	31.54 Nos.	37.03 Nos.	4.26 Nos.
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In the Distribution Section, only numerical accounts are kept. Value accounts have not been kept although required under the rules.

(In lakhs of rupees)

**1962-63**

1.	Agriculture Department (Intensive Food Production Scheme)	Seeds, manures, implements, insecticides and miscellaneous stores.	34.76	41.40	38.20	37.96
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(i) The value of shortages amounting to Rs. 68,696 and loss of Rs. 63,912 sustained in 1962-63 due to sale of seeds etc. at subsidised rates are yet to be written off (October, 1964).

(ii) Value of some stores (Rs. 5.08 lakhs) has been left out of Stores Account.

(iii) Issues during the year include Rs. 5.08 lakhs on account of corrections of the previous year.

Sl. no.	Name of the Department.	Descriptions	Opening balance.	Receipts during the year.	Issues during the year.	Closing balance.
2.	Commerce and Industries Department (Director of Medicinal plants).	Ipecac root, coffee Cardamom, Tung seed, Ipecac radix, Digitalis leaves etc. and miscellaneous stores.	2.80	18.32	15.15	5.97

The verification of stock was not conducted by an independent authority other than the Officer-in-charge of stores although required under the rules.

\* \* \* \* \*

Sl. No.	Name of the Department	Description	Opening balance	Receipts during the year.	Issues during the year.	Closing balance
3.	Stationery and Printing (Alipur Central Jail Press).	Raw materials, spare parts, petty plants, etc.	10.55	20.35	21.11	9.79

(i) Discrepancy of Rs. 56,385 (Rs. 1,29,326 less Rs. 72,941) between the accounts figures and the departmental figures is yet to be reconciled.

(ii) Stock has not been physically verified (October, 1964).

#### 1963-64

1.	Department of Health (Central Medical Stores).	Instruments and appliances, medicines, drugs, dressings, beddings, etc.	34.43	1,29.82	1,41.78	22.47
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(i) Physical verification of stores was not conducted during 1963-64.

(ii) Stores valued at Rs. 36,253 were in stock unutilised since 1958-59.

2.	Irrigation and Waterways Department.	Small stores, building materials and metals, etc.	10.12	15.07	9.60	15.59
3.	Public Works Department.	Do.	1,52.28	4,49.77	4,48.37	1,53.68
4.	Public Works (Roads) Department.	Do.	52.64	1,08.14	1,03.39	57.39

(b) *Non-submission of Stores Accounts* : The accounts of stores and stock indicated below have not yet been furnished by the Departments (October, 1964).

Sl. no.	Description	Year of Account	Remarks
1.	Stores Account of the Home (Publicity) Department	1962-63 and 1963-64	Consolidation of figures for 1962-63 has not yet been completed by the Director of Publicity. Figures for 1963-64 are not yet ready in the Director's Office.
2.	Consolidated Stores Account of the Manufactory Department of the Presidency and Central Jails in West Bengal.	1963	.. "
3.	Consolidated Stores Account of the principal State Hospitals in West Bengal.	1962-63 and 1963-64.	Account for 1961-62 was received in September, 1963. There were discrepancies between the consolidated account and the individual accounts and the figures of the Stores Account of the Family Planning Centres had been omitted from the Consolidated Account. The matter is under correspondence with the Department.

Sl. No.	Description	Year of Account	Remarks
4.	Stores Account of Bengal Engineering College, Sibpur.	1961-62 and 1963-64	Revised Stores Accounts after incorporating the transactions of all the departments have not yet been submitted.
5.	Stores Account of West Bengal Stationery Office.	1963-64	
6.	Stores Account of the Alipore Central Jail Press.	Do.	
7.	Stores Account of the West Bengal Government Press, Secretary's Press and Duplicating Section.	Do.	
8.	Stores Account of the Jail Depot.	1958 onwards.	

#### IRRIGATION AND WATERWAYS AND PUBLIC WORKS DEPARTMENT

66. *Stock Registers and stock verification* : The register of stock in each Public Works Division is required to be closed at the end of each year and reviewed by the Divisional Officer to ensure that the stocks consist only of necessary and serviceable articles and that the stores are priced within the prevailing market rates. The stock held by the Division is also required to be physically verified periodically by responsible officers independent of the stock-holders with reference to the book balances in order to ascertain that there are no shortages, pilferage, etc.

In several Divisions as indicated below, the stock registers for the year ended on the 31st March, 1964, had not, however, been closed (October, 1964).

Department	Total Number of Divisions which held stores	Number of Divisions which had not closed the registers for the year ending with March, 1964.	Remarks.
Public Works	30	22	Stock Registers of 2 Divisions have not been closed since 1947-48.
Irrigation and Waterways	10	3	Stock Registers of 1 Division have not been closed since 1958-59.
Public Works (Roads)	13	8	Stock Registers of 2 Divisions have not been closed since 1959-60.

In these cases the reports of physical verification for several years have not been received so far (October, 1964), as indicated below :

Name of the Department/Branch	Number of Divisions	Years from which the reports are due
(1)	(2)	(3)
(1) Public Works	2	1947-48
Buildings Branch	1	1957-58
	1	1959-60
	4	1960-61
	5	1961-62
	2	1962-63
	7	1963-64
(2) Irrigation and Waterways	1	1958-59
Irrigation Branch	2	1962-63
(3) Public Works (Roads)	2	1959-60
	1	1961-62
	4	1962-63
	1	1963-64

67. *Excessive stocks*: The rules of the Public Works Department require that the value of stores held in stock by Public Works Divisions should not exceed the limit specified by Government for each Division. But no ceiling limits have been prescribed by Government as yet (September, 1964) in the case of 6 Divisions (4 Buildings, 1 Roads and 1 Irrigation and Waterways Divisions). In other Divisions where such limits have been prescribed, the value of stock held on the 31st March, 1964, exceeded the prescribed ceiling limits in several cases as shown below :

Department	Total Number of Divisions in which stores were held	Number of Divisions for which ceiling limits have been prescribed	Number of Divisions in which stock held exceeded the prescribed limit	Percentage of excess
(1) Public Works	30	26	14	5 to 1700 (Rs. 9,780 to Rs. 6,45,400)
(2) Public Works (Roads)	13	12	4	23 to 111 (Rs. 82,730 to Rs. 6,85,340)
(3) Irrigation and Waterways.	11	10	3	2 to 134 (Rs. 3,230 to Rs. 42,660)

The unsatisfactory position in this regard has been reported to Government from time to time. The position continues to be unsatisfactory.

**PUBLIC WORKS (ROADS) DEPARTMENT**

68. *Shortage of cement*: 98.83 tonnes of cement costing about Rs. 14 824 were found short in Kangsabati Canals Division I during handing over charge (January, 1964) of the godown by a Store keeper on his resignation. The case is under departmental investigation (September, 1964).

**DEPARTMENT OF IRRIGATION AND WATERWAYS**

69. *Discrepancy in Stock Accounts*: The stock accounts of the Mechanical Division, having fallen into arrears since 1951-52, Government permitted in December, 1959, a relaxation in the matter of preparation of annual value accounts of stores for the period up to 1958-59 on the condition that the quantity accounts would be compiled year by year and the stock accounts would not be allowed to fall into arrears in future. Even though nearly five years have elapsed after the issue of these orders, the accounts up to 1958-59 have not been closed; the accounts for the periods subsequent to 1958-59 have also fallen into arrears.

A physical verification conducted in November-December, 1962 with reference to the available documents indicated shortages amounting to Rs. 0.63 lakh and excesses amounting to Rs. 0.31 lakhs (computed at the issue rates of 1962-63). These differences have not yet been investigated and responsibility fixed, where necessary.

## CHAPTER VII

### Revenue Receipts

#### DEPARTMENT OF AGRICULTURE AND COMMUNITY DEVELOPMENT

70. *Outstanding rent* : (a) 141 houses constructed at a cost of Rs. 17.55 lakhs at 'Unnayani' (Burdwan) by the Construction Board were taken over in fit condition for occupation by the Community Development and Extension Service Department between April, 1956 and May, 1958. Of them, 28 houses were sold to the Education Department and the rest allotted to various Departments of the State Government, Statutory Bodies, Government servants and private persons at rents provisionally fixed by Government in February, 1955.

A sum of Rs. 0.54 lakh was outstanding from the allottees at the end of March, 1964 as detailed below. Some of these relate to the period as far back as 1956-57.

	Rs.	
1. Government Departments ..	34,257	
2. Statutory Bodies ..	2,757	
3. Private parties ..	16,749	
4. Government servants ..	590	The correct figure could not be furnished by the local office.
Total :	54,343	

Out of the outstandings a sum of Rs. 10,000 (approx.) is due from persons who have meanwhile deserted. The local office stated (May, 1964) that according to the Government lawyer no legal action could be taken against the defaulters and the deserters unless standard rent was finally fixed.

The matter was reported to Government in September, 1963; but their reply is still awaited (June, 1964).

#### DEPARTMENT OF FOOD AND SUPPLIES

(b) A godown constructed by Government at Ahmedpur (Birbhum) on requisitioned land for the purpose of storage of food-grains, etc., was let out to a private company, in January, 1962, at a monthly rental of Rs. 332 (approximately) on condition that the company would vacate it any time on one month's notice. The Company has not, however, paid the rent except for a period of 3 months. The outstanding rent is about Rs. 9,658 on the 29th August, 1964. Government stated in October, 1964, that vacant possession of the godown was taken over from the company on the 29th August, 1964, and a civil suit for recovery of arrear rent was filed on the 4th September, 1964.

Mention was also made in para 65(a) of the Audit Report, 1964, of outstanding rent of Rs. 1.46 lakhs due from this company up to November, 1962, for their occupation of industrial quarters owned by Government.

#### JUDICIAL DEPARTMENT

(c) A private individual was permitted by Government in April, 1962, to open a canteen on a floor area of 1,262 sq. ft. in the City Civil Sessions Court Building, Calcutta. Neither any agreement was entered into with the party nor was the rent fixed (in December, 1962) at Rs. 30 per month per 100 sq. ft. paid. The outstanding rent amounted to Rs. 10,200 (approximately) at the end of June, 1964. In addition,

no rent on account of furniture (costing Rs. 1,382) supplied to the party was either fixed or recovered. The party is reported (August, 1964) to have since 'fed away'.

It has been reported by Government that the Government Solicitor has been instructed to take legal steps against the party for recovery of rent and damages. No progress has, however, been reported since then.

## DEPARTMENT OF COMMERCE AND INDUSTRIES

71. *Outstanding revenues on account of royalties*: A sum of Rs. 45.00 lakhs (approximately) is due on the 1st January, 1964, from 32 collieries on account of royalties on mines or sub-soil rights.

Out of 294 collieries situated in this State, particulars of 170 only are stated to be available with Government. Of these 170 units, 52 are working under first degree lease, of which assessment of royalties in respect of 39 collieries only has been completed by April, 1964. The reasons for non-assessment have been attributed to the absence of adequate "authority under law by which the assessee may be required to furnish information, produce documents, papers, records and statement required for assessment of royalties".

Of the 39 collieries, royalty realised from 37 between the period from November, 1960 to December, 1963, amounted to Rs. 15.92 lakhs as against a total demand of Rs. 60.92 lakhs. Only five of these assessee's have paid their dues in full.

The assessment of the remaining 118 collieries working under sub-lease is stated to be pending (July, 1964) due to issue of a writ by the Calcutta High Court.

## DEVELOPMENT DEPARTMENT

72. *Non-realisation of Government dues and relinquishment of revenue*: The total outstanding rents of 10 shop-rooms of the Government Housing Estate, Entally, stood at Rs. 1.20 lakhs (approximately) at the end of March, 1964. The tenants are all private individuals and they have not paid any rent soon after the commencement of their tenancy which, in some cases, dates back to 1952-53.

Under the existing tenancy agreement, a tenant is required to pay rent for the month on or before the 12th of that month and his tenancy is terminable on 15 days' notice. No action for enforcing the terms of the agreement has, however, been taken, nor has any suit been instituted for their ejection so far (March, 1964).

The reasons for non-payment of rent were stated to be the fixation of high rent by Government; the tenants' representation to Government against such high rents was followed by the institution of suits in the Court. The decision of the Court dismissing the cases was, however, known to the Department in September, 1961, and a sum of Rs. 33,000 has become outstanding as rent thereafter.

It has been stated (March, 1964) that legal action against the defaulting shop owners was being taken and that such action could not be taken earlier on account of the misplacement of relevant records.

Government also relinquished (December, 1963) the claim of Rs. 12,000 (approximately) due from a tenant who had left the Estate in September, 1961.

## FINANCE (TAXATION) DEPARTMENT

73. *Sales Tax*: (1) The Public Accounts Committee of the West Bengal State Legislature had recommended in their Report on the Appropriation and Finance Accounts for 1960-61 and Audit Report thereon that the audit of Sales Tax Receipts should be taken over by the Comptroller and Auditor General of India and though the Comptroller and Auditor General of India moved the Government of

West Bengal in this regard, the consent of the Government has not yet been given. Accordingly, only the position of the arrears of the sales tax demands is being reported in the Audit Report.

(2) Receipts under Sales Taxes are levied and collected under the following Acts :

- (1) Bengal Finance (Sales Tax ) Act, 1941,
- (2) West Bengal Sales Tax Act, 1954,
- (3) Bengal Motor Spirit Sales Taxation Act, 1941 and
- (4) Central Sales Tax Act, 1956.

(3) There has been an appreciable increase in receipts under Sales Tax during the last six years. While Rs. 12.54 crores were collected in 1957-58, the receipts were Rs. 32.18 crores in 1963-64 an increase of 156% over that of 1957-58.

(4) The position of arrear demands and realisation at the end of 1957-58 under the Bengal Finance (Sales-Tax) Act of 1941 has been shown by the Department as below :

Tax assessed outstanding at the beginning of the year	Additional tax assessed during the year	Total	Collection during the year	Assessed and outstanding at the end of the year
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(In crores of rupees)

5.85	2.27	8.12	1.13	6.99
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(5) Up to date figures regarding demand and the unrealised amount under Sales Tax have not been furnished to Audit though called for from the Department as far back as July, 1963.

#### DEPARTMENT OF FORESTS

74. *Loss* : Timber trees were sold in August, 1947 to a private party for a sum of Rs. 10,500. Though the party deposited the full value as well as the security money, the trees could not be felled and taken over by the party because of the default on the part of the Department to effect sale markings on the trees sold. The party sued Government in a Court of Law and obtained a decree in its favour for the refund of Rs. 10,500 and also a compensation for damage amounting to Rs. 6,737. The amount was paid to the party in December, 1961.

The trees were subsequently sold in September, 1951 to another party at a price of Rs. 5,050. Government thus sustained a loss of Rs. 12,187 because of the failure on the part of the Department to effect the sale markings which according to the Court of Law "is the legal right of the party".



## CHAPTER VIII

### Loans and Advances, Suspense and other Transactions

#### DEPARTMENT OF AGRICULTURE AND COMMUNITY DEVELOPMENT

75. *Outstanding loan* : A loan of Rs. 1.08 lakhs (repayable in 10 years), was paid to a private party in March, 1956, for setting up an industrial unit in the Community Development Project Block, Jhargram, against securities of landed properties and machinery. The loan was not utilised for the purpose for which it was sanctioned; the party also did not repay any instalment of the loan.

A certificate case instituted against the party in September, 1958, by the Block Development Officer was nullified by the High Court in July, 1963, on the ground of procedural defects. No further action has so far (June, 1964) been taken for the recovery of the dues which amounted to Rs. 1.52 lakhs (including interest up to May, 1964).

It was, stated in November, 1964, that the proposal of the Company to release the mortgaged land at Jhargram for free-sale by them and to repay the entire loan out of the sale-proceeds thereof, was under the consideration of Government.

#### DEPARTMENTS OF COMMERCE AND INDUSTRIES AND COTTAGE AND SMALL SCALE INDUSTRIES

76. *Payment of additional interest on account of default in repayment of loans received from the Government of India* : During the period from 1961-62 to 1963-64 the State Government defaulted in the repayment of instalments of loans and interest to the Government of India in 95 cases. The delay in repayment exceeded six months in 73 cases involving repayment of Rs. 9.68 lakhs as principal and Rs. 3.26 lakhs as interest.

The interest liability for the extended period of repayment amounted to Rs. 1.42 lakhs as shown below :

Year	Amount (In lakhs of rupees)
1961-62	0.38
1962-63	0.92
1963-64	0.12
	<hr/>
	Total 1.42

#### DEVELOPMENT DEPARTMENT

77. *West Bengal Development Corporation* : It was mentioned in paragraph 72 of the Audit Report, 1964, that the terms and conditions of loans amounting to Rs. 1.52 lakhs paid to the West Bengal Development Corporation during 1955-56 to 1962-63 had not been settled and consequently, no recovery had been made towards principal or interest. Further loans aggregating Rs. 1.46 lakhs were paid to the Corporation upto December, 1964. The terms and conditions of the loans have not yet been settled (December, 1964).

The accounts of the Corporation remained unaudited till February, 1965 when a private auditor was appointed. Government stated (June, 1965) that the audit of accounts of the Corporation upto 1959-60 has since been completed.

## REFUGEE RELIEF AND REHABILITATION DEPARTMENT

78. *Loans to displaced persons* : A sum of Rs. 59.83 crores was received by the State Government from the Central Government upto 1963-64 as loans for relief and rehabilitation of displaced persons, out of which a sum of Rs. 44.40 crores was re-loaned to displaced persons by the State Government to the end of 1963-64 as detailed below :

	Up to 1960-61	1961-62	1962-63	1963-64	Total
	<i>(In crores of rupees)</i>				
Central loans received by the State Government	54.03	2.25	2.17	1.38	59.83
Amount re-loaned to displaced persons by the State Government	41.27	1.84	0.65	0.64	44.40

The State Government also incurred the following expenditure on relief and rehabilitation of displaced persons up to the 31st March, 1964 :

	<i>(In crores of rupees)</i>				
<i>Capital Outlay :</i>					
Direct building programme for housing of displaced persons. ..					3.00
Scheme for colonisation of displaced persons. ..					11.64
Fulia Township .. .. . (Water supply and road building)					0.01
					14.65
<i>Miscellaneous expenditure :</i>					
Establishment .. .. .					3.41
Relief .. .. .					45.67
Rehabilitation .. .. .					26.27
Expenditure on displaced migrated persons					5.94
Revenue earning schemes .. .. .					0.10
Construction work .. .. .					0.19
Dispersal Scheme .. .. .					2.19
Fulia Township .. .. .					0.22
					83.99
Less amount reimbursed by the Government of India ..					54.68
					29.31

The position of recovery of loans from displaced persons and repayment of loans to the Central Government up to the end of 1963-64 is shown below :

	Up to 1960-61	1961-62	1962-63	1963-64	Total
	<i>(In crores of rupees)</i>				
Realisations from displaced persons.	1.30	0.22	0.13	0.14	1.79
Repayments to the Government of India	1.33	0.40	0.35	0.29	2.37

A sum of Rs. 25.60 crores on account of principal and Rs. 11.96 crores on account of interest in respect of rehabilitation loans remained outstanding towards repayment to the Central Government as on the 31st March, 1964, according to the original terms and conditions of repayment. The revised terms and conditions of repayment as recommended by the Finance Commission have not been accepted by the State Government. They pay to the Government of India whatever amount they collect (including arrears, if any) from the loanees.

Only the loans sanctioned specifically for purchase of buses (Rs. 77.25 lakhs obtained between 1956-57 and 1961-62) have been repaid to the Central Government according to terms and conditions.

It was mentioned in para 73 of the Audit Report, 1964, that particulars regarding the amount and the number of cases in which recoveries from the loanees were overdue, the year-wise analysis of the recoveries in arrears and the amount written off had not been furnished. Government had stated in August, 1961, that the figures of disbursement of loans as well as recoveries thereof were under compilation and that the information would be furnished as soon as the figures would be compiled. The information has not been furnished so far (December, 1964).

The following defects in the maintenance of loan records have been noticed during local audit of 9 offices :

- (1) Loan Ledgers were not maintained properly (six offices) in as much as :
  - (i) Postings in the Ledgers were not up to-date;
  - (ii) The Ledgers were not reviewed by local officers;
  - (iii) History statement or Card Index of loanees were not maintained to watch whether loans were fully recovered with interest.
- (2) Annual memoranda of balances showing the position of loans disbursed were not prepared ( five offices).
- (3) Ledgers in respect of loans paid to displaced Government servants were not opened (three offices).

79. *Large unadjusted balances under "Suspense" and "Remittance" heads :*

(a) Mention was made in paragraph 74 of the Audit Report, 1964, regarding large balances lying unadjusted upto the end of 1962-63, under "Suspense" and "Remittance" heads in the Public Works Accounts. The nature of the transactions and the outstanding amounts at the end of 1963-64 are indicated below. In most of the cases, the outstanding balances have increased despite reports being made to Government every year since 1956-57.

Nature of balances	Department-wise analysis of the outstanding amounts.		Remarks
	On the 31st March, 1963	On the 31st March, 1964	
	(In lakhs of rupees)		
(i) Miscellaneous Public Works Advances (Dr.)	Public Works Public Works (Roads) Irrigation and Waterways	1,21.65 1,46.76 37.96 37.07 2,61.25 30.20	It is desirable that these debits should be adjusted early by making recoveries; the accumulation of old items may ultimately entail loss to Government. Year-wise analysis of the
	Total	4,20.86    2,14.03	

The balances represent the amounts due to Government such as for stores sold on credit, deficiencies or losses of cash or stores, deposit works executed in excess of the deposits received, etc.

outstanding amount is given below :

(In lakhs of rupees)

1960-61 and earlier years	44.07
1961-62	3.59
1962-63	1,67.33
1963-64	(-) 0.96

2,14.03

(ii) Purchases (Cr.)

This account head is credited with the value of the stores received from suppliers or other divisions for which payments have not been made. The adjustments are made on payment of the cost in cash or by book transfer as the case may be.

The balances under this head outstanding from 1959-60 and earlier years but not adjusted even after a lapse of 3 years are shown below :—

Public Works	77.25	75.42
Public Works (Roads)	66.73	67.87
Irrigation and Waterways	41.42	62.42
Total	1,85.40	2,05.71

It is necessary that the liabilities which these balances indicate, should be liquidated quickly to avoid complication in their settlement with the passage of time.

Nature of balance

Yearwise analysis of the outstanding amounts (as on the 31st March, 1964)

(In lakhs of rupees)

Remarks

(iii) Remittances into Treasuries (Dr.)

The debit balances under this head represent amounts shown by individual Public Works Division as remittances of cash into Treasuries, but not yet taken into account by the Treasuries.

1960-61 and earlier years	0.60
1961-62	2.09
1962-63	48.69
1963-64	72.48
Total	1,23.86

According to rules, each Public Works Division is required every month to reconcile with the Treasury Officer 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. So long as the differences are not reconciled, it cannot be certified that the credits afforded into the treasury through remittances have been properly

(iv) Public Works Cheques (Cr.)

The credit balances under this head represent amounts for which cheques have been issued by the Public Works Division, but not yet encashed at the Treasuries.

1960-61 and earlier years	36.58
1961-62	1,05.20
1962-63	82.83
1963-64	7,14.72
Total	9,39.33

accounted for and the public money has been actually deposited into Government account. It cannot also be certified that the amounts shown by the treasuries as disbursed on behalf of the Divisions had actually been authorised by cheques issued by the Divisional Officers. So long as the differences remain uncleared, the possibility of fraud or embezzlements remaining undetected, cannot also be ruled out.

The names of some of the Divisions against which large amounts have remained outstanding under (a) Miscellaneous P.W. Advances, (b) Purchases, (c) Remittances into Treasuries and (d) Public Works cheques are mentioned in Appendix X.

Nature of balances	Amounts involved	Remarks
<i>(In lakhs of rupees)</i>		
(v) Transfers between Public Works Officers	7,75.00 (Net debit)	A net debit of Rs. 7.75 crores (Dr. Rs. 10.51 crores and Credit Rs. 2.76 crores) has remained unadjusted mainly because the Divisions did not forward the necessary supporting documents and prompt action was not taken to rectify the deficiencies. In spite of the fact that the outstanding is being reported to Government every year, the net debit has increased by Rs. 1.55 crores.
When a Public Works Division renders supplies and services to other Public Works Divisions or receives cash or stores on behalf of other Divisions, this account head is debited or credited as the case may be. The debits and credits are settled when the transactions are finally adjusted in the accounts of other Divisions concerned.		Until the balances are adjusted, it cannot be said that the materials transferred from one Division

Nature of balances	Amounts involved (In lakhs of rupee)	Remarks
(vi) Items adjustable by Public Works Department.	12,30.00 (Net debit)	The net debit during 1963-64 has increased by Rs. 3.20 crores.

When stores are received in a Division from other departments/ Government or when services are rendered to a division by other departments/ Government, the value of the stores received or work done is adjusted initially by debit to this head. The debits are cleared when the amounts are adjusted to the accounts of the works, etc. concerned in the respective division.

Until the balances are adjusted, it cannot be said that the stores supplied by other Government/ departments have actually reached the destination and have been accounted for or that the services said to have been rendered have been duly acknowledged and brought to accounts.

(b) The balances unadjusted up to the end of 1963-64 in respect of department other than Public Works Department are shown below :

Nature of balances	Amount outstanding and the period of transactions (In lakhs of rupees)		Remarks	
	Payments	Receipts		
Objection Book Suspense: This head records amounts paid or received which could not be finally booked against the appropriate heads of account mainly for want of sufficient details and vouchers from the Treasury Officers.	1961-62 and earlier years	0.65	0.64	The items remained unadjusted mainly due to non-receipt of vouchers and receipt schedules from the Treasury Officers.
	1962-63	..	1.62	
	1963-64	0.10	0.63	
		0.75	2.89	

80. *Monthly reconciliation of Public Works Department and Treasury figures* : The Public Works Divisional Officers draw cheques on Treasuries for payments for works etc. and remit to the Treasuries by challans the cash realisations in the Divisions. The amounts for which cheques have been drawn or remittances have been made are required to be reconciled monthly with the corresponding amounts booked in the treasury accounts. There were, however, as indicated below, large unreconciled differences relating in some cases to periods as far back as 1957-58 :

Up to  
1959-60 1960-61 1961-62 1962-63 1963-64

(In lakhs of rupees)

#### I-Remittances into the Treasury.

(i) Cases in which the figures of the Divisions were less than Treasury figures

Items	..	..	32	23	30	10	14
Amount	..	..	2.24	6.48	2.67	0.45	0.38

(ii) Cases in which the figures of Divisions were more than Treasury figures

Items	..	..	51	30	33	15	12
Amount	..	..	13.17	10.85	7.07	0.71	0.59

#### II-Public Works Cheques.

(i) Cases in which the figures of the Divisions were less than Treasury figures

Items	..	..	284	73	111	112	174
Amount	..	..	220.62	52.79	92.17	69.91	206.16

(ii) Cases in which the figures of Divisions were more than Treasury figures

Items	..	..	305	112	97	136	74
Amount	..	..	210.47	140.04	76.10	113.05	46.43

The outstanding differences are mainly attributable to—

(1) Misclassification in the accounts of the Treasuries and issue of incorrect Consolidated Treasury Receipts and Certificate of Total Issues by the Treasury Officers.

(2) Lack of adequate efforts on the part of the Divisions to settle the differences. The schedules of monthly settlement with Treasuries which should accompany the monthly divisional accounts submitted to Audit were not sent regularly by the Divisions. A large numbers of these schedules are awaited from the divisions.

A year-wise analysis of these outstanding schedules is shown below :

Year	Certificate of total issues during the month (To be submitted by the Treasury Officer)	Consolidated Treasury Receipts during the month (To be submitted by the Divisional Officer)
1957-58 ..	2	—
1958-59 ..	3	1
1959-60 ..	19	6
1960-61 ..	6	5
1961-62 ..	41	37
1962-63 ..	28	109
	99	158

Unless the differences are reconciled, there is a possibility of frauds or manipulations in accounts in the matter of cheques and remittances remaining undetected.

#### FINANCE AND CO-OPERATION DEPARTMENTS

81. *Review of Reserve Funds.(I)—General Reserve Fund, Cooch Behar* :—The Fund was created with effect from the 1st January, 1950, with an initial credit of Rs. 1,06 lakhs representing the Treasury balance of the erstwhile State of Cooch Behar. Subsequently, from time to time a further sum of Rs. 78.04 lakhs representing the balance of certain Reserve Funds, invested securities and shares outside the Treasury balance was added to the Fund. The object of the Fund is that the money should be spent on schemes of nation building importance for the benefit of the people of Cooch Behar. The transactions of the Fund including investment for the years 1961-62 to 1963-64 are as follows :

Year	Opening Balance	Receipt	Disbursement	Closing balance
	(In lakhs of rupees)			
1961-62	1,17.45	(-) 1.45*	0.16	1,15.84
1962-63	1,15.84	0.71	0.36	1,16.19
1963-64	1,16.19	0.60	0.42	1,16.37

The expenditure is incurred by the District Officers in Cooch Behar by debit to the different service heads and the amounts thus spent are transferred from the Fund to these heads for specific purposes like advancement of education, medical facilities, Industry etc., for the benefit of the people of Cooch Behar.

A sum of Rs.20.92 lakhs stood invested on securities on the 1st April, 1964; no addition has been made to it since the 1st April, 1961.

Thus the investment from the Fund does not appear to have been made to the maximum extent possible.

\*Note-- The minus receipt is due to rectification of erroneous adjustments of previous years.



(II) *West Bengal Co-operative Development Fund* : The West Bengal Co-operative Development Fund was created in 1960-61 on the recommendation of the Reserve Bank of India (Rural Credit Survey Report) with the following objectives :

- (i) To subscribe to the share capital of the co-operative societies.
- (ii) To pay non-recurring grants and subsidies, whenever necessary, for promotion of general economic activities through co-operative societies.
- (iii) To afford loans and grants to farming societies for such purposes as improvement of land and technique, purchase of implements and machines and construction of godowns, cattlesheds, etc.
- (iv) To help publicity and propaganda for educating people in co-operative principles and practice.

The Fund was to be financed from the following sources :

- (1) Annual contribution by the State Government at rates to be determined from time to time.
- (2) Contribution of a portion of the dividend on Government shares in co-operative societies to such an extent as the State Government may deem fit.
- (3) Contribution from co-operative societies of such amounts out of their annual profit as they deem fit, not being less than 1% of their realised net profit.

The transactions relating to the Fund for the years 1961-62 to 1963-64 are as follows :

Year	Opening Balance Rs.	Receipt Rs.	Disbursement Rs.	Closing Balance Rs.
1961-62	..	92,075	1,300	90,775
1962-63	90,775	50,000	..	1,40,775
1963-64	1,40,775	..	13,500	1,27,275

The balance in the Fund stands merged in the Cash balance of the State. Till now the fund has been financed by Government contributions only. The following points were noticed during local audit in 1963-64 :

- (a) No account of the fund was maintained in the Department of Co-operation nor in the Office of the Registrar of Co-operative Societies, West Bengal.
- (b) The terms and conditions for incurring expenditure from the fund have not yet been prescribed.

## CHAPTER IX

### Government Commercial and Trading Activities

#### SECTION I — GENERAL

82. This chapter deals with the audit of (i) Statutory Corporations/Board, (ii) Government Companies and (iii) Departmentally managed Government Undertakings.

#### SECTION II — STATUTORY CORPORATIONS/BOARD

83. There were four Statutory Corporations and one Board in the State on the 31st March, 1964, viz.:

- (1) Calcutta State Transport Corporation,
- (2) North Bengal State Transport Corporation,
- (3) West Bengal State Electricity Board,
- (4) West Bengal Financial Corporation and
- (5) West Bengal State Warehousing Corporation.

A synoptic statement showing the financial results on the working of these Corporations/Board for the last year up to which accounts are available in each case is given in Annexure.

The accounts of Calcutta State Transport Corporation for the year 1962-63 have not been received in Audit (September, 1964). In the case of North Bengal State Transport Corporation the accounts from the date of inception viz. 15th April, 1960 onwards are still awaited (September, 1964). The accounts of West Bengal State Electricity Board for the year 1960-61 and 1961-62 made available to Audit in March, 1964 and October, 1964 respectively are under examination.

84. NORTH BENGAL STATE TRANSPORT CORPORATION: *Avoidable expenditure*—With a view to import spare parts for Leyland buses the Corporation engaged (at 7½% commission) an agent to whom import licence for Rs.42,750 was endorsed.

Before making the above arrangements no attempt was made by the Corporation to ascertain from the sole concessionaries in India of the manufacturers of Leyland buses whether the spares could be obtained through them. Subsequent enquiries revealed that the concessionaires could have arranged supply of the spares against import licence at a discount of about 30% on retail prices.

Out of the import licence of Rs.42,750, Leyland spares valued at Rs.33,051 were purchased through the appointed agent. Had the spares been procured through the sole concessionaires, the Corporation could have avoided an expenditure of about Rs.12,405 (Rs.9,915 being discount and Rs.2,490 as commission).

85. WEST BENGAL STATE ELECTRICITY BOARD : (a) *Avoidable expenditure*— The lowest rate offered by a local firm in September, 1961, for supply

of fabricated steel plate penstock for the pressure tunnel and erection thereof in the Jaldhaka Hydel Project under the West Bengal State Electricity Board was Rs.1,743 per tonne. It was, however, decided (14th September, 1961), as a measure of economy, to import the required quantity of steel (2000 tonnes) from abroad on a rupee payment basis at the rate of Rs. 650 per tonne Cost Insurance and Freight to Calcutta against the controlled rate of Rs.777. Negotiations were thereafter made with the local firm for fabrication and erection and their rate of Rs.1,069 per tonne was accepted.

The actual landed cost of imported steel (including charges like import duty clearance, handling charges, port dues and freight upto the site of works not covered by the Cost Insurance and Freight) worked out to Rs.863 per tonne. Consequently, the total cost of erection of penstock worked out to Rs.1,932(1,069+863) per tonne as against the original lowest rate of Rs.1,743 per tonne. The Board, thus, incurred an avoidable expenditure of Rs.3.78 lakhs.

(b) *Loss of competitive rates*—In response to the tenders invited in August, 1961, for the work “construction of Main Power House Building and Tail Race etc. for Jaldhaka Project”, estimated to cost Rs.13.8 lakhs, the Board received two offers of Rs.18.30 lakhs and Rs.19.29 lakhs. Both the offers were rejected as the performance of the lower tenderer in an earlier case had been unsatisfactory and the second tender was considered high.

The estimate for the work was subsequently revised in August, 1961 to Rs.19.25 lakhs. An offer of Rs.27.57 lakhs received from a contractor, other than those who had participated in the earlier tender-call, was referred to a firm of Consulting Engineers. The firm opined that the work might be awarded at a cost of Rs.23/24 lakhs and also advised the Board to negotiate with two other firms of contractors. The work was, however, entrusted to the contractor in February, 1962, without negotiating with any other contractors, at a reduced amount of Rs.26.07 lakhs even though their performance and progress of various major works in the project, costing about Rs.2.70 crores, were unsatisfactory.

(c) *Loss of Revenue*—The Board placed orders in February, 1962 for the supply, erection and commissioning of a diesel generating set of the capacity of 550 KVA under the Siliguri Electric Supply Scheme. The order for supply of the transformer required for the purpose was placed only in July, 1962 with the Government Electric Factory, Bangalore, with delivery date in June, 1963. It was, however, received only in April, 1964 and installed in November, 1964.

The diesel generating set was commissioned in the meantime (February, 1963) but the transformer then erected for stepping down the power to the required voltage was of the capacity of 375 KVA only. As a result, the generating set could not be operated to its full capacity. This resulted in loss of production of power to the extent of 140 KWs or 1120 units per day (at 8 hours generation), with consequential loss of revenue of about Rs.2.55 lakhs during the period from March, 1963 to October, 1964.

## ANNEXURE

(Referred to in paragraph ¶3)

*Government Commercial and Trading activities-Statutory Corporations/Board*

The financial results of the Statutory Corporation/Board under the Government of West Bengal :

	Calcutta State Transport Corpora- tion	North Bengal State Transport Corpora- tion	West Bengal State Electricity Board	West Bengal Financial Corpora- tion	West Bengal State Ware- housing Corpora- tion
	1	2	3	4	5
	<i>(In lakhs of rupees except against item 13)</i>				
Period of accounts	1961-62	1959-60	1959-60	1963-64	1963-64
1. Date of incorporation	15th June, 1960	15th April, 1960	1st May, 1955	1st March, 1954	31st March, 1958
2. Paid up Capital—					
(i) Government share	6,01.96	14.64	<sup>c</sup> Nil	31.77	24.00
(ii) Other sources	Nil <sup>c</sup>	Nil	Nil	68.23	24.00
3. Loans received from—					
(i) Government	1,04.74 (a)	Nil	8,28.60 (a)	Nil	Nil
			(b)		
(ii) Other sources	Nil	Nil	Nil	3,16.98	Nil
4. Free Reserves (at the beginning of the year)	11.54	0.06	(—)70.65 (c)	8.54	(—) 3.72 (f)
5. Total capital employed	7,18.24	14.70	7,57.95	4,25.52	44.28
6. Trade dues and other current liabilities	1,33.29	2.46	1,98.95	3.06	3.32
7. Block Assets (Net)	4,94.50	17.32	6,53.26 (d)	0.27	18.04
8. Depreciation	50.78	3.46	31.57 (e)	0.03	1.11
9. Intangible Assets (to be written off out of future profits)	..	..	18.47	..	..
10. Total excess of Income over expenditure	(+)15.30	(+) 7.17 <sup>e</sup>	(—)8.84 <sup>o</sup>	(+)10.37	(—)0.40
11. Interest					
(i) Government loans	2.93	Nil	24.48	Nil	Nil
(ii) Other loans	Nil	Nil	Nil	11.03	Nil
12. Total return (10+11)	18.23	7.17	15.64	21.40	(—)0.40
13. Percentage of return on capital employed	2.54	48.77	2.06	5.02	..
14. Dividend declared and paid	Nil	Nil	Nil	3.50	Nil

(a) Unsecured loan

(b) Includes Rs. 2, 07, 00 lakhs representing the provisional value of assets taken over from the State Government on the 1st May, 1955.

(c) Includes Rs. 80. 29 lakhs as balance of accumulated loss.

(d) Represents original value of assets.

(e) Represents total amount of depreciation upto the 31st March, 1960, credited to the Depreciation Reserve Fund.

(f) Represents the accumulated balance of loss.

## SECTION III—GOVERNMENT COMPANIES

86. There were four Government Companies in the State as on 31-3-64 :

- (1) Durgapur Projects Limited,
- (2) Kalyani Spinning Mills Limited,
- (3) West Bengal Small Industries Corporation Limited and
- (4) Electro-Medical and Allied Industries Limited.

The financial results of these Companies as shown in their accounts received so far are summarised below :

	Durgapur Projects Limited	Kalyani Spinning Mills Limited	West Bengal Small Industries Corpora- tion Limited	Electro- Medical and Allied Industries Limited
<i>(In lakhs of rupees except against item No. 13)</i>				
Period of accounts	1963-64	1963-64	1963-64	1st July, 1963 to 30th June, 1964
1. Date of incorporation	6th September, 1961	13th January, 1960	29th March, 1961	29th June, 1961
2. Paid up capital				
(i) Government share	15,00.00	1.40.00	20.00	3.35
(ii) Other sources	Nil	Nil	Nil	Nil
3. Loans received from—				
(i) Government	28,48.08 (a)	97.63 (a)	28.05 (a)	Nil
(ii) Other sources	Nil	Nil	..	Nil
4. Free Reserves	(-)58.26 (b)	7.38	..	..(c)
5. Total capital employed	42,89.82	2,45.01	48.05	3.35
6. Trade dues and other current liabilities	3,10.70	8.09	5.02	Nil
7. Block Assets (Net)	19,77.10	1,42.47	0.86	0.40
8. Depreciation	98.09	18.75	0.13	Nil
9. Intangible Assets (to be written off out of future profits)	1.91	..	0.06	0.06
10. Total excess of Income over expenditure	(-)1,05.25	(+)26.95	(+)0.54	(-) 0.01
11. Interest on loan	1,34.11	2.76	0.77	Nil
12. Total return	28.86	29.71	1.31	Nil
13. Percentage of return on capital employed	0.67	12.12	2.73	Nil
14. Dividend declared and paid	Nil	Nil	0.20(d)	Nil

(a) Unsecured loan.

(b) Balance of profit & loss account.

(c) Balance of profit & loss account..Rs. 394 only.

(d) Dividend not yet paid (September, 1964).

87. **DURGAPUR PROJECTS LTD.**—(a) *Excess payment*: The Durgapur Projects Limited purchase coal of various grades from different colliery owners for the Coke Oven and the Thermal Power Plants and undertake regular analytical tests of the coal received for the purpose of determination of the grades for which different prices have been fixed by the Government of India. But while the coal supplied for the Thermal Power Plants is paid for according to the gradation revealed in the reports of analysis, payments for coal supplied for the Coke Oven are made by the Project authorities on the basis of the gradation claimed by suppliers, although analytical tests indicate that these were in most cases, below the gradations claimed.

A test-check of the coal received during 1963-64 revealed that an excess payment of Rs.6.57 lakhs (approximately), being the difference of the price of coal of inferior grade as revealed in the test-analysis and the gradation actually paid for, has been made by the Project authorities.

(b) *Loss due to non-utilisation of coke breeze*: As per the specifications laid down in the Guarantee Schedule of the Agreement for the Coke Oven of Durgapur Projects Limited, the Company was required to blend coke breeze with the coal between 3 to 5% of total input for manufacturing hard coke. An analysis of the coal consumption during 1963-64, however, revealed that 1,163 tonnes of coke breeze was blended with coal which worked out to about 0.25% of the total coal consumption of 4,62,630 tonnes. Since the coal per tonne costs Rs. 32 (approximately) against the normal sale price of Rs. 9.90 per tonne of coke breeze, non-utilisation of coke breeze even to the minimum permissible limit has resulted in a loss of Rs. 2.81 lakhs.

The Management stated (November, 1964) that "the Guarantee Schedule was based on certain coal blend which was not possible to be maintained due to non-availability and change in the properties of coal from the same source. As a result coke breeze could be mixed with the coal blend only in rather limited quantities and that further addition would render the coke produced very weak and below standard".

The views of the Management run counter to the stipulation made in the Guarantee Schedule regarding the blending of breeze and coal.

(c) *Avoidable expenditure on account of demurrage charges*: The Company has been incurring heavy demurrage charges from year to year due to its failure to release the wagons within the free time allowed. Out of a sum of Rs. 12.32 lakhs claimed by the Railways for the period March, 1959 to November, 1963, payments made to them amounted to Rs.8.42 lakhs of which Rs.68,592 and Rs.816 only were recovered from the suppliers and the contractors respectively. Though as per agreement, the unloading and loading contractors were responsible for any demurrage caused due to their negligence, the contractors could not be made liable for any further recovery. It has been held by the Company that these demurrages are unavoidable due to limitation in the yard layout, inadequacy of locomotive power, bunching of wagons in exchange yard, congestion in the exchange and factory yard and backloading of coke wagons in advance.

#### 88. WEST BENGAL SMALL INDUSTRIES CORPORATION LIMITED.—

*Loss*: The following specific instances of defalcation/shortage/thefts have come to the notice of Audit :

##### (a) *Sales Emporium at Jalpaiguri*:

(i) Misappropriation of sale-proceeds amounting to Rs. 6,339 by the Manager of the Sales Emporium was detected by the West Bengal Small Industries Corporation Limited on the 25th January, 1963.

The *modus operandi* was that the sale-proceeds were not deposited into the Bank and there was no reconciliation of Bank statements with the entries in the Cash Book.

(ii) Physical verification of stores in January-February, 1963, revealed shortages of stores worth Rs. 6,078 at the sales emporium.

The Manager of the emporium was convicted on the 10th September, 1964, as a result of criminal prosecution, against which an appeal has been preferred by the person concerned.

(b) *Sales Emporium at Siliguri:*

Physical verification of stores in January-February, 1963, revealed shortages of stores worth Rs. 3.483 at the Sales Emporium.

The Manager of the emporium has been dismissed from service with effect from the 22nd September, 1964.

Government stated (December, 1964) that the cash security of Rs. 500 furnished by the Manager would be set off against the loss of the Corporation.

(c) *Cossipur Depot:*

A case of theft of raw materials worth Rs. 3,500 detected at the depot on the 20th October, 1963 is under police investigation (December, 1964).

SECTION IV—STATE GOVERNMENT COMMERCIAL AND QUASI-COMMERCIAL DEPARTMENTS

89. *Non-submission of Pro forma Accounts:*(1) During the year 1963-64 twenty-one Commercial and *Quasi-Commercial* Schemes were worked departmentally by the Government. Though the importance of timely completion and submission of the *pro forma* accounts to Audit have been repeatedly stressed in earlier Audit Reports, the *pro forma* Profit and Loss Accounts for the year ending 31st March, 1964 and Balance-sheets as on that date have not been completed and received in Audit in respect of all these schemes, except one. Cases where *pro forma* accounts are still awaited are indicated in Appendix XI. It may be seen that in 11 cases *pro forma* accounts have not been compiled since inception dating as far back to 1949-50 and 1950-51 in some cases.

(2) In the case of Fulja Township Scheme, the *pro forma* accounts of which are due from 1952-53 onwards, the Government of India in consultation with the Government of West Bengal waived the necessity of preparing *pro forma* accounts for the period upto 1960-61, in view of non-availability of records for the earlier periods. The *pro forma* accounts for the period from 1961-62 to 1963-64 are still awaited (December, 1964).

(3) The financial results of a few schemes of which *pro forma* accounts have been received are summarised below:

	Government Saw Mills, Siliguri	Central Engineer- ing Organisa- tion, Howrah	Brooklyn Ice Plant and Cold Storage	Scheme for State Trading and Paddy	Scheme for State Trading on Wheat and Wheat products
	(Figures in lakhs of rupees except against item 8)				
Year of account	1963-64	1959-60	1962-63	1960-61	1960-61
1. Government Capital	16.90	27.55	9.23	18.00.03	10,98.27
2. Loans	Nil	Nil	Nil	Nil	Nil
3. Free Reserves	Nil	0.48	Nil	Nil	Nil
4. Total capital employed (Items 1 to 3)	16.90	28.03	9.23	18.00.03	10,98.27
5. Block Assets (Net)	7.89	3.02	0.63	(a) —	(a) —
6. Depreciation	0.67	0.24	0.15	..	..
7. Net profit (+), Net Loss (-)	(+)2.58	(-)1.61	(+)0.23	(-)72.26	(-)75.93
8. Percentage of return on total capital employed	15.27	..	2.49	..	..

(a) Not ascertainable from the *pro forma* accounts.

*Pro forma* accounts for the latest year in respect of these concerns are given in Appendix XII

### DEPARTMENT OF COMMERCE AND INDUSTRIES

90. *Government Cinchona Plantations and Quinine Factory*: The Cinchona Directorate started in the year 1874 to undertake the cultivation of Cinchona and manufacture and distribution of quinine products, worked as a service department till November, 1962, when it was declared commercial.

The financial results of this undertaking were not susceptible of assessment as suitable Capital, Manufacturing, Trading and Profit and Loss Accounts had not been kept on a *pro forma* basis by the Undertaking. Its working results for the years from 1961-62 to 1962-63, as assessed on the basis of the records available, are given below :

	1961-62	1962-63
Acreage under cultivation	4,472	4,452
Production of :		
Green bark (in lakh kgs.)	12.720	13.58
Dry bark ..	5.17	5.92
Quinine sulphate (in kg.)	21,794	19,734
Average cost of production of quinine sulphate per kg. (includes cost of bark at an <i>ad-hoc</i> rate of Rs. 2.5 per kg.)	Rs. 107.90	Rs. 109.29
Average selling price of quinine sulphate (per kg.)	Rs. 95	Rs. 95
Loss in the sale of Cinchona barks and quinine products	Rs. 4.97 lakhs	Rs. 1.52 lakhs

The following points have come to the notice of Audit :

- (a) The capacity of the factory for the production of quinine sulphate is 60,000 lbs. but it was reduced to 40,000 lbs. by Government from 1955-56, owing to reduced demand and consequent accumulation of stocks. The total area held by Government under the scheme is 21,601 acres of which 4,472 acres were cultivated in 1961-62 and 4,452 acres in 1962-63. The remaining area was partly utilised on an experimental basis for the cultivation of subsidiary crops.
- (b) The cost of production of quinine sulphate was on the increase from year to year and it rose to Rs. 109.29 per kg. in 1962-63 against Rs. 105.10 per kg. in 1960-61. The average selling price during those years was, however, Rs. 95 per kg. The high cost of production was attributed to low quinine contents of the bark (3 to 4% against 8% in other countries), reduction of production without any corresponding reduction of overhead expenses and increase in wages and cost of materials.
- (c) Two hundred tons of Cinchona bark costing Rs. 5.08 lakhs were sold during 1960-61 for Rs. 2.11 lakhs to a supplier who undertook to sell them in foreign countries. This deal resulted in a loss of Rs. 2.97 lakhs (excluding the cost of transportation amounting to Rs. 29,141 from the factory site to Calcutta). Further export sales of the bark were effected during 1960-61 as well as 1961-62 at a price of Rs. 1.05 per kg. against their cost price of Rs. 2.60 per kg. Government sustained a loss of Rs. 12.22 lakhs in these deals. The sale of the bark at a loss has been justified on the grounds of (i) accumulation of huge stocks involving locking up of capital, recurring expenditure for storage and risk of deterioration in quality



(ii) earning of valuable foreign exchange. There was, however, no export sale during 1962-63.

- (d) The value of Cinchona febrifuge crude and semi-purified quinine sulphate as on the 31st March, 1963, lying undisposed since 1955-56 and 1958-59, was Rs. 18.59 lakhs and Rs. 3.44 lakhs respectively.

The Government stated in November, 1964 that Cinchona Febrifuge was not being sold at the price offered to avoid heavy losses.

## DEPARTMENT OF COTTAGE AND SMALL SCALE INDUSTRIES

91. *Central Engineering Organisation*: In order to obviate financial, technical and trading difficulties of the small scale engineering firms (numbering about 700) in Howrah area, the Central Engineering Organisation was set up in 1955 (at Howrah) with the objectives, *inter alia*, to secure orders, procure raw materials of standard quality for the member-firms and offer testing, marketing, technical and loan facilities, etc., to them.

Only 53 firms were enrolled as members of the Organisation upto August, 1962 and the Public Accounts Committee recommended in October, 1962, that ways and means should be devised to attract larger number of firms to the membership. But up to March, 1965 only 83 firms out of about 700 were affiliated to the Organisation.

(2) *Financial Results*: The financial results of the Organisation as per *pro forma accounts* for the three years ending 1959-60 are indicated below. No accounts subsequent to that have been made available to Audit (August, 1964) :

	1957-58	1958-59	1959-60
	(In lakhs of rupees)		
I. Government Capital	10.88	21.40	25.94
II. Receipts	1.83	5.88	7.92
III. Net Loss	1.69	1.63	1.61

Though the receipts have been on the increase, the working loss has remained more or less constant as may be seen from the table above.

(3) *Receipts and Recoveries*: As against the net expenditure of Rs. 3.92 lakhs incurred by the Organisation during the period under review (i.e. 1957-58 to 1959-60) on services rendered to the constituent units, an amount of Rs. 0.69 lakh only was actually recovered from the units.

'On-cost' charges are being recovered since June, 1960, from the member units at the rate of 0.12 paise per man-hour.

(4) *Machines lying unused*: During the period from February, 1955 to September, 1962, the Organisation acquired 30 machines (with a total capacity of about 120 H.P.) at a cost of Rs. 5.80 lakhs which were utilised only upto 2.1% and 2.3% of the available potential. This resulted in blocking of Government money besides the recurring expenditure on maintenance of the machinery.

(5) *Manufacture of hospital appliances*: The manufacture of surgical tables with a target production of 50 tables a year estimated to yield an annual profit of Rs. 1.38 lakhs, was undertaken by the Organisation as sanctioned by the Government in December, 1961. The scheme made little progress inasmuch as 13 tables only could be manufactured up to March, 1964. Difficulty in the procurement of raw materials and experiments on standardization are stated to be reasons for low production. Financial results of the job have not, however, been worked out as yet (September, 1964).

(6) *Outstanding dues*: Outstanding dues upto February, 1963, amounted to

**Rs. 3.73 lakhs.** Out of this, Rs. 2.17 lakhs were recoverable from private parties. Some of the debts related to periods as far back as 1958-59.

The Debtors' Ledger for 1963-64 has not so far been completed (August, 1964).

### REFUGEE RELIEF AND REHABILITATION DEPARTMENT

92. *Production Centres:* With a view to providing employment to the displaced persons, six production centres were set up between June, 1950 and May, 1960 in different parts of the State under the Refugee Relief and Rehabilitation Department. No *pro forma* accounts of these centres have ever been prepared and submitted to Audit (October, 1964).

A review of the working of the 4 centres (Uttarpara, Dharampore, Habra and Titagarh) conducted during the years 1962-63 and 1963-64 revealed the following irregularities :

(a) *Financial results :* The books of accounts were not maintained on commercial principles. The working results of these centres could not, therefore, be properly ascertained in audit. The Receipts and Expenditure statements were prepared instead as per orders of Government. The profits earned and losses sustained by the centres during 1962-63 and 1963-64 are shown below :

Name of the centre	Year	Profit(+)/Loss(-)
Uttarpara	1962-63	(+) 11,822
	1963-64	(+) 41,994
Dharampore	1962-63	(+) 9,150
	1963-64	(+) 11,125
Habra	1962-63	(+) 31,209
	1963-64	(+) 38,674
Titagarh	1962-63	(-) 35,525
	1963-64	(+) 3,170

In arriving at the profits, the subsidy paid to the workers, depreciation charges, selling overheads, interest on capital etc. have not been taken into consideration. Moreover, in the Habra Centre the closing stock of finished products was valued at the selling price instead of at cost. The actual profit earned by this centre could not, therefore, be correctly ascertained.

(b) *Other irregularities :* (i) In Uttarpara and Habra Centres, a large quantity of finished products valued at Rs. 1,03,684 was lying undisposed at the end of March, 1964.

In respect of these two centres a total amount of Rs. 6,93,546 was outstanding on account of collections against credit sales upto the end of March, 1964. The delay ranged from 3 to 5 years in some cases.

(ii) Out of the 56 hutments constructed in the Dharampore Centre in 1956 @ Rs. 1,140 each, only 31 hutments could be utilised and the remaining were lying vacant upto the end of March, 1964 as these were constructed in water-logged area. The sum of Rs. 28,500 (Rs. 1,140 x 25) spent on this account thus proved unfruitful due to defective selection of site.

(iii) In the Titagarh Centre, machines and powerlooms worth Rs. 0.48 lakh have been lying idle since February, 1960. 7 Electric motors were lost due to theft during October, 1961 and November, 1961. Government stated (February, 1965) that the case instituted against the chowkidar and some other persons was dismissed by the local court. Final report about the departmental action taken for the loss and also the money value involved are awaited (May, 1965).

## DEPARTMENT OF FOOD AND SUPPLIES

93. *Scheme for State Trading on Rice, Paddy and Wheat and Wheat Products:* The scheme of State Trading on foodgrains has been in operation since April, 1946. The *pro forma* accounts of the scheme for the year 1960-61 appear in the Appendix XII. The *pro forma* accounts for the years from 1961-62 to 1963-64 have not yet been completed (September, 1964).

An analysis of the transactions during the years 1959-60 and 1960-61 is given below :

	Rice and Paddy, etc.		Wheat and Wheat Products	
	1959-60	1960-61	1959-60	1960-61
	(In crores of rupees)			
Opening stock	3.43	3.12	1.04	1.14
Stock-in-transit	0.04	0.08	0.02	..
Purchases (including freight insurance and direct expenses)	22.82	9.14	13.20	8.75
Indirect expenses	0.97	0.78	0.58	0.79
	27.26	13.12	14.84	10.68
Sales	24.08	10.45	13.08	9.46
Miscellaneous receipts	0.03	0.07	0.01	0.05
Closing stock (including cost of gunnies)	3.12	1.88	1.14	0.41
Net loss	0.03	0.72	0.61	0.76
	27.26	13.12	14.84	10.68

The following points were noticed during test-check of the *pro forma* accounts of 1960-61 and records pertaining to subsequent period:

(1) *Working results* : (a) The trading loss on rice and paddy and wheat and wheat products recorded an increase of Rs. 69 lakhs and Rs. 15 lakhs respectively over that of the preceding year. This was stated to be due to reduced turn-over without corresponding saving in overhead and ancillary expenses.

(b) As already indicated in paragraph 88 of the Audit Report, 1964 interest on Capital and depreciation on fixed assets have not been included in the Trading and Profit and Loss Accounts for the year under review.

(c) Government decided in February, 1950, that inventory of assets should be prepared but no such list has yet been prepared although the omission was mentioned in earlier Audit Reports.

(2) *Transit and godown shortages* : During 1960-61, total transit and godown shortages of rice and paddy and wheat and wheat products were about 0.99 lakh quintals worth Rs. 44.03 lakhs (approximately).

As stated in the Audit Report, 1964, in the absence of centralised records, transit shortages were worked out by deducting the sale, closing balance and godown shortages from the total receipts of the year including the opening balance. The shortages thus worked out might have included losses due to theft, accident, etc., which remained undetected and also stocks which were omitted to be accounted for in the stock returns.

(3) *Untraced closing stock* : 4,084 quintals of rice and paddy worth about Rs.1.54 lakhs, shown as closing stock (in transit) in the accounts for 1959-60 and 1960-61 could not be located. The matter is stated (January, 1965) to be still under police investigation.

(4) *Amounts recoverable from mills and other private parties* : (i) The outstanding balances recoverable from the mills and other private parties were shown as follows, in the Balance-sheet as on the 31st March, 1961:

Rice and paddy, etc.	Wheat and wheat products
Rs. 41.62 lakhs	Rs. 44.14 lakhs

The statement of outstanding recoveries in respect of rice and paddy furnished to Audit, however, disclosed a balance of Rs. 30.21 lakhs on the same date. The discrepancy has not yet been reconciled (December, 1964).

As no ledger accounts of debtors were maintained by Department, the correctness of the amounts outstanding against the mills and other parties as shown in the accounts and the period for which they are lying outstanding could not be verified.

(ii) A review of the Sales Register, revealed that amounts of Rs. 10.43 lakhs and Rs. 1.52 lakhs were outstanding against two flour mills on account of prices of wheat supplied during the period from 1957-58 to 1959-60 for grinding. In addition, a sum of Rs. 4.86 lakhs was outstanding from these mills on account of pre-partition dues.

Government stated (June, 1964) that bills of one flour mill (claiming for Rs. 11.10 lakhs) from which the price of wheat (Rs. 14.84 lakhs) was recoverable by adjustment, had been held up and the question of filing civil suit against these defaulting mills was under consideration.

## SECTION V—MISCELLANEOUS

### DEPARTMENT OF COTTAGE AND SMALL SCALE

94. *West Bengal Khadi and Village Industries Board* : The West Bengal Khadi and Village Industries Board was constituted with effect from the 1st April, 1960, under section 3 of the West Bengal Khadi and Village Industries Board Act, 1959.

(a) *Utilisation of loans and grants* : The financial assistance received by the Board upto the end of 1963-64 (as per figures furnished by the Board) was as follows:

	Grant	Loan
	(In lakhs of rupees)	
(i) From the Government of West Bengal	24.74	....
(ii) From the Khadi and Village Industries Commission	47.19	1,24.68

Utilisation certificate for Rs. 10.75 lakhs and Rs. 39.42 lakhs in respect of grants received from the State Government and the Commission respectively have not been furnished by the Board till November, 1964.

(b) *Assistance to affiliated units* : The amounts paid by the Board to its affiliated

units upto the 31st March, 1964, were as follows (as per figures furnished by the Board) :

			(In lakhs of rupees)
Grants	..	..	23.61
Loans	..	..	35.69

Out of the above grants and loans disbursed to the affiliated units, utilisation certificates for Rs. 1.63 lakhs and Rs. 8.31 lakhs only were received by the Board up to the 31st August, 1964. The amount of loan (exclusive of interest which is not normally charged) due for recovery as on the 31st March, 1964 stood at Rs. 11.09 lakhs against which only a sum of Rs. 8.62 lakhs had been recovered upto that day.

(c) *Non-production of account records of affiliated Institutions and other irregularities—(i) Loans and grants:* Loans and grants amounting to Rs.5.95 lakhs (approximately) were disbursed by the Board or the previous Advisory Body of the State Government to nine affiliated units during the years 1959-60 to 1962-63 for the purposes of hand-pounding of rice, cane-gur, leather and oil-pressing industries, etc. The accounts of none of these institutions for the year 1962-63 have been completed and made available to audit. In the case of the following three institutions relevant account records were not traceable by the Audit party at the localities and at the addresses communicated to Audit by the Board :

- (a) Navajuga Sangha, Duttapukur (District 24-Parganas)
- (b) Khadi and Palli Shilpa Samity, Calcutta and
- (c) Bangiya Gram Shilpa Pratisthan, Calcutta.

It was, however, stated by the Board in January, 1965, that whether they did exist or not was being enquired into except in the case of Navajuga Sangha against whom legal action had been taken and the case was sub-judice.

(ii) *Diversion of fund :* It has been stated in the Inspection Report (dated the 21st November, 1961) of the Accounts Officer of the Board that an amount of Rs. 2,800 advanced to one Institution (Bangashree Khadi Gramodyog Sangha, District Nadia) as loans under the scheme of hand-pounding of rice and also a grant of Rs.800 given in 1960-61 under the Village Oil Industry Scheme, were utilised for purposes other than those for which they were intended. The amount in question has not yet been refunded by the institution (January, 1965).

(d) *Uneconomic deal in mustard seeds :* The Board purchased 3,787 and 2,008 quintals of mustard seeds during 1961-62 and 1962-63 respectively for supply under the Ghani Oil Scheme to its affiliated units at economic price. The seeds were intended to be distributed through the Paschim Banga Ghani Silpa Samabaya Mahasangha Limited but because of its imminent liquidation only a quantity of 532 quintals could be distributed to the affiliated institutions and 183 quintals were sold to different dealers at varying prices during these years. 4,990 quintals had to be sold in the market at rates lower than the cost price resulting in a total loss of Rs.35,210 (1961-62 : Rs.3,520 and 1962-63 : Rs.31,690) apart from a shortage of 90 quintals (cost Rs.8,455) attributed to drilage. The storage charges on the mustard seeds sold were not susceptible of allocation due to various commodities being stored in the same godown.

(e) *Loss from disposal of cotton :* In October, 1962, the Board disposed of, without calling for open tenders, 431 bales of cotton (including 65 damaged bales) valued at Rs.2.31 lakhs, purchased between 1959-60 and 1960-61 under the Khadi Scheme at a net loss of about Rs.10,100. Reasons for the stock becoming surplus and circumstances leading to the damage of 65 bales of cotton have not been investigated (November, 1964). The regularisation of the loss is also awaited (November, 1964).

## CHAPTER X

### Grants-in-aid

95. *Grants-in-Aid:* (a) The total amount of grants-in-aid paid by State Government during 1963-64 was about Rs. 23.33 crores ; an analysis by broad purposes for which the grants were paid is shown below :

	<i>(In lakhs of rupees)</i>
Education	19,18.10
Agriculture	3.76
Medical	1,00.07
Industries and Supplies	14.16
Public Health	11.35
Co-operation	18.97
Others	2,66.56

Of these, the amount paid to local bodies was Rs. 5,50.19 lakhs.

The certificates of departmental authorities that the grants had been utilised by the grantees for the purposes for which they had been sanctioned have not been furnished in a large number of cases as mentioned in paragraph 16 of the Report.

(b) Some of the points relating to grants paid to local bodies reported to Government during 1963-64, are mentioned below :

- (i) Subventions granted by Government towards implementation of the Minimum Wages Orders in the case of municipal employees were in excess of the admissible amounts. The total excess payments during 1961-62 and 1962-63 in respect of 48 municipalities amounted to about Rs. 2.88 lakhs.
- (ii) Subventions granted for payment of dearness and extra dearness allowance to the municipal employees were in excess to the extent of about Rs. 39,175 during 1961-62 and 1962-63 in respect of 24 municipalities.
- (iii) Motor vehicles tax grants amounting to Rs. 27,125 paid to 8 municipalities for improvement of municipal roads during 1961-62 were neither spent nor refunded to Government (September, 1963). •
- (iv) According to the orders of Government 80% of the cost of maintenance of Normal Junior Basic Schools is met by grants from Government subject to a limit of Rs. 428.50 per month per school. During 1962-63, the entire expenditure of Rs. 5,11,390 was met by the District School Boards of Darjeeling and 24-Parganas out of the grant sanctioned by the State Government on this scheme. A sum of Rs. 1,02,280 has thus become recoverable.
- (v) In connection with the implementation of Free Primary Education Scheme grants are paid by Government at the rate of Rs. 55 per teacher per month. On the basis of expenditure incurred during 1961-62, a sum of Rs. 15,120 was found inadmissible from the grants paid on this account.
- (vi) While a sum of Rs. 56,962 was sanctioned by Government for construction of 6 Junior School buildings the actual expenditure incurred by the Darjeeling District School Board amounted to Rs. 79,085. The excess expenditure of Rs. 22,123 was met by diversion of grants received for construction of other school buildings.

## CHAPTER XI

### Outstanding Objections and Inspection Reports

96. *Outstanding Audit Objections* : (a) The irregularities and defects noticed in Central Audit are brought to the notice of the authorities concerned through objection statements. Half-yearly reports of outstanding audit objections are also forwarded by Audit to the Heads of Departments for taking necessary steps to expedite their settlement. The delay in settlement of the objections has been mentioned in successive Audit Reports ; there has, however, been deterioration in the settlement of the objections during 1963-64.

The amount covered by audit objections relating to the period upto the 31st March, 1964, remaining outstanding upto the 30th September, 1964, was Rs. 33.96 crores involving 11,758 items (excluding certain types of objections relating to expenditure on works - see sub-para below). These include objections for Rs. 2.96 crores involving 2,952 items outstanding for more than three years.

The objections (Rs. 28.91 crores involving 6,387 items) on account of (i) want of sanctioned estimates, (ii) excess over sanctioned estimates and (iii) unvouched outlay on works have been dealt with in paragraph 51 of Chapter V.

The nature of other objections and the departments with heavy outstandings are shown below :

Name of the Department	Non-submission of detailed contingent bills	Non-submission of vouchers and payees' stamped receipts	Other reasons	Total
(1)	(2)	(3)	(4)	(5)
	<i>(In lakhs of rupees)</i>			
(1) Co-operation	..	40.00	70.27	1,10.27
(2) Development	16.26	2.41	8.83	27.50
(3) Commerce and Industries	2.00	17.00	25.72	44.72
(4) Animal Husbandry and Veterinary Services	30.89	7.52	0.29	38.70
(5) Agriculture and Community Development	0.53	13.29	93.13	1,06.95
(6) Health	..	1.06	84.08	85.14
(7) Cottage and Small Scale Industries	2.75	0.93	28.41	32.09
(8) Relief	0.96	2.79	1,69.25	1,73.00
(9) Housing	..	..	44.01	44.01
(10) Refugee Relief and Rehabilitation	0.32	2.93	52.20	55.45
(11) Food and Supplies	14.22	22.73	24,72.94(A)	25,09.89
(12) Education	30.13	30.55	5.75	66.43
(13) General Administration	8.68	22.71	4.02	35.41
(14) Home (Police)	..	..	30.32	30.32
<b>Total :</b>	<b>1,06.74</b>	<b>1,63.92</b>	<b>30,89.22</b>	<b>33,59.88</b>

(A) Includes the following types of objections :

	Amount (In lakhs of rupees)
(i) Write-off orders for shortages of foodgrains awaited	0.95
(ii) Recovery for shortages of foodgrains awaited	0.12
(iii) Acceptance of debit and stock certificate wanting	24,58.05
(iv) Miscellaneous	13.82
	24,72.94

A sum of Rs. 5.28 lakhs held under objection since 1948-49 against the Food and Supplies Department is yet to be settled even after 15 years. Unless the objections are settled promptly, with the lapse of time, it becomes difficult for the Department to settle them. Further, the delay in the disposal of objections is likely to result in the continuance of the same type of irregularities.

Of the total amount of objections, an amount of Rs. 1,06.74 lakhs pertains to objections on account of non-submission of detailed contingent bills to Audit. In respect of amounts drawn as advances by disbursing officers on "abstract" bills for contingent expenditure detailed accounts countersigned by the Controlling authority have to be furnished to Audit in the month following the month of drawal of the advances. A year-wise analysis of the objections on this account is given below:

Year	No. of outstanding items	Amount  (In lakhs of rupees)
1960-61 and earlier years	317	16.04
1961-62	232	8.32
1962-63	258	44.51
1963-64	372	37.87
	1,179	1,06.74

In the absence of the detailed bills, Audit has been handicapped in fulfilling its responsibilities since the authority for the expenditure, evidence of payments having been actually made and the nature of the expenditure have not been made available to it. Non-submission of the bills in time would allow scope for fraud, defalcation and other serious irregularities.

Objections amounting to Rs. 1,63.92 lakhs are outstanding due to non-submission of vouchers and stamped receipts of payees; some of the objections date back to 1951-52.

An year-wise analysis of these is given below :

Year	No. of outstanding items	Amount  (In lakhs of rupees)
1960-61 and earlier years	489	17.72
1961-62	228	11.66
1962-63	362	53.42
1963-64	1,124	81.18
	2,203	1,63.92



97. *Outstanding Inspection Reports* : (a) Important irregularities and defects in the accounts noticed during local inspection are included in the Inspection Reports which are sent to the Departmental Officers and also to the Heads of Departments. It is necessary that the points raised in the reports should be settled as expeditiously as possible if the object of the inspections is to be fully achieved. Unless such reports receive prompt attention, there is likelihood of the irregularities persisting.

There has, however, been considerable delay in the settlement of Inspection Reports. 5,108 Inspection Reports (containing 23,278 paragraphs) issued up to the end of March, 1964, remained undisposed of as on the 30th September, 1964. The number of Inspection Reports and paragraphs which have remained unsettled for considerably long periods are indicated below :

	Number of Reports outstanding	Number of paragraphs outstanding
(i) Issued upto the 31st March, 1959 (more than 5 years back)	1,160	2,995
(ii) Issued between the 1st April, 1959 and the 31st March, 1962 (more than 2 years but less than 5 years back)	1,976	8,870

The matter has been reported to Government from time to time. The number of outstanding Inspection Reports has, however, been on an increase as shown below :

	No. of Inspection Reports shown as outstanding in the				
	Audit Report, 1961	Audit Report, 1962	Audit Report, 1963	Audit Report, 1964	Present Report, (1965)
(1) No. of Inspection Reports outstanding	3,085	3,562	3,741	4,251	5,108
(2) No. of paragraphs outstanding	12,910	15,180	16,573	17,657	23,278

(b) The Departments with comparatively heavy outstandings as at the end of September, 1964 are shown below :

Name of the Department	No. of Reports and paragraphs outstanding for more than 5 years		No of Reports and paragraphs outstanding for more than 2 years but less than 5 years	
	Reports	Para- graphs	Reports	Para- graphs
(1) Education	57	174	137	391
(2) Health	67	156	174	804
(3) Agriculture	60	131	200	473
(4) Industries	64	202	114	525
(5) Relief	60	155	83	302
(6) Refugee Relief and Rehabilitation	415	961	319	1,081
(7) Food	81	162	93	393
(8) Public Works	44	128	62	252
(9) Home (Transport)—(Calcutta State Transport Corporation)	23	98	20	164
(10) Commerce and Industries—(West Bengal State Electricity Board)	1	7	114	1,482

(c) The outstanding paragraphs include 1,630 paragraphs on serious financial irregularities reported to Government during the period from 1950-51 to 1962-63 for their special attention. Of these, as many as 82 paragraphs are more than 10 years old and 324 paragraphs are more than 5 years but less than 10 years old.

(d) Under the Departmental orders a Head of Office is required to submit to the Head of Department his replies to an Inspection Report within 3 weeks of its receipt. The Head of Department is to transmit in duplicate to the Audit office, the replies of the Head of Office with his remarks thereon within two months of the date of receipt of the replies in his office.

Fifteen Departments have not furnished (upto November, 1964) even the first replies to 592 paragraphs included in 121 Inspection Reports issued more than 3 years back.

(e) The more important types of irregularities noticed in local audit and inspection during 1963-64 are mentioned below :

	Nature of irregularities	No. of offices in which the irregularities were noticed
(i)	Non-realisation of security deposit from subordinates handling cash/stores (174 cases)	27
(ii)	Non-recovery of arrear rents (House rent Rs. 3.58 lakhs and Land rents Rs. 1.51 lakhs)	16
(iii)	Unserviceable articles not disposed of	13
(iv)	Defective maintenance of cash books	111
(v)	Physical verification of cash/stores not conducted	48
(vi)	Irregularities in the maintenance of Stock registers	21
(vii)	Bill registers not properly maintained	7
(viii)	Log books of Government vehicles not properly maintained	11

## CHAPTER XII

### Other Topics of Interest

#### BOARD OF REVENUE

98. *Scheme for the abolition of the Zamindari System* : The State Government decided in May, 1962, that with effect from 1961-62 a *pro forma* account showing the financial results of the scheme should be prepared by the Board of Revenue at the end of each financial year and sent to the Accountant-General by August following. The *pro forma* accounts for the years 1961-62 to 1963-64 have, however, been received only in November, 1964 and are under scrutiny. A statement showing the gross receipts and the total expenditure on the scheme during 1963-64 and the preceding 8 years is, however, given in Appendix XIII; a summary of the transactions is given below:

	Receipts	Expenditure
	<i>(In lakhs of rupees)</i>	
1955-56 to 1962-63	39,62.15	33,22.08
1963-64	6,72.92	6,92.99

Under the rules compensation to the landholders becomes payable within six months after final determination of the quantum together with interest at the rate of three per centum per annum on such compensation accruing from the date of vesting to the date of payment of the compensation, if in cash, or to the date of issue of the bonds, if in bonds. During 1963-64 a sum of Rs.2,60.50 lakhs had been paid as compensation to the land holders (including annuity for religious and charitable units Rs.15.63 lakhs) against Rs.11,16.65 lakhs and a sum of Rs.21.78 lakhs as interest against Rs.6.55 lakhs, paid during the last eight years. The large payment of interest is, therefore, due to larger payment of compensation during the year.

The total amount of compensation payable including annuities cannot be ascertained pending final publication of compensation rolls of all the intermediaries. The amounts tentatively re-assessed (November, 1964) by the Board of Revenue as compensation payable are—(i) in cash Rs.27.12 crores, (ii) in bond—Rs.32 crores, (iii) annuity to land holders of produce-paying tenancies for 25 years—Rs.15.50 crores and (iv) interest charges on deferred compensation—Rs.18 crores. In addition, perpetual annuities to religious and charitable units exclusive of interest charges payable annually @ 3% have been calculated at Rs.17 lakhs per annum.

Pending scrutiny of the *pro forma* accounts the financial results of the scheme could not be ascertained on an accurate basis.

99. *Delay in the finalisation of pension cases*: The rules of Government (issued in January, 1955) require that the pension papers of the Government servants due to retire should be prepared by the administrative heads of departments/offices one year ahead of the probable date of retirement and sent to Audit Office well in advance so that the Government servant concerned may be able to receive his pension from the date of his retirement.

Out of 1416 pension cases received during 1962-63 and 1963-64, as many as 1241 cases were received after the retirement of the Government servants concerned. In 761 of these cases (372 in 1962-63 and 389 in 1963-64), the time lag between the date of retirement and the date of receipt of pension papers for the first time ranged between six months and nine years.

Of the pension cases received in the Audit Office upto the end of March, 1964, cases of 919 officers could not be settled for the following reasons:

	No. of cases
(i) Want of service particulars	534
(ii) Want of sanction of Government/competent authorities.	385

The delay in furnishing the information has extended to over one year in 50 cases.

As regards pensionary benefits due to death, invalidation, etc., 219 cases were received during 1962-63 and 1963-64. The delay in sending the papers exceeded six months (after the event) as detailed below:

Extent of delay	No. of cases
More than 1 year	154
More than 6 months	65
	219

Calcutta:

S. C. BHATTACHARYA,

The 6... JUL ..... 1965

*Accountant-General, West Bengal*

Countersigned

New Delhi:

A. K. ROY,

The 22... JUL 1965

*Comptroller and Auditor-General of India.*

## **APPENDICES**

APPEN

(Referred to in

**Statement of outstanding utilisation certificates in respect of Grants-in-aid**

Name of Department	1956-57		1957-58		1958-59	
	Number of items	Amount	Number of items	Amount	Number of items	Amount
	<i>(In lakhs of rupees)</i>					
Co-operation	6	2.18	14	7.82	11	67.50
Welfare of Scheduled Tribes and Castes, etc.	—	—	—	—	—	—
Public Health	—	—	—	—	—	—
Medical	—	—	—	—	—	—
Relief and Rehabilitation	—	—	—	—	—	—
Agriculture	—	—	—	—	10 <sup>4</sup>	0.44
Public Works	—	—	—	—	—	—
Education	—	—	—	—	—	—
<b>Total</b>	<b>6</b>	<b>2.18</b>	<b>14</b>	<b>7.82</b>	<b>21</b>	<b>67.94</b>

## DIX—I

paragraph 16)

paid by the State Government upto the 31st March, 1963.

1959-60		1960-61		1961-62		1962-63	
Number of items	Amount	Number of items	Amount	Number of items	Amount	Number of items	Amount
<i>(In lakhs of rupees)</i>							
25	11.09	15	6.83	24	16.25	48	18.85
—	—	—	—	150	10.31	195	9.66
—	—	—	—	—	—	35	7.32
—	—	28	6.76	89	25.28	144	33.65
—	—	—	—	—	—	2	4.50
8	0.44	7	0.45	9	0.62	17	0.74
—	—	60	8.99	—	—	—	—
—	—	281	85.14	441	1,12.66	433	1,24.93
33	11.53	391	1,08.17	713	1,65.12	874	1,99.65

## APPEN

(Referred to in  
**Statement showing particulars of Grants/Appropriations in which  
to which it wa<sup>e</sup>**

Particulars of Grant/Appropriation		Amount of Grant/	
Number and name	Whether voted or charged	Original	
1	2	3	
<i>(In lakhs of rupees)</i>			
(i) Grants/Appropriations in which the supplementary provision proved			
22—Agriculture-Agriculture	Voted	8,72.33	
23—Agriculture-Fisheries	Voted	34.87	
32—Miscellaneous Social and Developmental Organisations—Excluding Welfare of Scheduled Tribes and Castes and other Backward Classes	Voted	1,33.21	
42—Miscellaneous—Other Miscellaneous Expenditure	Voted	8,18.41	
„ „	Charged	4.58	
48—Capital Outlay on Public Works	Voted	<u>2</u> 53.19	
(ii) Grants in which the supplementary provision proved excessive and			
9—Interest on Debt and Other Obligations	Voted	20.00	
25—Co-operation	Voted	85.56	
29—Community Development Projects.	Voted	2,94.19	
50—Capital Outlay on Schemes of Government Trading	Voted	14,18.67	



## DIX—II

paragraph 19)

**Supplementary Provision was obtained and the extent utilised**

Appropriation

Supplementary	Total	Actual Expenditure	Savings (-) Excess (+) (Cols. 5-6)	Percentage of savings with the total Grant/Appropriation
4	5	6	7	8
<i>(In lakhs of rupees)</i>				
entirely unnecessary.				
98.35	9,70.68	7,20.42	-2,50.26	25.8
12.91	47.78	26.99	-20.79	43.5
5.78	1,38.99	1,27.62	-11.37	8.2
77.40	8,95.81	7,38.34	-1,57.47	17.6
1.35	5.93	0.49	-5.44	91.7
37.62	9,00.81	7,92.23	-1,08.58	12.1
There was final saving of more than 5 per cent.				
12.10	32.10	21.78	-10.32	32.2
21.25	1,06.81	97.04	-9.77	9.1
93.23	3,87.42	3,65.09	-22.33	5.8
14,86.67	29,05.34	25,89.57	-3,15.77	10.9

Particulars of Grant/Appropriation	Whether voted or charged	Amount of Grant/ Original
Number and name		
1	2	3
<i>(In lakhs of rupees)</i>		
<i>(iii) Cases where supplementary Grants/Appropriations proved inadequate.</i>		
8—Registration Fees	Voted	28.96
17—Miscellaneous Departments Excluding Fire Services	Voted	1,77.28
19—Education	Voted	21,24.65
21—Public Health	Voted	3,44.46
30—Labour and Employment	Voted	37.77
33—Irrigation	Voted	7,87.14
34—Public Works	Voted	10,78.47
36—Famine Relief	Voted	2,76.79

## DIX—II—(Concl'd)

Appropriation		• Actual Expenditure	Savings (-) Excess(+) (Cols. 5-6)	Percentage of savings with the total Grant Appropriation.
Supplementary	Total			
4	5	6	7	8
<i>(In lakhs of rupees)</i>				
1.89	30.89	31.72	+ 0.87	2.8
4.44	1,81.72	1,84.40	+ 2.68	1.5
3,14.92	24,39.57	25,81.44	+1,41.87	5.8
59.30	4,03.76	4,24.62	+ 20.86	5.2
1,03.26	1,41.03	1,43.77	+ 2.74	1.9
1,12.54	8,99.68	9,42.33	+ 42.65	4.7
2,22.52	13,00.99	15,63.74	+2,62.75	20.2
2,96.77	5,73.56	6,20.45	+ 46.89	8.2

### APPENDIX III

(Referred to in paragraph 20)

#### Statement showing savings under Voted Grant

Sl. No.	Number and name of the Grant	Total Grant	Expenditure	Savings	Percentage of savings
1	2	3	4	5	6
<i>(In lakhs of rupees)</i>					
I—Cases where the savings amounted to 20 per cent of more of the total grant.					
1	9-Interest on Debt and Other Obligations	32.10	21.78	10.32	32.2
2	22-Agriculture-Agriculture	9,70.68	7,20.42	2,50.26	25.8
3	23-Agriculture-Fisheries	47.78	26.99	20.79	43.5
4	24-Animal Husbandry	4,92.44	3,51.84	1,40.60	28.6
5	26-Industries-Industries	3,72.41	2,37.98	1,34.43	36.1
6	35-Ports and Pilotage	15.26	11.81	3.45	22.6
7	46-Expenditure connected with National Emergency, 1962	1,66.02	1,00.64	65.38	39.4
8	47-Capital Outlay on Multi-purpose River Schemes-Damodar Valley Project	16,95.06	9,34.03	7,61.03	44.9
9	49-Capital Outlay on Road and Water Transport Schemes	55.78	20.60	35.18	63.0

Sl. No.	Number and name of the Grant	Total Grant	Expenditure	Savings	Percentage of savings
1	2	3	4	5	6
II—Cases where the savings exceeded 10 per cent, but less than 20% of the total grants.					
<i>(In lakhs of rupees)</i>					
10	27-Industries-Cottage Industries	1,80.22	1,53.34	26.88	14.9
11	40-Forest	1,85.44	1,65.26	20.18	10.9
12	42-Miscellaneous-Other Miscellaneous Expenditure	8,95.81	7,38.34	1,57.47	17.6
13	48-Capital Outlay on Public Works	9,00.81	7,92.23	1,08.58	12.1
14	50-Capital Outlay on Schemes of Government Trading	29,05.84	25,89.57	3,15.77	10.9

## APPEN

(Referred to in

**Statement showing some major schemes, items, etc., where the provision**

Name of Grant	Description of Schemes, items, etc.
1	2
Agriculture-Agriculture	Deep Tube-well Irrigation—Electricity Power.  Lift Irrigation from rivers and beels.
Public Health	Urban water supply and sanitation.
Agriculture-Fisheries	Pilot Scheme for re-organisation of Calcutta fish market on co-operative basis.
Animal Husbandry	Schemes of Government Trading—Scheme for establishment of colonies, distribution of milk and milk products.
Co-operation	Re-organisation of Primary Credit Societies.
Industries-Cottage Industries	Development of Small Scale Engineering Industries at Howrah under Third Five Year Plan.  Project for intensive development of Small Industries in rural areas.
Irrigation	Northern Salt Lake Polder Scheme.
Famine Relief	Village Model Schemes.
Miscellaneous—Other Miscellaneous Expenditure.	Expenditure in connection with riots.

## DIX IV

paragraph 20)

**remained wholly or substantially unutilised.**

Provision	Amount of savings	Percentage of savings	Remarks
3	4	5	6
<i>(In lakhs of rupees)</i>			
1,35.25	32.59 *	24.8	Non-execution of works in full by the State Electricity Board.
30.05	19.32	64.3	Non-availability of pumps of required specification.
10.00	8.52	85.2	Non-fulfilment of requisite conditions for grant by a number of local bodies.
7.00	6.60	94.3	Partial implementation of the scheme owing to non-completion of preliminaries.
3,09.62	94.27	30.4	Non-receipt of requisite supply of milk from the suppliers.
10.32	8.56	82.4	Non-payment of managerial and rent subsidy to several co-operative societies due to their failure to fulfil the requisite conditions.
4.72	4.26	90.3	Non-purchase of machinery for want of import licence.
15.00	11.69	77.9	Partial implementation of the scheme during the year.
10.00	10.00	100.0	Non-receipt of administrative approval for the work.
36.92	18.16	49.2	Slow progress of work owing to non-availability of permits for controlled commodities.
72.25	19.74	27.3	Non-payment of house building grants in full to the riot-affected people owing to non-execution of necessary bonds by the parties concerned.

Name of Grant	Description of Schemes, items, etc.
1	2
	Scheme for Gas distribution system in Calcutta.
	Development of subsidiary Industries.
Miscellaneous Expenditure on Displaced Persons.	Conversion of maintenance loans into grant.
Road and Water Transport Schemes.	Road Transport Organisation.
Capital outlay on Schemes of Government Trading.	Grain Purchase Scheme.
Loans and Advances by State Government.	Loans under Urban and National Water Supply and Sanitation Scheme.



## DIX IV (Concl.)

Provision	Amount of savings	Percentage of savings	Remarks
3	4	5	6
<i>(In lakhs of rupees)</i>			
42.00	24.54	58.4	Non-erection of a Gas-holder owing to non-receipt of investigation report of the expert committee and non-purchase of equipment from abroad owing to delay in finalisation of tenders.
15.00	14.94	99.6	Non-preferment of claims for reimbursement by the Durgapur Development authorities which function as the agent for the purpose.
10.00	10.00	100.0	Non-receipt of sanction from the Government of India.
10.57	10.57	100.0	Non-availability of vehicles.
28,57.29	3,14.96	11.0	Mainly non-receipt of full supplies of rice and wheat from the mills.
23.86	19.03	79.8	Non-fulfilment of requisite condition by the local bodies concerned.

## APPENDIX V

(Referred to in paragraph 23)

(a) Statement showing the names of the Grants/Appropriations where the unsurrendered savings were in excess of 10 per cent of the modified provision.

Sl. No.	Number and name of Grant/Appropriation	Provision	Savings	Amount which remained unsurrendered
<i>(In lakhs of rupees)</i>				
1	9-Interest on Debt and Other Obligations (Voted)	32.10	10.32	10.32
2	22-Agriculture-Agriculture (Voted)	9,70.68	2,50.26	81.49
3	„ (Charged)	0.11	0.11	0.11
4	26-Industries-Industries (Voted)	3,72.41	1,34.43	30.80
5	41-Miscellaneous-Contributions (Charged)	7.98	0.89	0.86
6	46-Expenditure connected with National Emergency, 1962 (Voted)	1,66.02	65.38	9.86
7	47-Capital Outlay on Multipurpose River Schemes-Damodar Valley Project (Voted)	16,95.06	7,61.03	4,49.37
8	48-Capital Outlay on Public Works (Voted)	9,00.81	1,08.58	1,08.58
9	49-Capital Outlay on Road and Water Transport Schemes (Voted)	55.78	35.18	2.51

(b) Statement showing important instances wherein surrenders were made even though the Grants were exceeded—

Sl. No.	Number and name of the Grant	Provision	Excess	Amount surrendered
<i>(In lakhs of rupees)</i>				
1	21-Public Health	4,03.76	20.86	72.35
2	33-Irrigation	8,99.68	42.65	12.82

## APPENDIX VI

(Referred to in paragraphs 43 and 64)

**Statement of miscellaneous irregularities, losses, etc.**

Serial No.	Particulars of irregularities, losses, etc.	Amount
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**Part I****DEPARTMENT OF LABOUR****1. Extra expenditure :**

In the following two cases, the plot of land purchased and building occupied did not prove suitable; an estimated extra expenditure of Rs. 62,000 had to be incurred to ensure safety of the buildings.	Rs. 62,000
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- (a) A plot of land costing Rs. 3.15 lakhs was purchased in March, 1963 for the construction of Training Institute-Central Library and a Model Labour Welfare Centre with a common auditorium (estimated cost of the building Rs. 4.32 lakhs).

The Chief Engineer, Housing Directorate while starting the foundation work observed (May, 1964) that the site was a land reclaimed from a deep tank and as such long sal piles would have to be driven into the ground to support the foundation work. He estimated the extra expenditure on this work at Rs. 37,000.

- The work is in progress and an expenditure of Rs. 26,883 has been incurred upto November, 1964.

- (b) An auditorium was constructed at a cost of Rs. 59,000 in December, 1962 for the Model Centre at Mungpoo.

The Chief Engineer, Housing Directorate observed in June, 1963 that urgent measures should be taken to protect the building against land slide and its subsidence; he estimated the cost of this work at Rs. 25,000. The work is in progress and an expenditure of Rs. 22,620 has been incurred upto November, 1964.

Government stated (October, 1964) that these could not be foreseen before actual execution or occupation of the buildings.

Serial No.	Particulars of irregularities, losses, etc.	Amount
---------------	---	--------

### TRIBAL WELFARE DEPARTMENT

#### 2. *Outstanding advances :*

<p>The Deputy Commissioner, Purulia, entrusted the construction of 20 mud-houses for the rehabilitation of Kheria families to a local contractor (who furnished a security of Rs. 400) and in March, 1959 advanced an amount of Rs. 4,000 to him for commencing the work. Another sum of Rs. 2,000 was advanced in June of the same year without verifying the proper utilisation of the previous advance.</p>	Rs. 6,000
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It was stated by the Department in June, 1964 that the contractor did not do any further work after receiving the second advance and that the entire work proved "ineffective and useless". No amount has been recovered from the contractor yet (June, 1964).

### Part II

### DEPARTMENT OF IRRIGATION AND WATERWAYS

#### 1. *Unauthorised removal of stores by contractor from the work site :*

<p>A contractor was entrusted to construct a cart bridge under the Kangsabati Project and the department supplied 128 tonnes of cement to the contractor in January, 1964 with the stipulation that the same would be utilised in the work. But instead of utilising the whole of it, the contractor removed 98 tonnes of cement (valued Rs. 20,000 at issue rates) from the work site and disposed of the same to private parties. Out of the recovery of Rs. 20,000, only a sum of Rs. 2,250 has so far been recovered from the contractor ; his final bill has not yet been paid (January, 1965).</p>	Rs. 20,000
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#### 2. *Loss due to theft :*

<p>About 6 tons of M. S. Rods costing Rs. 4,425 were stolen in August, 1959 from a godown under Kangsabati Canals Division I. The case was investigated by the police but the culprit could not be traced. Orders for the write-off are awaited (September, 1964).</p>	Rs. 4,425
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#### 3. *Locking up of funds :*

<p>In connection with the work "Filling up of the Circular Canal with its junction with the New Cut Canal", administratively approved in July, 1962, materials costing Rs. 45,000</p>	Rs. 41,000
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Serial No	Particulars of irregularities, losses, etc.	Amount
--------------	---	--------

were procured by the Salt Lake Reclamation Division II between March and June, 1963. In June, 1963, it was, however, decided to postpone the work pending the filling up of the New Cut Canal. Materials costing Rs. 4,000 were transferred to another Division in October, 1963. The balance of the materials valued at Rs. 41,000 are yet to be utilised (June, 1964). A sum of about Rs. 5,000 has so far been spent (June, 1964) for their upkeep.

#### PUBLIC WORKS (ROADS) DEPARTMENT

4. *Loss due to theft :*

A Willys Jeep purchased in March, 1956 for departmental use, at a cost of Rs. 14,000 was stolen from the office premises of the Executive Engineer, Hooghly Construction Division (Roads) in August, 1957. The police to whom the theft was reported soon after could not trace the jeep or apprehend the culprits.

Rs. 14,000

A departmental enquiry was undertaken and a report thereon submitted to the Superintending Engineer, in September, 1957, but responsibility for the theft has not been fixed so far (October, 1964).

## APPENDIX VII

(Referred to in paragraph 44)

Statement showing details of misappropriation cases pending finalisation  
as on the 31st March, 1964

Sl. No.	Name of the Department	Cases pertaining to				Grand Total		Pending for
		1957-58 and earlier years		1958-59 to 1963-64				
		No.	Amount Rs.	No.	Amount Rs.	No.	Amount Rs.	
1.	Agriculture	5	13,368	13	25,902	18	39,270	Departmental action.
2.	Commerce and Industries	—	—	4	44,673	4	44,673	do.
3.	Education	—	—	1	3,388	1	3,388	Recovery.
		2	1,731	1	1,000	3	2,731	Departmental action.
4.	State Excise	—	—	1	418	1	418	-do-
5.	Food, Relief and Supplies	1	5,578	6	42,030	7	47,608	-do-
		2	35,830	1	5,948	3	41,778	Recovery.
6.	General Administration	9	26,247	8	40,830	17	67,077	Departmental action.
		—	—	5	620	5	620	Recovery.
7.	Home (Police)	5	38,320	5	28,486	10	66,806	Departmental action.
8.	Home (Publicity)	—	—	1	131	1	131	do.
9.	Judicial	1	883	—	—	1	883	do.
		2	7,768	7	6,825	9	14,593	Recovery.
10.	Land and Land Revenue	18	35,097	30	92,260	48	1,27,357	Departmental action.
		3	3,359	116	1,89,339	119	1,92,698	Recovery.
11.	Public Health	3	20,811	7	12,177	10	32,988	Departmental action.
12.	Refugee Relief and Rehabilitation	3	18,604	1	1,226	4	19,830	do.
13.	Public Works	—	—	1	9,264	1	9,264	do.
		1	39	—	—	1	39	Recovery.
14.	Public Works (Roads)	—	—	1	3,928	1	3,928	Departmental action.
15.	Local Self-Government and Panchayat	—	—	1	12,826	1	12,826	do.
16.	Cottage and Small Scale Industries	—	—	2	7,611	2	7,611	do.
17.	Community Development and Extension Services	—	—	1	27,720	1	27,720	do.
Total		55	2,07,635	213	5,56,602	268	7,64,237	

## APPENDIX VIII

(Referred to in paragraph 51)

## Particulars of works costing more than Rs. 5 lakhs each

(a) Cases where the expenditure exceeded the sanctioned estimates by more than 10% :

Sl. No.	Name of the work	Sanctioned estimate	Actual expenditure	Percentage of excess	Year in which the excess first occurred
<i>(In lakhs of rupees)</i>					
<b>PUBLIC WORKS DEPARTMENT</b>					
(1)	Construction of buildings, sheds etc. at Industrial Training Institute at Gariahaata.	4.14	14.62	253.1	1960-61
(2)	Construction of buildings, sheds, etc. at Industrial Training Institute at Tollygunge.	4.57	22.12	384.0	1961-62
(3)	Construction of permanent bridge over River Torsa.	61.58	71.03	15.3	1963-64
<b>PUBLIC WORKS (ROADS) DEPARTMENT</b>					
(4)	Saptagram—Guptipara—Kalna—Dhatrigram—Samudragarh—Nabadwip—Purbasthali Road	70.30	80.41	14.4	1958-59
(5)	Botanical Garden—Raiganj—Sankrail Road	5.07	5.87	15.7	1961-62
(6)	Shyampur—Shibganj Road	4.45	5.28	18.7	1962-63
<b>PUBLIC WORKS (CONSTRUCTION BOARD) DEPARTMENT</b>					
(7)	Construction of Industrial Estate at Dasnagar	8.00	14.49	81.1	1961-62

(b) Cases where the works were executed without sanctioned estimates :

Department	Number of Works	Amount
<i>(In lakhs of rupees)</i>		
(1) Public Works Department	28	4,17.99
(2) Public Works (Construction Board)	4	30.33
(3) Development (Development)	2	24.06
(4) Housing	1	16.34
(5) Public Health	22	3,25.61
(6) Agriculture	3	66.04
	60	8,80.37

## APPENDIX IX

(Referred to in paragraph 53)

**Statement showing the estimated quantities of excavation of various kinds of soils vis-a-vis the quantities excavated.**

Item of tender	Description of item	Estimated quantity	Quantity excavated
<i>(In c.ft.)</i>			
1.	Excavation to approximate Canal Section and depositing the materials within the average lead of 100 ft.		
	(a) Soils under Gr. A of specification	26,20,250	35,89,386
	(b) Soils under Gr. B of specification	52,40,500	46,81,956
	(c) Soils under Gr. C (Crumbled) of specification	10,48,100	45,40,200
2.	Excavation to approximate Canal Section and depositing materials to bank profile (lead above 100 ft. but upto maximum of 750 ft.)		
	(a) Soils under Gr. A of specification	8,14,125	5,42,987
	(b) Soils under Gr. B of specification	16,28,250	2,94,905
	(c) Soils under Gr. C (Crumbled) of specification	3,25,650	1,06,960
3.	Excavation to approximate Canal Section and depositing materials to bank profile (lead more than 750 ft. but upto maximum of $\frac{1}{2}$ mile)		
	(a) Soils under Gr. A of specification	5,78,125	21,13,385
	(b) Soils under Gr. B of specification	11,52,250	14,82,623
	(c) Soils under Gr. C (Crumbled) of specification	2,30,450	34,85,624



## APPENDIX X

(Referred to in paragraph 79)

Name of some Divisions against which large amounts have remained outstanding under (a) Miscellaneous P.W. Advances, (b) Purchases, (c) Remittances into Treasuries and (d) Public Works Cheques.

Name of the Division	Amount
	<i>(In lakhs of rupees)</i>
<b>(a) Miscellaneous P.W. Advances</b>	
1. North Bengal Construction Division ..	20.48
2. Teesta Bridge Construction Division ..	40.01
3. Mayurakshi Head quarter Division ..	23.44
4. North Bengal Division, Construction Board ..	17.35
5. East Circle, Public Health Engineering ..	19.35
<b>(b) Purchases</b>	
1. Darjeeling Division ..	44.98
2. Jalpaiguri Division ..	95.63
3. North Bengal Construction Division ..	1,40.77
4. West Dinajpur Division ..	47.60
5. Kanchrapara Development Area Division ..	46.39
6. Plant and Machinery Division ..	53.35
<b>(c) Remittances into Treasuries</b>	
1. North Bengal Division, Construction Board ..	17.12
2. Malda Irrigation Division ..	0.17
3. Canals Division ..	6.93
4. Darjeeling Division ..	0.84
5. West Dinajpur Division ..	6.99
6. Malda Construction Division ..	1.03
<b>(d) Public Works Cheques</b>	
1. Alipur Division ..	62.90
2. Jalpaiguri Irrigation Division ..	35.02
3. Kanchrapara Development Area Division ..	10.99
4. Suburban Electrical Division ..	2.42
5. City Division ..	1,12.25
6. Darjeeling Construction Division ..	27.74
7. West Dinajpur Division ..	92.42

## APPENDIX XI

(Referred to in paragraph 8j)

List of wanting *pro forma* accounts(a) In the following cases the *pro forma* accounts have not been prepared since inception :

Sl. No.	Description	Period	Remarks
1.	Scheme for Deep Sea Fishing with the help of Danish Trawlers and Japanese Cutters.	1949-50 to 1963-64	
2.	Scheme under the Director of Dairy Development and Animal Husbandry and Ex-officio Milk Commissioner, West Bengal :		
	(i) Scheme for distribution of toned and cow's milk	} 1950-51 to 1 63-64	
	(ii) Scheme for manufacture of butter and ghee		
	(iii) Live Stock Research-cum-Breeding Station at Haringhata		
	(iv) Greater Calcutta Milk Supply Scheme	1955-56 to 1963 64	
3.	Kanchrapara Area Development (Kalyani Township) Scheme	1949-50 to 1963-64	
4.	Durgapur Industries Board	1955-56 to 1961-62 (upto the 14th September, 1961, i.e. pre-company period)	The function of the Board has been taken over by Durgapur Projects Limited with effect from the 15th September, 1961. The Board submitted adjustment accounts which were returned with the request to prepare and submit <i>pro forma</i> Profit and Loss Accounts.
5.	Brick and Tile Board	27th December, 1960 to the 31st March, 1961 and 1961-62 to 1963-64	

## APPENDIX XI (Contd.)

Sl. No.	Description	Period	Remarks
6.	Scheme for Production Centres under Refugee Relief and Rehabilitation Department :		
	(i) at Titagarh and Midnapur [with effect from the 1st April, 1963 under Home (Social Welfare) ]	1954-55 to 1963-64	
	(ii) at Uttarpara, Dharampur and Habra.	1954-55 to 1963-64	
7.	Integrated Wood Industries Scheme under the Director of Industries (Durgapur, Kalyani and Siliguri Centres)	1956-57 to 1963-64	
8.	Oriental Gas Company's Undertaking	16th November, 1960 to the 31st March, 1961 and 1961-62 to 1963-64	Provisional <i>pro forma</i> Profit and Loss Accounts for the period from the 16th November, 1960 to the 31st March, 1962 received in Audit in November, 1962, were returned in February, 1963 for correction and resubmission.
9.	Dental Factory attached to Calcutta Dental College and Hospital	1952-53 to 1963-64	The preparation of the <i>pro forma</i> accounts is stated to have been delayed for want of a qualified Accountant.
10. (a)	Government Sales Emporia at Howrah and Calcutta	1951-52 to 1963-64	Accounts for the year 1952-53 and 1953-54 and only Profit and Loss Accounts for the years from 1954-55 to 1957-58 in respect of the Main Sales Emporium, Calcutta which were returned in May, 1961 for resubmission after rectification, have not yet been received (October, 1964).
	(b) Government Sales Emporia (except those of Howrah and Calcutta)	1957-58 to 1961-62 (upto the 31st May, 1961)	The sales emporia were merged with West Bengal Small Industries Corporation Limited with effect from the 1st June, 1961.
11.	Silk Reeler's Co-operative Organisation	1955-56 to 1963-64	

## APPENDIX XI (Concl'd.)

(b) In the following cases *pro forma* accounts have not been received for the period noted against each :

Sl.No.	Description	Period	Remarks
1.	Central Engineering Organisation, Dasnagar, Howrah.	1960-61 to 1963-64	
2.	Schemes for Industrial Centres	1956-57 to 1963-64	Accounts for 1956-57 and 1957-58 were prepared and submitted to Audit in April, 1961, but their scrutiny has been kept in abeyance as desired by Government pending their check by the Commercial Accountant of Government.
3.	Schemes under the Director of Dairy Development and Animal Husbandry and Ex-officio Milk Commissioner, West Bengal :		
(i)	Scheme for supply of fodders and concentrates to the licensees of Milk Colony.	1961-62 to 1963-64	
(ii)	Schemes for controlled sale of Skim Milk Powder in West Bengal.	1961-62 to 1963-64	Accounts submitted to Audit in February, 1963 could not be checked for non-production of basic records.
4.	Brooklyn Ice Plant and Cold Storage	1963-64	
5.	Government Cinchona Plantations.	1962-63 to 1963-64	
6.	Government Quinine Factory at Mungpoo.	1962-63 to 1963-64	
7.	Quinine Sales Depot at Calcutta.	1962-63 to 1963-64	
8.	Scheme for production of Shark Liver Oil, fish meal, etc.	1963-64	
9.	Fulia Township Scheme	1961-62 to 1963-64	The Government of India in consultation with the Government of West Bengal waived the necessity of preparation of <i>pro forma</i> accounts for the period up to 1960-61.
10.	Scheme for State Trading on Rice and Paddy.	1961-62 to 1963-64	
11.	Scheme for State Trading on Wheat and Wheat products.	1961-62 to 1963-64	

## APPENDIX XII

(Referred to in paragraphs 89 and 93)

## GOVERNMENT SAW MILLS, SILIGURI

**Extraction, Manufacturing, Profit and Loss Account for the year ending with the 31st March, 1964**

<i>Dr.</i> 1962-63		1963-64	1962-63		<i>Cr.</i> 1963-64
Rs.	To	Rs.	Rs.	By	Rs.
	Opening stock of logs and sawn timber		17,02,951	Sales	23,63,646
7,12,954		5,09,120			
	Royalty of logs and value of sawn timber	20,15,361		Miscellaneous receipts	66,738
6,14,129			54,991		
	Extraction charges	5,76,652		Value of logs sold and used departmentally	15,427
1,45,104			5,081		
	Audit fees	5,160		Adjustment	25,237
5,160			15,254		
	Milling expenses	13,3,700		Closing stock	13,84,910
1,89,377			5,09,120		
	Administration and office expenses	786,73			
88,730					
	Selling and Distribution expenses	27,142			
36,996					
	Depreciation	66,964			
1,68,695					
	Provision for bad and doubtful debts	..			
11,800					
	Cost of logs and poles disposed of	..			
3,318					
	Miscellaneous adjustment	4,920			
21,008					
	Net profit	2,58,266			
2,90,126					
<u>22,87,397</u>	<b>Total</b>	<u>38,55,958</u>	<u>22,87,397</u>	<b>Total</b>	<u>38,55,958</u>

APPENDIX XII (Contd.)  
GOVERNMENT SAW MILLS, SILIGURI  
**Balance Sheet as on the 31st March, 1964**

As on the 31st March, 1963 Rs.	Capital and Liabilities	As on the 31st March, 1964 Rs.	As on the 31st March, 1963 Rs.	Assets and Properties	As on the 31st March 1964 Rs.
15,38,514	Government Capital	21,00,313	8,36,109	Fixed Assets	7,89,015
10,320	Undischarged Liabilities	15,480	5,48,447	Current Assets	14,24,634
21,404	Advances payable	22,143		Sundry Debtors, Loans and Advances	2,55,642
58,083	Sundry Creditors	3,30,205			
..	Reserve for bad debts.	1,150	2,43,765		
<u>16,28,321</u>	Total ..	<u>24,69,291</u>	<u>16,28,321</u>	Total ..	<u>24,69,291</u>

*Note* : Mean Capital Rs.16,90,280

CENTRAL ENGINEERING ORGANISATION  
**Manufacturing, Trading, Profit and Loss Account for the year ending with the  
31st March, 1960**

<i>Dr.</i>		1959-60 Rs.	1958-59 Rs.	<i>Cr.</i>	1959-60 Rs.
8,63,419	To Opening stock	10,02,415	5,84,121	By Salos	7,92,260
2,22,447	Purchase	2,97,141	341	Miscellaneous receipts	130
31,865	Factory expenses	37,029	10,02,415	Closing stock	10,38,747
19,338	Depreciation	23,885	6,487	Adjustments	..
1,39,125	Administrative, Selling and Distributing expenses	1,33,429	1,62,730	Net loss	1,60,806
1,995	Audit fee	2,000			
54,735	Interest on Government capital	72,835			
3,34,749	Fabrication charges	3,88,670			
22,105	General Reserve	8,635			
50,516	Constituents' Fund Account.	25,904			
<u>17,56,094</u>	Total	<u>19,91,943</u>	<u>17,56,094</u>	Total	<u>19,91,943</u>

APPENDIX XII (*Contd.*)  
CENTRAL ENGINEERING ORGANISATION

**Balance Sheet as on the 31st March, 1960**

1958-59 Rs.	Capital and Liabilities	1959-60 Rs.	1958-59 Rs.	Assets and Properties	1959-60 Rs.
15,90,336	Government Capital	27,54,775	3,11,664	Fixed Assets	3,02,394
1,62,730	Less Loss	1,60,806	12,50,447	Current Assets	13,16,847
14,27,606		25,93,969			
			1,920	Loans and Advances	3,457
7,12,588	Amount introduced during the year.	..	7,18,992	Cash and Bank balance	12,05,854
47,887	Reserve and Surplus	56,521	1,61,506	Sundry Debtors Preliminary Expenses	4,31,261
					1,61,506
2,56,448	Current Liabilities and Provision	7,70,829			
24,44,529	Total	34,21,319	24,44,529	Total	34,21,319

BROOKLYN ICE PLANT AND COLD STORAGE

**Trading and Profit and Loss Account for the year ending with the 31st March, 1963**

<i>Dr.</i> 1961-62 Rs.	Particulars	1962-63 Rs.	1961-62 Rs.	Particulars	<i>Cr.</i> 1962-63 Rs.
	To			By	
2,58,495	Opening stock	2,34,389	4,80,790	Sales	4,70,186
2,35,213	Purchases	2,51,842	5,326	Miscellaneous receipts	6,109
68,520	Salaries and wages	73,469	2,34,389	Closing stock	2,44,755
1,23,299	Depreciation Other Miscellaneous expenditure	14,539	692	Net loss	..
		84,968			
35,670	Interest on Government capital.	38,430			
..	Net profit	23,413			
7,21,197	Total	7,21,050	7,21,197	Total	7,21,050

APPENDIX XII (*Contd.*)  
 BROOKLYN ICE PLANT AND COLD STORAGE  
 Balance sheet as on the 31st March, 1963

1961-62 Rs.	Capital and Liabilities	1962-63 Rs.	1961-62 Rs.	Assets and Properties	1962-63 Rs.
8,91,999	Government Capital	9,55,620	65,631	Fixed Assets	62,711
..	<i>Add</i> profit during the year	23,413	2,50,136	Current Assets	2,44,866
692	Deduct Loss during the year.	..			
<u>8,91,307</u>		<u>9,79,033</u>	6,09,972	Sundry Debtors	6,89,964
30,605	Sundry Creditors	15,011			
3,827	Undischarged Liabilities	3,497			
<u>9,25,739</u>	<b>Total</b>	<u>9,97,541</u>	<u>9,25,739</u>	<b>Total</b>	<u>9,97,541</u>

*Note* : Mean Capital—Rs. 9,23,463.