



REPORT
OF THE
COMPTROLLER AND
AUDITOR GENERAL
OF INDIA

FOR THE YEAR
1978-79

GOVERNMENT OF ORISSA
(CIVIL)

TABLE OF CONTENTS

		Reference to	
		Paragraph	Page(s)
Prefatory remarks	..	..	ix
CHAPTER I			
GENERAL			
Summary of transactions	..	1.1	1
Revenue surplus/deficit	..	1.2	2
Revenue receipts	..	1.3	3—4
Expenditure on revenue account	..	1.4	4—5
Expenditure on capital account	..	1.5	6—7
Loans and advances by Government	..	1.6	8—12
Sources from which capital and other expenditure was met		1.7	12—13
Debt position	..	1.8	13—15
Investments	..	1.9	15—16
Guarantees	..	1.10	16—17
Delay in submission of monthly accounts by Public Works divisions		1.11	17—18
Financial results of Multipurpose River, Irrigation and Power Projects		1.12	18—19

CHAPTER II

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

Summary	..	2.1	20—21
Excess over grants/charged appropriations requiring regularisation		2.2	21—25
Supplementary grants/charged appropriations	..	2.3	25—32
Unutilised provision	..	2.4	32—36
Advances from the Orissa Contingency Fund	..	2.5	36—38
Shortfall/excess in recoveries	..	2.6	38—40
Non-receipt of explanations for savings/excesses		2.7	40

CHAPTER III

CIVIL DEPARTMENTS

REVENUE, EXCISE AND PROHIBITION DEPARTMENT

Consolidation of Holdings	..	3.1	41—47
Irregular and avoidable payment of compensation for acquiring Government land leased out to a party		3.2	47—50

FOREST, FISHERIES AND ANIMAL HUSBANDRY DEPARTMENT

Afforestation scheme	..	3.3	50—58
Orissa Biological Products Institute	..	3.4	58—59
Rural dairy farm, Kathpal	..	3.5	59—60
Irregular handling of stores	..	3.6	60—61

Reference to	
Paragraph	Page(s)

COMMUNITY DEVELOPMENT AND SOCIAL WELFARE DEPARTMENT

Infructuous expenditure on account of purchase of indelible ink	3.7	61—62
---	-----	-------

HEALTH AND FAMILY WELFARE DEPARTMENT

Extra expenditure due to delay in finalisation of approved list of firms	3.8	62—63
--	-----	-------

AGRICULTURE AND CO-OPERATION DEPARTMENT

Pineapple plantation	..	3.9	63—65
Auction sale of Cashew Crops	..	3.10	66
Loss due to injudicious purchase of seeds	..	3.11	67—68

HOME DEPARTMENT

Idle radio communication sets	..	3.12	68—69
-------------------------------	----	------	-------

LABOUR, EMPLOYMENT AND HOUSING DEPARTMENT

Idle dispensary at Narangarh	..	3.13	69
------------------------------	----	------	----

GENERAL

Idle establishment	..	3.14	70
Misappropriations, losses, etc.	..	3.15	70—71

CHAPTER IV

WORKS EXPENDITURE

IRRIGATION AND POWER DEPARTMENT

Khadkhai Medium Irrigation Project	..	4.1	72—83
------------------------------------	----	-----	-------

	Reference to	
	Paragraph	Page(s)
Avoidable expenditure on excavation of foundation of spillway of Kalo Irrigation Project	4.2	83—84
Avoidable expenditure ..	4.3	84—85
Escape in Machhagaon canal ..	4.4	85—87
Avoidable expenditure on idle machinery ..	4.5	87—88
Balimela Dam Project—		
Extra expenditure on plugging of diversion tunnel	4.6	88—89
Upper Kolab Hydro Electric Project—		
Excavation of foundation of dam ..	4.7	90—91
Higher contract demand for power ..	4.8	91—92
Rengali Multipurpose Project—		
Extra expenditure on higher contract demand of electric energy	4.9	92—94
Free supply of water to contractors ..	4.10	94—95
Purchase of bulldozers ..	4.11	95—96

WORKS DEPARTMENT

High level bridge over river Tel near Belgaon ..	4.12	96—99
Extra expenditure on construction of a hostel building	4.13	99
Installation of air conditioning plant ..	4.14	100

RURAL DEVELOPMENT DEPARTMENT

Construction of Behera Minor Irrigation Project	4.15	101—102
Kusumpur Minor Irrigation Project ..	4.16	102—105

V

	Reference to	
	Paragraph	Page(s)
URBAN DEVELOPMENT DEPARTMENT		
Nugatory expenditure in acquisition of building for sewerage	4.17	105—106

GENERAL

Extra liability due to delay in acceptance of tenders	4.18	107
---	------	-----

CHAPTER V

STORES AND STOCK ACCOUNTS

Synopsis of important stores accounts ..	5.1	108
--	-----	-----

A—PUBLIC WORKS—

Receipt of stores and stock accounts ..	5.2	108—109
---	-----	---------

Physical verification of stores ..	5.3	109—110
------------------------------------	-----	---------

Reserve limit of stock ..	5.4	110—111
---------------------------	-----	---------

Minus balances in stock accounts ..	5.5	111—112
-------------------------------------	-----	---------

Annual certificates of balances of stock and other suspense accounts	5.6	112
--	-----	-----

Discrepancies, shortages and losses in stock ..	5.7	112
---	-----	-----

B—CIVIL DEPARTMENTS—

Receipt of stores and stock accounts ..	5.8	112—113
---	-----	---------

CHAPTER VI

COMMERCIAL ACTIVITIES

General ..	6.1	114—116
------------	-----	---------

AGRICULTURE AND CO-OPERATION DEPARTMENT

Working of the Cold Storages ..	6.2	117—122
---------------------------------	-----	---------

FOOD AND CIVIL SUPPLIES DEPARTMENT

Fictitious payment ..	6.3	122—124
-----------------------	-----	---------

CHAPTER VII

FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

General	..	7.1	125—129
---------	----	-----	---------

AGRICULTURE AND CO-OPERATION DEPARTMENT

Financial assistance to Co-operative Institutions	7.2	129—135
---	-----	---------

Grants for development of Agriculture	..	7.3	136—139
---------------------------------------	----	-----	---------

COMMUNITY DEVELOPMENT AND SOCIAL WELFARE DEPARTMENT

Assistance to Panchayat Samitis	..	7.4	139—149
---------------------------------	----	-----	---------

INDUSTRIES DEPARTMENT

Financial assistance to bodies/authorities for development of industries	7.5	150—155
--	-----	---------

Regional Engineering College, Rourkela	..	7.6	155—157
--	----	-----	---------

HEALTH AND FAMILY WELFARE DEPARTMENT

Assistance to institutions for health care	..	7.7	157—159
--	----	-----	---------

URBAN DEVELOPMENT DEPARTMENT

Bhanjanagar Notified Area Council	..	7.8	159—162
-----------------------------------	----	-----	---------

LABOUR, EMPLOYMENT AND HOUSING DEPARTMENT

Financial assistance for Housing Schemes	..	7.9	162—165
--	----	-----	---------

CHAPTER VIII

OUTSTANDING AUDIT OBSERVATIONS AND INSPECTION REPORTS

Outstanding audit observations	..	8.1	166—170
--------------------------------	----	-----	---------

Outstanding inspection reports	..	8.2	171—173
--------------------------------	----	-----	---------

APPENDICES

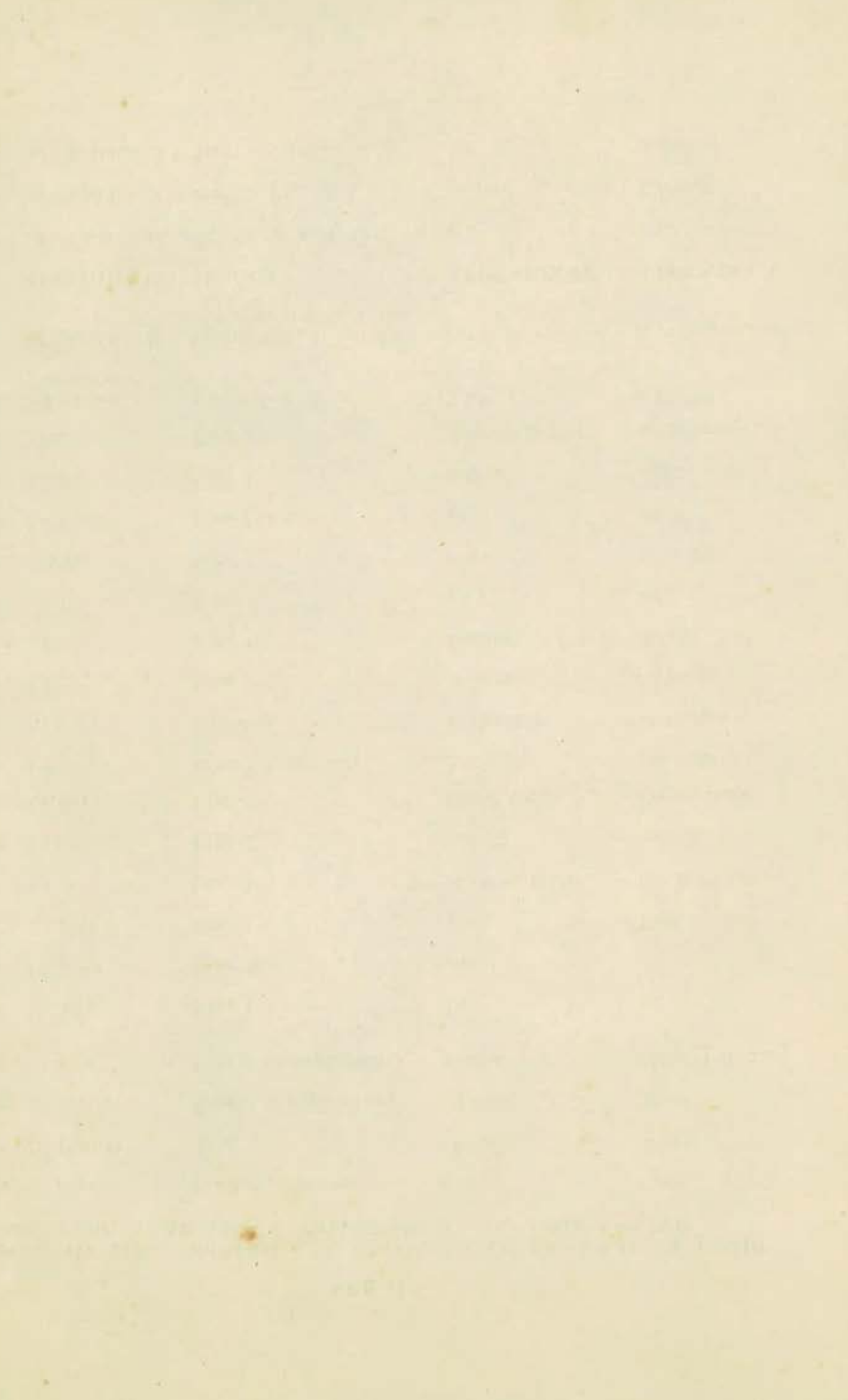
	Reference to	
	Paragraph	Page(s)
I. Statement showing analysis of variations in expenditure on revenue account during 1978-79 over the previous year	..	177—180
II. Statement showing significant variations in capital expenditure during 1978-79 over the previous year under broad sectors	..	181—182
III. Grants/charged appropriations where savings (more than Rs. 25 lakhs in each case) were more than 10 <i>per cent</i> of the total provision	..	183—184
IV. Details of stage-wise progress made by 5 consolidation circles	..	185
V. Engagement of job contract staff in excess of staffing pattern	..	186—188
VI. Details of Idle expenditure	..	189—195
VII. Misappropriations, losses, etc., reported up to 31st March 1979 pending finalisation at the end of September 1979	..	196—199
VIII. Details of cases of non-acceptance of tenders within prescribed period	..	200
IX. Synopsis of important stores and stock accounts for 1978-79	..	201—202
X. Details of discrepancies, shortages and losses in stock	..	203
XI. Summary of financial results of working of the departmentally managed Government undertakings as disclosed by the latest available <i>pro forma</i> accounts	..	204

	Reference to	
	Paragraph	Page(s)
XII. Details of storage-wise shortages which exceeded 10 <i>per cent</i>	..	205
XIII. Statement of amounts drawn in advance of requirements and kept in the suspense accounts of intermediary Co-operative Banks pending release in favour of ultimate beneficiaries	..	206—208
XIV. Details of cases of assistance for construction of godowns	..	209—211
XV. Statement showing important financial irregularities, etc., pointed out in inspection reports	..	212—217

ERRATA

REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA FOR THE YEAR 1978-79—GOVERNMENT OF ORISSA—CIVIL

Page	Para	Further reference	For	Read
29	2.3 (b)(ii)2	Line 2	Works	Work
30	2.3 (b)(ii)7	Line 2 of explanation	Works	Work
39	2.6 (vi)	Line 3 of explanation	stated	stated (February 1980)
46	3.1.4e(ii)	Line 1	ot	of
51	3.3.1(iii)	Line 5	ot	of
57	3.2.2(ii)	Line 1	plan	Plan
65	3.9	Line 21	R : 0'98 lakh	Rs. 0'98 lakh
68	3.11	Line 2	reason	reasons
77	4.1.4(iv)	Line 5	depar ment	department
93	4.9	Line 5 below table	<i>per cant</i>	<i>per cent</i>
96	4.12	Last line	Collection	collection
101	4.15	Line 9	estiamte	estimate
107	4.18	Line 16	Details	details
129	7.2.1	Line 5	assi-,	assi-
135	7.2.7(i)	Line 3	toward	towards
148	7.4.10(ii)	Line 1 of table	ot	of
156	7.6.2	Line 16	settled	settle
160	7.8.3	Line 11	discremination	discrimination
178	298—Co-operation	Under Col. 2	₹3'63	3'63
182	APPENDIX II	Under Col. 1 Transport and communications	communications	Communications
188	APPENDIX IV	Heading	APPENDIX IV	APPENDIX V
202	APPENDIX IX	Sl. No. 6, Col. (3)	etc	etc.
209	APPENDIX XIV	Para 1, line 14	central	Central
214	APPENDIX XV	Item no. (vii) line 2	age	tage



PREFATORY REMARKS

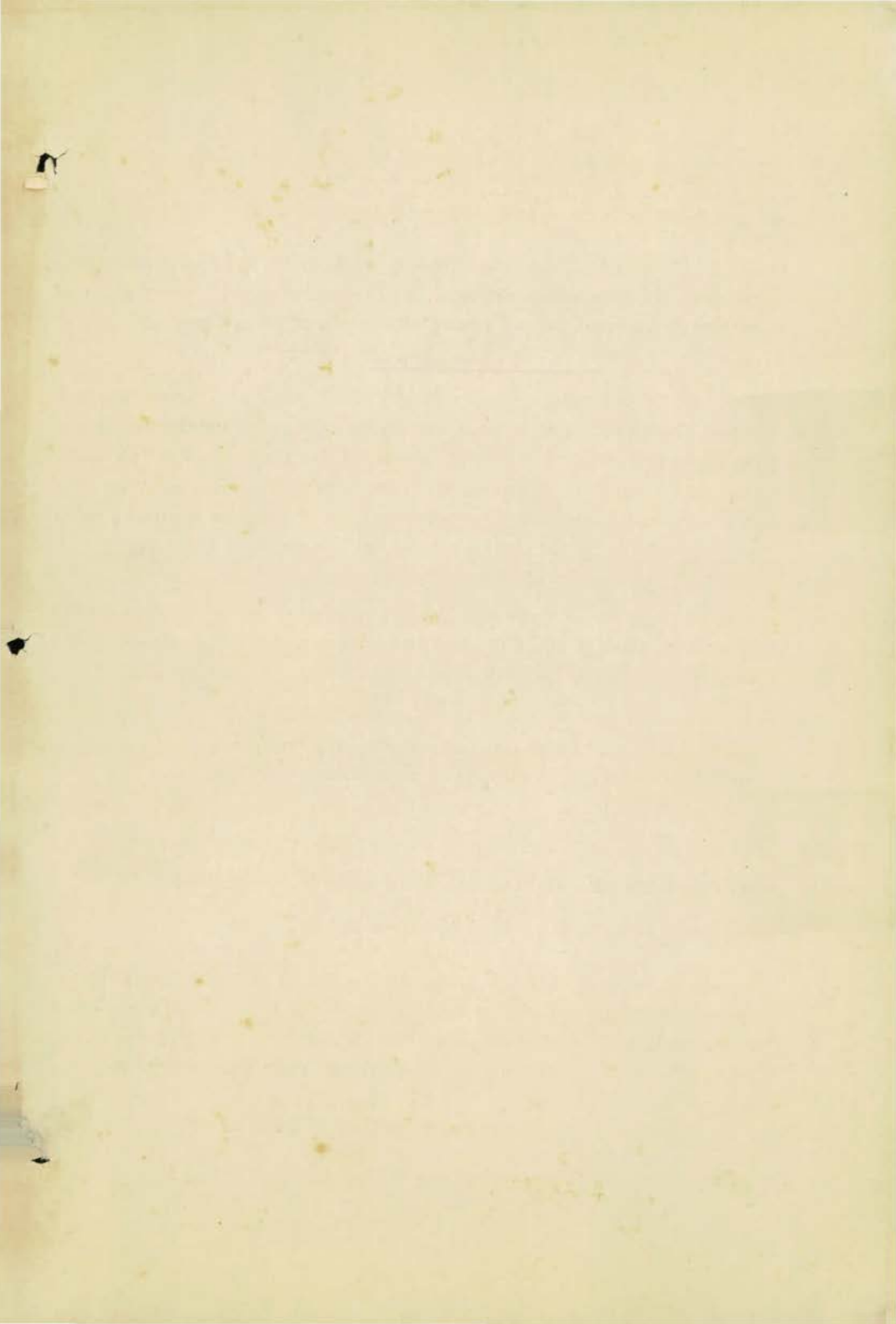
This Report has been prepared for submission to the Governor under Article 151 of the Constitution. It relates mainly to matters arising from the Appropriation Accounts for 1978-79 together with other points arising from audit of financial transactions of Government of Orissa. It also includes:—

- (i) certain points arising from the Finance Accounts for the year 1978-79 ; and
- (ii) comments on Consolidation of Holdings, Afforestation Scheme and Khadkhai Medium Irrigation Project.

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

3. The cases mentioned in the present Report are among those which came to notice in the course of test audit of accounts during the year 1978-79 as well as those which had come to notice in earlier years but could not be dealt with in previous Reports ; matters relating to the period subsequent to 1978-79 have also been included, wherever considered necessary.

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



CHAPTER I GENERAL

1.1. Summary of transactions

The receipts and expenditure of the Government of Orissa for the year 1978-79 are given below with corresponding figures of the preceding year:—

	1977-78	1978-79
	(In crores of rupees)	
(1) Revenue—		
Revenue receipts ..	3,68·86	4,47·44
(2) Revenue expenditure ..	3,41·03	4,02·34
Revenue surplus (+) ..	(+27·83	(+45·10
(3) Public Debt—		
(i) Internal Debt of the State Government—		
Net increase (+) ..	(+5·70	(+4·47
(ii) Loans and advances from the Central Government—		
Net increase (+) ..	(+47·93	(+75·08
Total—Public Debt (net) Increase ..	(+53·63	(+79·55
(4) Capital expenditure (net)—		
Increase (—) ..	(—)78·43	(—)1,06·86
(5) Loans and advances by the State Government (net)—		
Increase (—) ..	(—)20·02	(—)21·53
(6) Transfer to contingency fund ..	(—)4·00	..
(7) Contingency Fund (net)—		
Increase (+) ..	(+0·17	(+0·35
(8) Public Account (net)—		
Increase (+)/Decrease(—) ..	(+34·17	(—)3·52
(9) Net surplus (+)/deficit(—) ..	(+13·35	(—)6·91
(10) Opening cash balance ..	(—)18·36	(—)5·01
(11) Closing cash balance ..	(—)5·01	(—)11·92(a)

(a) There was a difference of Rs. 0·14 crore between the figure reflected in the accounts (Rs. —12·61 crores) and that intimated by the Reserve Bank of India (Rs. —12·47 crores) relating to "Deposits with Reserve Bank" included in the cash balance. The difference is under reconciliation (January 1980).

1.2. Revenue surplus/deficit

(a) *Revenue Receipts*—The revenue receipts of the State Government for 1978-79 compared with the budget estimates during the year along with the corresponding figures for 1976-77 and 1977-78 are shown below:—

Year (1)	Budget (2)	Actual (3)	Variation between columns (3) and (2)	
			Amount (4)	Percentage (5)
(In crores of rupees)				
1976-77 ..	3,11.35	3,25.80	(+)14.45	5
1977-78 ..	3,77.73	3,68.86	(-)8.87	2
1978-79 ..	4,12.28	4,47.44	(+)35.16	9

(b) *Expenditure on revenue account*—The expenditure on revenue account as compared with (i) the budget estimates and (ii) the budget estimates plus supplementary provision along with the corresponding figures for 1976-77 and 1977-78 is given below:—

Year (1)	Budget (2)	Budget plus supple- mentary (3)	Actuals (4)	Variation between columns (4) and (3)	
				Amount (5)	Percentage (6)
(In crores of rupees)					
1976-77 ..	3,08.83	3,54.35	3,08.16	(-)46.19	13
1977-78 ..	3,51.11	3,68.50	3,41.03	(-)27.47	7
1978-79 ..	3,98.78	4,49.17	4,02.34	(-)46.83	10

(c) The year 1978-79 ended with a revenue surplus of Rs. 45.10 crores as against the anticipated revenue surplus of Rs. 13.50 crores.

1.3. Revenue receipts

(i) The revenue receipts of Government for the year 1978-79 (Rs. 4,47.44 crores) registered an increase of 21 per cent (Rs. 78.58 crores) over those of 1977-78 (Rs. 3,68.86 crores). A comparative analysis of the revenue receipts during 1977-78 and 1978-79 together with an analysis of the increase in 1978-79 over 1977-78 is given below:—

	1977-78	1978-79	Increase(+)/ decrease(-) Amount
	(In crores of rupees)		
(1) Receipts from Government of India—			
Grants under Article 275(1) of the Constitution	72.33	78.06	(+)5.73
Other grants ..	62.09	1,00.44	(+)38.35
State's share of divisible union taxes	69.37	75.68	(+)6.31
Total (1) ..	2,03.79	2,54.18	(+)50.39
(2) Revenue raised by the State—			
(i) Tax Revenue—			
Taxes on Income and expenditure	0.07	0.01	(-)0.06
Taxes on property and capital transactions	10.46	12.03	(+)1.57
Taxes on commodities and services	73.24	86.34	(+)13.10
(ii) Non-tax Revenue—			
Interest receipts, dividends and profits	26.82	28.91	(+)2.09
Other Non-tax Revenue ..	54.48	65.97	(+)11.49
Total (2) ..	1,65.07	1,93.26	(+)28.19
Total Revenue receipts ..	3,68.86	4,47.44	(+)78.58

(ii) *Arrears in collection of receipts*—According to the information furnished by some of the departments, arrears in collection of revenue, interest and other receipts at the end of March 1979 were Rs. 1,19.02 crores.

(iii) More information on various aspects of revenue receipts will be found in the Report of the Comptroller and Auditor General of India for the year 1978-79—Government of Orissa—Revenue Receipts.

1.4. Expenditure on revenue account

(i) The following table compares the expenditure on revenue account during 1978-79 under broad headings with the provision of funds made thereunder (and also with the expenditure during 1977-78 within brackets):-

Head of expenditure	Budget estimates	Budget plus supplementary	Actuals	Variations (Percentage in brackets)
(1)	(2)	(3)	(4)	(5)
(In crores of rupees)				
A—Plan				
A. General Services ..	3.33	6.75	1.99 (3.81)	(—)4.76 (70.5)
B. Social and Community Services	44.83	51.01	40.80 (35.20)	(—)10.21 (20)
C. Economic Services—				
(i) General Economic Services	3.45	3.93	3.08 (1.90)	(—)0.85 (21.7)
(ii) Agriculture and Allied Services	40.44	59.34	47.13 (26.90)	(—)12.21 (20.6)
(iii) Industry and Minerals	2.13	3.17	2.69 (1.07)	(—)0.48 (15.1)
(iv) Water and Power Development	1.43	1.52	1.21 (1.11)	(—)0.31 (20.4)
(v) Transport and Communications	0.23	1.41	1.38 (0.51)	(—)0.03 (2.1)
Total ..	95.84	1,27.13	98.28 (70.50)	(—)28.85 (22.7)

Head of expenditure (1)	Budget estimates (2)	Budget plus supplementary (3)	Actuals (4)	Variations (Percentage in brackets) (5)
(In crores of rupees)				
B—Non-Plan				
A. General Services ..	1,06.16	1,07.85	100.81 (93.96)	(—)7.04 (6.5)
B. Social and Community Services	1,09.52	1,10.66	1,07.71 (99.15)	(—)2.95 (2.7)
C. Economic Services—				
(i) General Economic Services	4.83	5.37	5.10 (4.41)	(—)0.27 (5)
(ii) Agriculture and Allied Services	30.19	35.51	29.88 (28.12)	(—)5.63 (15.9)
(iii) Industry and Minerals	2.76	2.79	2.57 (2.02)	(—)0.22 (7.9)
(iv) Water and Power Development	35.87	42.92	44.10 (31.59)	(+)1.18 (2.7)
(v) Transport and Communications	9.06	12.28	10.56 (8.15)	(—)1.72 (14)
D. Grants-in-aid and contributions	4.55	4.66	3.33 (3.13)	(—)1.33 (28.5)
Total ..	3,02.94	3,22.04	3,04.06 (270.53)	(—)17.98 (5.6)

The shortfall of Rs. 28.85 crores in Plan expenditure was 22.7 per cent of the provision. The shortfall was mainly under Social and Community Services (Rs. 10.21 crores) and Agriculture and Allied Services (Rs. 12.21 crores). The shortfall of Rs. 17.98 crores in Non-Plan expenditure (5.6 per cent of the provision) was mainly under General Services (Rs. 7.04 crores) and Agriculture and Allied Services (Rs. 5.63 crores).

(ii) Significant variations in expenditure during 1978-79 over the previous year, under the broad sectors, are analysed in Appendix I.

1.5. Expenditure on Capital account

(i) The capital expenditure during the three years ending 1978-79 as compared with the budget estimates and the budget estimates plus supplementary provision is given below:—

Year (1)	Budget (2)	Budget plus supple- mentary (3)	Actuals (4)	Variation between columns (4) and (3)	
				Amount (5)	Percentage (6)
(Amount in crores of rupees)					
1976-77 ..	41.82	58.05	55.52	(-)2.53	4
1977-78 ..	73.51	80.16	78.43	(-)1.73	2
1978-79 ..	1,10.12	1,26.98	1,06.86	(-)20.12	16

(ii) The following table compares the expenditure on capital account during 1978-79 under broad headings with the provision of funds made thereunder (and also with expenditure during 1977-78 within brackets):—

Head of expenditure	Budget estimates	Budget plus supple- mentary (In crores of rupees)	Actuals	Variations (Percent- age in brackets)
A—Plan				
A. General Services ..	2.05	2.46	2.49 (1.07)	(+)0.03 (1.2)
B. Social and Community Services	7.80	9.28	7.74 (6.41)	(-)1.54 (16.4)
C. Economic Services—				
(i) General Economic Services	6.70	7.93	6.41 (4.12)	(-)1.52 (19.2)
(ii) Agriculture and Allied Services	10.46	13.85	13.14 (7.16)	(-)0.71 (5.1)
(iii) Industry and Minerals	1.96	2.03	1.84 (2.59)	(-)0.19 (9.4)
(iv) Water and Power Development	59.91	64.91	58.93 (47.05)	(-)5.98 (9.2)
(v) Transport and Communications	10.84	15.33	11.36 (8.16)	(-)3.97 (25.9)
Total ..	99.72	1,15.79	1,01.91 (76.56)	13.88 (12)

Head of expenditure	Budget estimates	Budget plus supplementary (In crores of rupees)	Actuals	Variation (Percentage in brackets)
(1)	(2)	(3)	(4)	(5)
B—Non-Plan				
A. General Services ..	0.06	0.27	0.26 (0.35)	(—)0.01 (3.7)
B. Social and Community Services	0.02	0.06	(—)0.07 (0.10)	(—)0.13 (216.7)
C. Economic Services—				
(i) General Economic Services	0.32	0.62	0.42 (0.72)	(—)0.20 (32.3)
(ii) Agriculture and Allied Services	10.00	10.00	4.03 (0.37)	(—)5.97 (59.7)
(iii) Industry and Minerals	..	..	.. (0.01)	..
(iv) Water and Power Development	..	0.09	0.08 (0.25)	(—)0.01 (11.1)
(v) Transport and Communications	..	0.15	0.23 (0.07)	(+)0.08 (53.3)
Total ..	10.40	11.19	4.95 (1.87)	6.24 (55.8)

The shortfall in Plan expenditure (Rs. 13.88 crores) was 12 per cent of the provision, the main shortfall being under Water and Power Development (Rs. 5.98 crores) and Transport and Communications (Rs. 3.97 crores). The shortfall of Rs. 6.24 crores in Non-Plan expenditure was 55.8 per cent of the provision, the main shortfall being under Agriculture and Allied Services (Rs. 5.97 crores, which was 59.7 per cent of the provision of Rs. 10 crores).

(iii) Significant variations in expenditure during 1978-79 over the previous year, under the broad sectors, are analysed in Appendix II.

1.6. Loans and advances by Government

(i) The actuals of disbursement of loans and advances by Government for 1978-79 as compared with the budget estimates and the budget estimates *plus* supplementary provision along with the corresponding figures for 1976-77 and 1977-78 are given below:—

Year	Budget	Budget <i>plus</i> Supple- mentary	Actuals	Variation between columns (4) and (3)	
				Amount	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
(Amount in crores of rupees)					
1976-77	42.52	48.89	39.47	(—)9.42	19
1977-78	32.90	35.20	31.83	(—)3.37	10
1978-79	31.45	38.77	34.67	(—)4.10	11

The saving (column 5) during the year was mainly due to less release of loans for Social Security and Welfare (Rs. 0.50 crore), Co-operation (Rs. 0.74 crore), Agriculture (Rs. 0.55 crore) and miscellaneous purposes (Rs. 1.81 crores).

(ii) The budget and the actuals of recoveries of loans and advances for the three years ending 1978-79 are given below:—

Year	Budget	Actuals	Variation between columns (2) and (3)	
			Amount	Percentage
(1)	(2)	(3)	(4)	(5)
(Amount in crores of rupees)				
1976-77	15.25	11.88	(—)3.37	22
1977-78	14.22	11.81	(—)2.41	17
1978-79	15.67	13.14	(—)2.53	16

The shortfall (column 4) during the year was mainly due to less recovery of miscellaneous loans (Rs. 1.63 crores) and loans for Agriculture (Rs. 0.73 crore).

(iii) The loans and advances outstanding at the end of the last three years were as under:—

Categories of loans and advances	31st March		
	1977	1978	1979
	(In crores of rupees)		
(i) Loans for Social and Community Services	23.60	23.27 (a)	25.14
(ii) Loans for Economic Services			
(a) General Economic Services	7.96	10.52	13.92
(b) Agriculture and Allied Services	(—)0.12	(—)0.16 (b)	(—)1.01 (c)
(c) Industry and Minerals	10.12	8.89	8.39
(d) Water and Power Development	1,10.66	1,30.44	1,47.43
(e) Transport and Communications	2.10	2.10	2.10
(iii) Loans to Government servants	6.34	5.02	5.82
(iv) Loans for Miscellaneous purposes	0.44	1.04	0.86
	1,61.10	1,81.12	2,02.65

Further details are given in Statement Nos. 5 and 18 of Finance Accounts 1978-79.

(iv) Recoveries in arrears—

(a) Loans and advances, the detailed accounts of which are maintained by the Accountant General—The detailed accounts of loans and advances to municipalities, corporations, Government servants for house building purposes and for purchase of motor conveyances and to loanees under "State Aid to Industries Act" are maintained by the Accountant General. The total amount in arrears in respect of the loans outstanding on 31st March 1979 was Rs. 1.34 crores.

- (a) Decreased by Rs. 0.72 crore transferred *pro forma* to Agriculture and Allied Services.
 (b) Minus balance of Rs. 0.88 crore as on 31st March 1978 reduced by Rs. 0.72 crore transferred *pro forma* from Social and Community Services.
 (c) The minus balance was mainly under advances to cultivators due to misclassifications in treasuries. The matter has been taken up for rectification.

Year-wise analysis of the arrears in respect of principal and interest is given below:—

		Amount in arrears	
		Principal	Interest
(In lakhs of rupees)			
1970-71 and earlier years	..	36.62	38.82
1971-72	..	9.73	10.43
1972-73	..	9.97	9.67
1973-74	..	4.80	4.43
1974-75	..	1.21	1.34
1975-76	..	1.75	2.42
1976-77	..	1.46	1.50
1977-78	..	0.04	0.03
Total	..	65.58	68.64

(b) *Loans and advances, the detailed accounts of which are maintained by the departmental officers*—According to the financial rules of Government, the departmental officers are to intimate to Audit by 31st May each year the arrears as on 31st March in recovery of principal and interest of loans and advances in respect of the detailed accounts maintained by them. Such information for the period ending 31st March 1979 has been received (January 1980) from sixteen out of 22 departments. According to the information received, recovery of Rs. 16.69 crores

(principal: Rs. 5.30 crores and interest: Rs. 11.39 crores) was in arrears as on 31st March 1979. A brief analysis of the arrears is given below:—

	Amount in arrears on 31st March 1979	
	Principal	Interest
	(In crores of rupees)	
1. Loans for Education, Art and Culture ..	0.57	..
2. Loans for Public Health, Sanitation and water supply	0.10	0.04
3. Loans for Social Security and Welfare ..	0.16	0.08
4. Loans for Co-operation ..	2.00	0.40
5. Loans for Agriculture ..	1.74	0.14
6. Loans for Community Development ..	0.56	0.48
7. Loans for Machinery and Engineering Industries	0.16	0.06
8. Loans for Power Projects ..	..	10.13
9. Miscellaneous loans ..	0.01	0.06
Total ..	5.30	11.39

The information about arrears in recovery had not been received (January 1980) from the following departments:—

Department	Nature of loans
1. Revenue ..	Advances to cultivators
2. Forest, Fisheries and Animal Husbandry	Loans for Forest, Fisheries, Animal Husbandry and Dairy Development
3. Mining and Geology ..	Loans for Mines and Minerals
4. Health and Family Welfare ..	Loans for Social Security and Welfare schemes
5. Labour, Employment and Housing	Loans under various Housing schemes
6. Industries ..	Loans for setting up of various industries

(v) *Acceptance of balances*—In order to ascertain whether the balances outstanding in the books of the Accountant General represent the position correctly, the balances are communicated at the end of each year to the appropriate authorities for verification and acceptance. Acceptances of such balances of loans were not received (January 1980) in 963 cases (total balance: Rs. 54.36 crores as on 31st March 1979) despite reminders, year-wise analysis of which is given below:—

		Number of cases	Amount (Rupees in crores)
1974-75 and earlier years	..	821	1.38
1975-76	..	9	6.81
1976-77	..	14	0.60
1977-78	..	25	29.66
1978-79	..	94	15.91
Total	..	963	54.36

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

1.7. Sources from which capital and other expenditure was met

The sources from which the capital expenditure (Rs. 1,06.86 crores) and the net outgo under Loans and Advances by the State Government (Rs. 21.53 crores) during 1978-79 were met are given below:—

(In crores of rupees)

1. Net addition to—

(i) Internal debt	..	4.47
(ii) Loans from Government of India	..	75.08
(iii) Small savings, Provident Funds, etc.		13.45

(In crores of rupees)

2. Miscellaneous—		
(i) Reserve Funds	..	(—)2·89
(ii) Other items (mainly balances under Deposits, Suspense, Miscellaneous and Remittances)		(—)0·91
3. Contingency Fund	..	0·35
4. Investments in securities and increase in cash balance		(—)6·26
5. Revenue surplus	..	45·10
6. Net amount available for expenditure	..	1,28·39

1.8. Debt position

(a) The total debt liability of the Government at the close of 1978-79 was Rs. 10,28·53 crores. A comparative analysis of the debt liability as at the end of March 1977, 1978 and 1979 is given below:—

Nature of debt	Balance as on 31st March		
	1977	1978	1979
	(In crores of rupees)		
(1) Internal debt of the State Government	1,45·36	1,51·06	1,55·53
(2) Loans and advances from the Central Government	5,94·12	6,42·05	7,17·13
(i) Total Public Debt	7,39·48	7,93·11	8,72·66
(ii) Small savings, provident funds, etc.	59·56	71·63	85·08
(iii) Reserve funds and deposits (interest bearing)	5·92	7·52	4·85
(iv) Depreciation reserves and other earmarked funds (non-interest bearing)	18·73	15·48	12·98
(v) Civil deposits and deposits of local funds (non-interest bearing)	33·62	45·81	52·96
Total debt	8,57·31	9,33·55	10,28·53

(b) Under an agreement with the Reserve Bank of India, the State Government have to maintain with the Bank a minimum balance of Rs. 60.00 lakhs on all working days. If the balance falls below the agreed minimum on any day, the Bank allows ordinary and special ways and means advances. The limits for 1978-79 for ordinary ways and means advances were Rs. 6 crores up to 30th September 1978 and Rs. 12 crores thereafter. The limit for special ways and means advances was Rs. 6 crores throughout the year.

The extent to which Government maintained the minimum balance with the Bank during 1978-79 is given below:—

(i) Number of days on which the minimum balance was maintained without obtaining any advance	288
(ii) Number of days on which the minimum balance was maintained by obtaining ordinary and special ways and means advances	71
(iii) Number of days on which there was shortfall from the minimum balance after taking the above advances but no overdraft was taken	1
(iv) Number of days on which overdraft was taken	5

At the end of 1977-78, Rs. 5.07 crores were outstanding as ways and means advances. During 1978-79, the State Government obtained Rs. 56.29 crores as ways and means advances from the Reserve Bank of India and repaid the entire advance in full during the year. Interest of Rs. 0.18 crore was paid in 1978-79 on these advances.

Rupees 6.47 crores were obtained as overdrafts which were repaid to the Bank during the year. Interest paid to the Bank on the overdrafts and shortfalls during the year was Rs. 0.03 crore.

(c) *Interest charges*—Interest payments on account of the debt are as indicated below:—

	1977-78	1978-79
	(In crores of rupees)	
Interest paid by the State Government	42.70	45.51
<i>Interest received by the State Government—</i>		
(a) Interest received on loans and advances	1.89	1.27
(b) Interest received on investment of cash balances	0.07	0.35

	1977-78	1978-79
	(In crores of rupees)	
Net burden on interest on revenue ..	40.74	43.89
Net interest as percentage of total revenue receipts	11.0	9.8

In addition, there were other receipts and adjustments of interest charges (Rs. 27.19 crores) such as interest received from commercial departments, refunds, etc.; if these are also taken into account, the net burden of interest on revenue was Rs. 16.70 crores.

1.9. Investments

The following table indicates the amount invested by Government during 1978-79 as well as cumulative figures to end of the year together with the dividend/interest received by Government therefrom:—

(1)	Investment				Dividend/ interest received during the year with percentage of return on cumulative investments in brackets
	During 1978-79		To end of 1978-79		
	Number of concerns	Invest- ment	Number of concerns	Invest- ment	
(2)	(3)	(4)	(5)	(6)	
	(Amount in crores of rupees)				
(i) Statutory Cor- porations:	2	0.36	3	4.83	0.03 (0.62)
(ii) Govern m e n t Companies	14	4.63	61	51.08	*
(iii) Joint s t o c k Companies	..	..	26	1.39	0.04 (2.9)
(iv) Co-operative institutions	9	7.08	4,249	39.68	0.03 (0.08)
Total ..	25	12.07	4,339	96.98	0.10 (0.10)

* Rs. 0.28 lakh (percentage small).

Twenty-four concerns in which Government had investment of Rs. 50.96 lakhs were under liquidation (September 1979). Thirteen other concerns in which Government had invested Rs. 14.84 lakhs had been liquidated to end of March 1979. Further details are given in Statement No. 14 of Finance Accounts 1978-79.

1.10. Guarantees

(i) Government have given guarantees for repayment of loans, etc., raised by statutory corporations, co-operative societies and others.

The guarantees are in the nature of contingent liabilities on the State revenues. Brief particulars of these contingent liabilities based on the available information are given below (further details are given in Statement No. 6 of Finance Accounts 1978-79):—

Body on whose behalf guarantee was given	Maximum amount guaranteed	Sums guaranteed outstanding on 31st March 1979
	(In crores of rupees)	
Statutory corporations and boards ..	87.53	86.04
Government companies ..	21.76	17.19
Joint-stock companies ..	0.02	0.02
Notified Area councils, Municipalities and Improvement Trusts	3.85	3.44
Co-operative institutions including co-operative banks	1,13.79	1,11.22
Private parties ..	0.03	0.03
Total ..	2,26.98	2,17.94

(ii) (a) Government constituted a Guarantee Reserve Fund in 1969-70 to meet the liability arising out of the guarantees being invoked. Contributions to the Fund are made from revenue by annual assignments from

the Consolidated Fund. Recoveries made from the parties and interest realised on investments made out of the balances in the Fund are to be credited to the Fund. The balance at the credit of the Fund on 31st March 1979 was Rs. 47.64 lakhs ; no part of the Fund was invested during the year.

(b) Rupees 92.02 lakhs have been paid by Government from 1968-69 to 1978-79 on behalf of the principal debtors on account of invocation of guarantees. Of this, Rs. 0.70 lakh paid during 1978-79 was treated as loan. No amount has been recovered so far (January 1980). Year-wise details of the amount paid on account of guarantees invoked are as follows:—

Year	Amount paid
	(In lakhs of rupees)
1968-69 to 1974-75	.. 83.76
1975-76	.. 4.08
1976-77	.. 2.96
1977-78	.. 0.52
1978-79	.. 0.70
Total	.. 92.02

(iii) Government charge from the parties guarantee commission at rates ranging from 0.01 per cent to 1 per cent of the guarantee. On certain guarantees no fee is charged. The guarantee commission pending recovery in respect of 22 institutions due on 31st March 1979 was Rs. 9.44 lakhs.

1.11. Delay in submission of monthly accounts by Public Works divisions

Under the rules, the monthly accounts of Public Works divisional offices are due to reach the office of the Accountant General not later than the 10th of the month following that to which they relate. During 1978-79, the submission of monthly accounts of 173 Public Works divisions was delayed, delay ranging up to 59 days. As a result, some of the divisional accounts had to be excluded from the consolidated accounts of the month to which they related. The consolidated State civil accounts could not, on this account, depict the correct position each month.

Persistent delay in submission of divisional accounts impairs the completeness of the monthly accounts of Government and it not only affects the closing of monthly accounts and communication of actuals to controlling offices by the due date but also renders reconciliation of departmental figures with those booked by Audit Office difficult.

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

(a) *Multipurpose River Projects*—The total capital outlay on Multipurpose River Projects in the State as on 31st March 1979 was Rs. 2,23·17 crores. This constituted 28 per cent of the capital investment of Government. Of these, Hirakud Dam Project with a Capital Outlay of Rs. 69·83 crores (exclusive of Rs. 26·74 crores representing value of assets transferred to the Orissa State Electricity Board and treated as loan) and Balimela (Joint) Project with a capital investment of Rs. 44·17 crores on the Dam Project (exclusive of Rs. 12 crores transferred to Government of Andhra Pradesh as its share of expenditure) and Rs. 36·98 crores on the Balimela Power Project were commissioned in 1960-61 and 1973-74 respectively. Government incurred a deficit of Rs. 3·05 crores on the Hirakud Dam Project during 1978-79, after providing interest charges (Rs. 3·03 crores) on the capital and earned a net revenue of Rs. 4·60 crores from the Balimela Power Project during 1978-79 after providing interest charges (Rs. 2·61 crores) on the capital. More details are given in Statement No. 3 of the Finance Accounts 1978-79.

The following table gives the working results of the Hirakud Dam and Balimela Power Projects for 1978-79 and the preceding two years:—

	1976-77	1977-78	1978-79
	(In crores of rupees)		
Total expenditure on these projects	1,05·96	1,06·93	1,06·81
Net revenue without taking interest charges into account	7·75	8·57	7·20
Interest on capital ..	6·76	6·20	5·64
Net revenue (+)/deficit (—) after meeting interest charges	(+)0·99	(+)2·37	(+)1·56

(b) *Irrigation Projects*—The progressive capital outlay on the sixteen irrigation projects (for which capital and revenue accounts are kept) on 31st March 1979 was Rs. 1,10.93 crores. Government sustained a deficit of Rs. 8.43 crores during 1978-79 after providing interest charges (Rs. 7.40 crores) on the capital.

The following table gives the working results for 1978-79 and the preceding two years:—

	1976-77	1977-78	1978-79
	(In crores of rupees)		
Total capital expenditure on Irrigation Projects	94.88	1,04.98	1,10.93
Net revenue without taking into account interest charges	(—)1.16	(+)0.45	(—)1.03
Interest on capital ..	6.45	7.02	7.40
Net revenue (+)/deficit (—) after meeting interest charges	(—)7.61	(—)6.57	(—)8.43

The project-wise details are given in Statement No. 3(i) of the Finance Accounts 1978-79.

(c) *Power Projects*—With the formation of the Orissa State Electricity Board in March 1961, Government have been transferring all transmission, distribution and generating assets to the Board as and when these are completed. To the end of 1978-79, assets provisionally valued at Rs. 65.50 crores have been transferred to the Board and the amount has been treated as loan to the Board in Government accounts; the value of the assets transferred to the Board has not been finally settled so far pending finalisation of the valuation of the assets (January 1980).

CHAPTER II

APPROPRIATION AUDIT AND CONTROL OVER
EXPENDITURE

2.1. Summary

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

(1)	Grants/ charged appropriations	Expen- diture	Saving (—)/ Excess (+)		
			Amount	Percentage	
(2)	(3)	(4)	(5)		
(In crores of rupees)					
Voted —					
Original	5,91.49	6,70.59	5,80.88	(—)89.71	13
Supplementary	79.10				
Amount transferred to the Contingency Fund under the Orissa Contingency Fund (Amendment) Ordinance, 1978	4.00	4.00	
Charged —					
Original	2,16.74	2,17.40	1,54.01	(—)63.39	29
Supplementary	0.66				
Total	8,91.99	7,38.89	(—)1,53.10	17	

The overall saving of Rs. 1,53.10 crores was the net result of saving of Rs. 1,61.07 crores in 22 grants in revenue section (Rs. 41.05 crores), 24 grants in capital section (Rs. 56.60 crores), 16 charged appropriations in revenue section (Rs. 0.92 crore) and 3 charged appropriations in capital section (Rs. 62.50 crores) partly counterbalanced by excess

of Rs. 7.97 crores in 4 grants in revenue section (Rs. 7.86 crores), 2 grants in capital section (Rs. 0.08 crore), 1 charged appropriation in revenue section (Rs. 0.01 crore) and 3 charged appropriations in capital section (Rs. 0.02 crore).

(b) Further details are given below:—

(1)	Revenue (2)	Capital (3)	Loans and advances (4)	Transfer to the Contingency Fund (5)	Public debt (6)	Total (7)
	(In crores of rupees)					
Authorised to be spent (grants and charged appropriations)—						
Original	4,29.31	1,81.24	31.92	..	1,65.76	8,08.23
Supplementary (September 1978/February 1979)	51.69	20.74	7.33	4.00	..	83.76
Total	4,81.00	2,01.98	39.25	4.00	1,65.76	8,91.99
Actual expenditure (Grants and Charged appropriations)	4,46.90	1,49.87	34.85	4.00	103.27	738.89
Shortfall (—)/ Excess (+)	(—)34.10	(—)52.11	(—)4.40	..	(—)62.49	(—)1,53.10

2.2. Excess over grants/ charged appropriations requiring regularisation

(a) *Excess over grants*—The excess of Rs. 7.86 crores in 4 grants in the revenue section and of Rs. 0.08 crore in 2 grants in the capital section as detailed below, requires regularisation under Article 205 of the Constitution:—

Sl. No.	Number and name of grant	Revenue Section		Excess
		Total grant	Actual expenditure	
(1)	(2)	(3) Rs.	(4) Rs.	(5) Rs.
1.	6—Expenditure relating to the Commerce Department			
	Original	3,45,33,000	3,47,25,827	31,827
	Supplementary	1,61,000		

The excess mainly occurred under 'Government Press' due to receipt of paper from the mills and debit towards cost of paper received from the Pay and Accounts Officer which was not anticipated during the year. The excess was partly set off by savings under other heads.

Sl. No.	Number and name of grant	Total grant	Actual expenditure	Excess
(1)	(2)	(3)	(4)	(5)
2.	7—Expenditure relating to the Works Department			

Original	28,20,21,000	31,40,95,000	31,79,48,069	38,53,069
Supplementary	3,20,74,000			

The excess mainly occurred under suspense heads relating to Public Works (Rs. 3,21.35 lakhs) and Roads and Bridges (Rs. 71.89 lakhs). The excess under Roads and Bridges was attributed to purchase of more materials for which provision could not be made. Reasons for the remaining excess have not been intimated (February 1980). The excess was partly set off by savings under other heads.

Excess also occurred under this grant during 1976-77 (Rs. 18.75 lakhs), 1975-76 (Rs. 5,34.55 lakhs) and 1974-75 (Rs. 5,62.10 lakhs).

3. 13—Expenditure relating to the Urban Development Department

Original	12,24,96,000	13,44,27,000	18,85,33,796	5,41,06,796
Supplementary	1,19,31,000			

The excess mainly occurred under 'Sewerage and Water Supply' (Rs. 6,22.81 lakhs) and 'Public Health and Sanitation' (Rs. 13.55 lakhs). The excess under 'Public Health and Sanitation' was due to absorption of work charged staff in the regular establishment, for which provision was not made. Reasons for the excess under 'Sewerage and Water Supply' have not been intimated (February 1980). The excess was partly set off by savings under other heads.

Excess also occurred under this grant during 1977-78 (Rs. 2,22.35 lakhs), 1976-77 (Rs. 2,06.29 lakhs), 1975-76 (Rs. 2,34.14 lakhs) and 1974-75 (Rs. 1,41.28 lakhs).

Sl. No.	Number and name of grant	Total grant	Actual expenditure	Excess
(1)	(2)	(3)	(4)	(5)
		Rs.	Rs.	Rs.
4.	17—Expenditure relating to the Rural Development Department			
	Original 8,21,40,000	12,29,85,000	14,35,48,033	2,05,63,033
	Supplementary 4,08,45,000			

The excess mainly occurred under 'Rural Works Programme,' (Rs. 3,24.54 lakhs) due to purchase of more stock materials and 'Other Minor Irrigation Works' (Rs. 33.56 lakhs) due to more expenditure on maintenance of minor irrigation projects. The excess was partly set off by savings under other heads.

Capital Section

1.	13—Expenditure relating to the Urban Development Department			
	Original 1,90,42,000	2,99,25,000	3,07,33,267	8,08,267
	Supplementary 1,08,83,000			

The excess mainly occurred under Urban Water Supply Schemes (Rs. 13.63 lakhs), Allopathy (Rs. 9.29 lakhs) and Construction under Capital Outlay on Housing (Rs. 5.26 lakhs). Reasons for the excess have not been intimated (February 1980). The excess was partly set off by savings under other heads.

2.	14—Expenditure relating to the Labour, Employment and Housing Department			
	Original 82,10,000	1,82,87,000	1,82,88,565	1,565
	Supplementary 1,00,77,000			

Excess mainly occurred under Village Housing Scheme (Rs. 8.57 lakhs) and Low Income Group Housing Scheme (Rs. 4.30 lakhs). Reasons for the excess which was partly set off by savings under other heads have not been intimated (February 1980).

Excess also occurred under this grant in 1977-78 (Rs. 0.42 lakh).

(b) *Excess over charged appropriations*—The excess of Rs. 0.03 crore (Rs. 0.01 crore in one charged appropriation in the revenue section and of Rs. 0.02 crore in 3 charged appropriations in the capital section), the details of which are given below, also requires regularisation under Article 205 of the Constitution:—

Sl. No.	Number and name of appropriation	Revenue Section		Excess
		Total appropriation	Actual expenditure	
		(3)	(4)	
(1)	(2)	Rs.	Rs.	Rs.
1.	5—Expenditure relating to the Finance Department	55,000	1,86,172	1,31,172

The excess occurred under the head 'Superannuation and Retirement Allowances', reasons for which have not been intimated (February 1980).

		Capital Section		
2.	13—Expenditure relating to the Urban Development Department			
	Original	62,000	62,754	754
	Supplementary 62,000			

The excess was under 'Sewerage Schemes', reasons for which have not been intimated (February 1980).

3.	17—Expenditure relating to the Rural Development Department			
	Original	5,94,000	6,03,359	9,359
	Supplementary 94,000			

The excess was under 'Minor Irrigation' due to payment of decretal dues sanctioned by Government at the end of the year.

4.	20—Expenditure relating to the Irrigation and Power Department			
	Original	46,93,000	48,52,243	1,59,243
	Supplementary 46,93,000			

The excess was under 'Ramiala Irrigation Project', reasons for which have not been intimated (February 1980).

2.3. Supplementary grants / Charged appropriations

(a) During the year, supplementary provision of Rs. 83.76 crores (September 1978 : Rs. 38.76 crores and February 1979 : Rs. 45.00 crores) was obtained under 25 grants (Rs. 83.10 crores) and 14 appropriations (Rs. 0.66 crore). Of the total supplementary grants, Rs. 51.52 crores were obtained in 25 cases in the revenue section and Rs. 31.58 crores in 14 cases in the capital section. In the charged appropriations, supplementary provision of Rs. 0.17 crore was obtained in 14 cases in the revenue section and of Rs. 0.49 crore in 4 cases in the capital section.

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

(i) Unnecessary supplementary grants

In the following cases the supplementary grants of Rs. 16,79.42 lakhs under 6 grants in the revenue section were unnecessary as the expenditure did not come up even to the original provision:—

Sl. No.	Number and name of grant	Original grant	Supplementary grant	Expenditure	Saving
(1)	(2)	(3)	(4)	(5)	(6)
(In lakhs of rupees)					

Revenue Section

1.	3—Expenditure relating to the Revenue Department	24,74.49	1,09.29	22,32.82	3,50.96
----	--	----------	---------	----------	---------

Saving was stated to be mainly due to non-filling of posts (Rs. 47.45 lakhs), non-release of funds by Government of India due to non-submission of utilisation certificates for the assistance released up to 1977-78 (Rs. 20 lakhs), re-assessment of requirements/less requirements (Rs. 27.72 lakhs) and decision at the High Level Plan Review meeting (Rs. 65.37 lakhs), reasons for which as well as for the remaining saving have not been intimated (February 1980).

Sl. No.	Number and name of grant	Original grant	Supplementary grant	Expenditure	Saving
(1)	(2)	(3)	(4)	(5)	(6)
2.	10—Expenditure relating to the Education and Youth Services Department	80,98.11	1,20.78	79,50.22	2,68.67

Saving was stated to be mainly due to post-budget decision to execute certain building works of educational institutions by Works and Rural Development Departments (Rs. 30.65 lakhs), re-assessment of requirements (Rs. 28.96 lakhs) and late implementation/non-sanction of certain schemes under adult education and youth welfare (Rs. 9.94 lakhs); reasons for this and the remaining savings have not been intimated.

3.	11—Expenditure relating to the Tribal and Rural Welfare Department	13,32.48	15.98	10,80.07	2,68.39
----	--	----------	-------	----------	---------

Saving was stated to be mainly due to reduced Central assistance for integrated tribal development projects (Rs. 2,41.90 lakhs).

4.	12—Expenditure relating to the Health and Family Welfare Department	32,16.95	6,21.35	28,11.02	10,27.28
----	---	----------	---------	----------	----------

Saving to the extent of Rs. 5,33.83 lakhs was mainly due to less receipt of allocation from Government of India for medical relief and family welfare (Rs. 5,09.25 lakhs). Reasons for the remaining saving have not been intimated (February 1980).

Sl. No.	Number and name of grant	Original grant	Supplementary grant	Expenditure	Saving
(1)	(2)	(3)	(4)	(5)	(6)

(In lakhs of rupees)

5.	22—Expenditure relating to the Forest, Fisheries and Animal Husbandry Department	19,76.98	2,11.77	19,64.20	2,24.55
----	--	----------	---------	----------	---------

Saving to the extent of Rs. 1,68.87 lakhs was reported to be mainly due to non-receipt of Central assistance/sanction for inland/off shore fisheries, intensive tribal development programme, forest conservation/development and plantation schemes (Rs. 1,25.59 lakhs), reassessment of requirements for various schemes (Rs. 30.62 lakhs) for which reasons are awaited and non-entertainment/late entertainment of staff (Rs. 12.66 lakhs). Reasons for the remaining saving have not been communicated (February 1980).

6.	23—Expenditure relating to the Agriculture and Co-operation Department	35,51.84	6,00.25	32,58.65	8,93.44
----	--	----------	---------	----------	---------

Saving was stated to be mainly due to re-assessment of requirement, reasons for which have not been intimated (Rs. 1,56.94 lakhs), transfer of the scheme of distribution of surplus land to new assignees from the administrative control of the Agriculture Department to the control of the Revenue Department (Rs. 1,11.05 lakhs), non-release of Central assistance for Ayacut Development (Rs. 79.10 lakhs), less allocation of funds by Government of India for execution of schemes under soil

conservation, Tribal Areas Sub-Plan and Commercial Crops (Rs. 60·63 lakhs), non-release of funds by the Reserve Bank of India for contribution to the Agricultural Credit Stabilisation Fund of Apex Co-operative Banks (Rs. 42 lakhs) and economy measures (Rs. 35·52 lakhs) and non-receipt of sanction from the Government of India for payment of grants-in-aid under the scheme 'Whole Village Development Agency' (Rs. 25·95 lakhs). Reasons for the remaining saving (Rs. 2,26·74 lakhs) have not been intimated (February 1980).

(ii) Supplementary grants which proved excessive

In the following cases, the supplementary grants proved excessive. Against the supplementary provision of Rs. 17,32·42 lakhs in the revenue section and of Rs. 29,20·04 lakhs in the capital section, Rs. 11,35·96 lakhs and Rs. 14,32·42 lakhs respectively were utilised resulting in savings of Rs. 5,96·46 lakhs in the revenue section and Rs. 14,87·62 lakhs in the capital section. The details are given below:—

Revenue Section

Sl. No	Number and name of grant	Original grant	Supplementary grant	Expenditure	Saving
(1)	(2)	(3)	(4)	(5)	(6)

(In lakhs of rupees)

1.	1—Expenditure relating to the Home Department	24,03·86	1,24·06	24,44·08	83·84
----	---	----------	---------	----------	-------

Saving was mainly due to less number of prisoners (Rs. 20·87 lakhs) non-creation/non-filling of posts (Rs. 11·22 lakhs), re-assessment of requirement for which reasons have not been intimated (Rs. 6·64 lakhs) and economy measures (Rs. 6·61 lakhs).

2.	18—Expenditure relating to the Community Development and Social Welfare Department	14,38·94	14,56·68	24,53·21	4,42·41
----	--	----------	----------	----------	---------

Saving was mainly due to non-release of foodgrains under 'Food for Works Programme' by the Food Corporation of India (Rs. 3,93.00 lakhs), decision to construct less number of wells in some districts (Rs. 61.29 lakhs) for which reasons have not been intimated and non-finalisation of requisite formalities in connection with the scheme for intensive applied nutrition programme in Nimapara block (Rs. 13.41 lakhs). The saving was partly set off by excess under other heads.

Sl. No.	Number and name of grant	Original grant	Supplementary grant	Expenditure	Saving
(1)	(2)	(3)	(4)	(5)	(6)
3.	19—Expenditure relating to the Industries Department	6,69.60	1,51.68	7,51.07	70.21

Saving was mainly due to transfer of Rural Industries Projects/ District Industries Offices to the Orissa Small Industries Corporation (Rs. 28.43 lakhs) and late implementation of certain schemes (Rs. 15.81 lakhs) for which reasons have not been communicated (February 1980).

Capital Section

4.	5—Expenditure relating to the Finance Department	4,41.00	4,10.01	7,04.68	1,46.33
----	--	---------	---------	---------	---------

Saving was stated to be due to payment of less Ways and Means advances to State undertakings than anticipated.

5.	7—Expenditure relating to the Works Department	14,72.52	5,30.90	16,79.50	3,23.92
----	--	----------	---------	----------	---------

Saving was mainly due to non-receipt of Central assistance for execution of certain road works (Rs. 81.63 lakhs), non-procurement of stock materials for construction of buildings (Rs. 68.47 lakhs) and non-execution of certain schemes under Tribal Areas Sub-Plan (Rs. 46.40 lakhs), for which reasons have not been communicated (February 1980).

Sl. No.	Number and name of grant	Original grant	Supplementary grant	Expenditure	Saving
(1)	(2)	(3)	(4)	(5)	(6)
6.	11—Expenditure relating to the Tribal and Rural Welfare Department	54.50	90.12	93.30	51.32

Saving was mainly due to post-budget decision of Government not to give loans to the Orissa Forest Corporation Limited and Tribal Development Co-operative Corporation Limited for collection of *sal* seeds on the expiry of procurement season.

7.	17—Expenditure relating to the Rural Development Department	9,49.79	2,92.91	11,71.31	71.39
----	---	---------	---------	----------	-------

Saving was mainly due to less utilisation of grants under 'Food for Works Programme'.

8.	19—Expenditure relating to the Industries Department	4,15.43	79.38	4,31.87	62.94
----	--	---------	-------	---------	-------

Saving was stated to be mainly due to less allocation of funds by Government of India for loans for Village and Small Industries (Rs. 24.11 lakhs), non-requirement of funds by Orissa State Handloom Development Corporation Limited under the revised pattern of assistance prescribed by Government of India (Rs. 18.44 lakhs), reasons for which have not been intimated (February 1980), reduction in the Project cost of the Kalinga Weavers' Co-operative Spinning Mills, Dhenkanal (Rs. 10.51 lakhs) and less investment in the Panchayat Samiti industrial units (Rs. 5 lakhs).

9.	20—Expenditure relating to the Irrigation and Power Department	90,19.35	9,22.67	93,93.17	5,48.85
----	--	----------	---------	----------	---------

Saving was stated to be mainly due to re-assessment of requirements (Rs. 3,52.24 lakhs), slow progress of works (Rs. 2,12.03 lakhs), less receipt of grants from Government of India (Rs. 1,60.90 lakhs), revision of Plan allocation for Minor Irrigation Projects (Rs. 1,18.29 lakhs) and stoppage of work by the workers of Orissa Construction Corporation Limited (Rs. 1,06.12 lakhs). The reasons for re-assessment of requirement, slow progress and revision of Plan allocation have not been stated (February 1980). The saving was partly off set by excess under other heads.

Sl. No.	Number and name of grant	Original grant	Supplementary grant	Expenditure	Saving
(1)	(2)	(3)	(4)	(5)	(6)
			(In lakhs of rupees)		
10.	23—Expenditure relating to the Agriculture and Co-operation Department	10,15.46	5,94.05	13,26.64	2,82.87

Saving was stated to be mainly due to less release of funds by Reserve Bank of India (Rs. 90.21 lakhs), transfer of the scheme of distribution of surplus land to the control of the Revenue Department (Rs. 50 lakhs), reduction in payment of share capital contribution to Large Sized Agricultural Multipurpose Co-operative Societies for enrolment of members (Rs. 38 lakhs), non-release of Central assistance for construction of field channels (Rs. 20 lakhs), non-receipt of funds from the National Co-operative Development Corporation for payment of loans to Consumers Co-operative Societies (Rs. 19.27 lakhs) and for investment in their share capital (Rs. 17.73 lakhs). Reasons for the remaining saving have not been intimated (February 1980).

(iii) Inadequate supplementary grants/charged appropriations

In the following cases, the supplementary grants/charged appropriations of Rs. 9.57 crores proved inadequate; the final uncovered excess

in these cases was Rs. 7.94 crores. Reasons for the excess to the extent received are given in paragraph 2.2.

Sl. No.	Number and name of grant/appropriation	Original grant/appropriation	Supplementary grant/appropriation	Expenditure	Excess
(1)	(2)	(3)	(4)	(5)	(6)

(In lakhs of rupees)

Revenue Section

1.	7—Expenditure relating to the Works Department	28,20.21	3,20.74	31,79.82	38.87
2.	13—Expenditure relating to the Urban Development Department	12,24.96	1,19.31	18,85.34	5,41.07
3.	17—Expenditure relating to the Rural Development Department	8,21.40	4,08.45	14,35.48	2,05.63

Capital Section

4.	13—Expenditure relating to the Urban Development Department	1,90.42	1,08.83	3,07.33	8.08
----	---	---------	---------	---------	------

2.4. Unutilised provision

(a) Rupees 1,61.07 crores remained unutilised as stated in paragraph 2.1(a). In 7 grants in revenue section, 8 grants in capital section and 1 charged appropriation the savings (more than Rs. 25 lakhs in each case) were more than 10 *per cent* of the total provision. The details are given in Appendix III.

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

Sl. No.	Number and name of grant/charged appropriation and head/scheme	Provision	Saving	
			Amount	Percentage
(1)	(2)	(3)	(4)	(5)

(In lakhs of rupees)

Revenue Section

1. 7—Expenditure relating to the Works Department—

(i) 337—Roads and Bridges
PP—Machinery and Equipment—

PP. 1—National Highways	35·00	35·00	100
-------------------------	-------	-------	-----

Saving was attributed to economy measures.

(ii) 337—Roads and Bridges—

TT—Railways Safety Works	20·00	20·00	100
--------------------------	-------	-------	-----

Reasons for the saving have not been intimated (February 1980).

(iii) 259—Public Works—

D—Maintenance and Repairs	33·80	33·80	100
---------------------------	-------	-------	-----

D. 4—Municipal Tax

Saving was stated to be mainly due to economy measures.

2. 12—Expenditure relating to the Health and Family Welfare Department—

280—Medical—

BB—Tribal Areas Sub-Plan	37·10	37·10	100
--------------------------	-------	-------	-----

The non-utilisation of the entire budget provision, reportedly made subject to receipt of central assistance, was attributed to non-receipt of central allocation; specific action taken by the department for formulating schemes to obtain central assistance has not been intimated.

Sl. No.	Number and name of grant/charged appropriation and head/scheme	Provision	Saving	
			Amount	percentage
(1)	(2)	(3)	(4)	(5)
		(In lakhs of rupees)		
3.	23—Expenditure relating to the Agriculture and Co-operation Department—			
	305—Agriculture			
	PP—Drought Prone Areas Programme	34.86	31.36	90

Reasons for the saving have not been intimated (February 1980).

Capital Section

4.	6—Expenditure relating to the Commerce Department—			
	(i) 535—Capital Outlay on Ports, Light Houses and Shipping Ports—			
	S—Development of Minor Ports	2,25.95	2,22.43	98
	Saving was stated to be mainly due to non-approval of the scheme 'Gopalpur Port' by Government of India (Rs. 1,71.41 lakhs), (February 1980) and non-sanction of the Project "Nuagarh Fishing Harbour" (Rs. 46 lakhs).			
	(ii) 533—Capital Outlay on Irrigation, Navigation, Drainage and Flood Control Projects—			
	Navigation Projects— (Non-commercial)			
	Q—Navigation in Mahanadi ..	34.38	34.38	100

Saving was stated to be due to non-finalisation of the contract and other formalities preliminary to the execution of the project. Saving under this head also occurred in 1974-75 (Rs. 18 lakhs), 1975-76 (Rs. 20 lakhs), 1976-77 (Rs. 20 lakhs) and 1977-78 (Rs. 36 lakhs).

Sl. No.	Number and name of grant/charged appropriation and head/scheme	Provision	Saving	
			Amount	percentage
(1)	(2)	(3)	(4)	(5)

(In lakhs of rupees)

5. 7—Expenditure relating to the Works Department
537—Capital Outlay on Roads and Bridges
CCCC—Tribal Areas Sub-Plan—

CCCC. 2—District and Other roads	5,29.53	2,15.92	41
----------------------------------	---------	---------	----

Reasons for saving have not been intimated (February 1980).

6. 9—Expenditure relating to the Food and Civil Supplies Department

509—Capital Outlay on Food— I—Procurement and Supply— I. 1—Grain Purchase Scheme— I. 1 (1)—Suspense (personal deposits)	51,98.90	38,46.22	74
--	----------	----------	----

Saving was due to less procurement of foodgrains, reasons for which have not been intimated (February 1980). Saving also occurred under this head during 1975-76 (Rs. 6,04.57 lakhs), 1976-77 (Rs. 5,72.58 lakhs) and 1977-78 (Rs. 13,34.83 lakhs).

7. 20—Expenditure relating to the Irrigation and Power Department—

(i) 533—Capital Outlay on Irrigation, Navigation, Drainage and Flood Control Projects—

Sl. No.	Number and name of grant/charged appropriation and head/scheme	Provision	Saving	
			Amount	percentage
(1)	(2)	(3)	(4)	(5)
	Navigation Projects (Non-Commercial)			
	AAAAAA—Tribal Areas Sub-Plan			
	AAAAAA.6—Badanalla Irrigation Project	40.62	40.62	100

(In lakhs of rupees)

Saving was due to non-sanction of the estimate.

(ii) 532—Capital Outlay on Multi-purpose River Projects—

Balimela Dam Project—

UUUU—Tribal Areas Sub-Plan

UUUU—5—Power Scheme ..	1,62.78	1,40.21	86
------------------------	---------	---------	----

Reasons for non-utilisation have not been intimated (February 1980).

2.5. Advances from the Orissa Contingency Fund

A Contingency Fund of Rs. 6 crores was placed at the disposal of the Governor of Orissa at the beginning of the year to enable advances to be made from it for meeting unforeseen expenditure pending authorisation of such expenditure by the State Legislature.

The corpus of the Fund was increased from Rs. 6 crores to Rs. 10 crores by an ordinance promulgated in July 1978 in order to meet the need for drought relief operations and other unforeseen and emergent expenditure. The ordinance was, however, not subsequently enacted as an Act of the Legislature and Rs. 4 crores were refunded to the Consolidated Fund during the year. The corpus of the Fund was, thus, again reduced to Rs. 6 crores.

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

One hundred sanctions were issued by Government during 1978-79 advancing Rs. 7,14.44 lakhs from the Contingency Fund of which 56 sanctions were operated upon and Rs. 4,68.41 lakhs were drawn from the Fund during the year.

An analysis of the sanctions for advances and expenditure there-against is given below:—

- (i) In one case, sanction order for Rs. 5 lakhs issued on 18th August 1978 was not operated upon and was cancelled subsequently on 6th March 1979.
- (ii) In respect of 5 sanctions involving Rs. 41.85 lakhs the amounts sanctioned were in excess of actual requirements as detailed below:—

Sl. No.	Date of sanction	Amount		Percentage of non-utilisation
		Sanctioned	drawn	
(1)	(2)	(3)	(4)	(5)
(In lakhs of rupees)				
1.	27th April 1978	0.40	0.08	80
2.	29th May 1978	1.50	0.78	48
3.	29th May 1978	1.45	0.47	68
4.	7th August 1978	5.00	1.54	69
5.	2nd March 1979	33.50	16.97	49

(iii) Out of Rs. 4,68.41 lakhs drawn during the year, Rs. 3,72.66 lakhs were not recouped to the Fund till the close of the year.

At the commencement of the year advances of Rs. 9.69 lakhs and Rs. 3,98.12 lakhs drawn from Contingency Fund during the years 1975-76 and 1977-78 respectively were due for recoupment to the Fund; these were recouped in full during the year. The balance in the Fund at the close of the year was Rs. 2,27.34 lakhs.

2.6. Shortfall/excess in recoveries

Under the system of gross budgeting followed by Government, the demands for grants presented to the Legislature are for gross expenditure and exclude all credits and recoveries which are adjusted in the accounts in reduction of expenditure; the anticipated recoveries and credits are shown separately in the budget estimates. During 1978-79, such recoveries were anticipated at Rs. 1,02.11 crores (Revenue : Rs. 30.52 crores; Capital : Rs. 71.59 crores). Actual recoveries during the year, however, were Rs. 91.74 crores (Revenue : Rs. 44.55 crores; Capital : Rs. 47.19 crores). Some of the important cases of shortfall/ excess in recoveries are detailed below:—

Sl. No.	Number and name of grant	Budget estimates		Actuals		Amount of shortfall/excess of recoveries over estimates	
		Revenue	Capital	Revenue	Capital	Revenue More (+)/less (-)	Capital More (+)/less (-)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
		(In crores of rupees)					
	(i) 3—Expenditure relating to the Revenue Department	3.58	..	2.17	..	(-).141	..
	(ii) 5—Expenditure relating to the Finance Department	0.64	..	0.13	4.00	(-).051	(+).400

Shortfall in recovery was due to less transfer of expenditure (met initially from the grant) to the Orissa Famine Relief Fund for which reasons are awaited (February 1980).

The recovery under Capital section was due to the provision for transfer from "Contingency Fund" on reduction of the *corpus* of the "Contingency Fund" having not been made for which reasons were not stated.

Sl. No.	Number and name of grant	Budget estimates		Actuals		Amount of shortfall excess of recoveries over estimates	
		Revenue	Capital	Revenue	Capital	Revenue More(+)/less(-)	Capital More(+)/less(-)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
		(In crores of rupees)					
	(iii) 7—Expenditure relating to the Works Department	13.80	0.47	19.55	0.24	(+)5.75	(-)0.23

More recoveries under revenue section were mainly under "Suspense—Gross Credit," reasons for which have not been intimated (February 1980).

(iv) 9—Expenditure relating to the Food and Civil Supplies Department	..	42.00	..	10.28	..	(-)31.72
---	----	-------	----	-------	----	----------

Recoveries were less than anticipated under "Grain Purchase Scheme"; reasons for the shortfall have not been intimated (February 1980).

(v) 13—Expenditure relating to the Urban Development Department	2.00	..	7.94	..	(+)5.94	..
---	------	----	------	----	---------	----

More recoveries were mainly under "Public Health, Sanitation and Water Supply Suspense-Gross Credit"; reasons for the excess have not been intimated (February 1980).

(vi) 17—Expenditure relating to the Rural Development Department	4.50	..	8.34	..	(+)3.84	..
--	------	----	------	----	---------	----

More recoveries were mainly under "Community Development—Suspense—Gross Credit" due to issue of more materials to works than anticipated, the reasons for which have not been stated.

(vii) 20—Expenditure relating to the Irrigation and Power Department	3.99	9.07	4.22	13.23	(+)0.23	(+)4.16
--	------	------	------	-------	---------	---------

More recoveries in the capital section were mainly under "Public Works—Suspense—Gross Credit". Reasons have not been intimated (February 1980).

2.7. Non-receipt of explanations for savings / excesses

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

During 1978-79, explanations for variations were called for from the controlling officers in respect of 2,955 heads (saving: Rs. 59.67 crores; excess : Rs. 50.41 crores). Explanations for variations were received in 470 cases. The remaining 2,485 cases (saving : Rs. 51.75 crores; excess: Rs. 49.33 crores) where reasons were not received (February 1980) formed 84 *per cent* of the number of heads for which variations were required to be explained.

Departments which have not furnished (February 1980) the explanations for variations in a large number of cases are Irrigation and Power (1,031 heads), Agriculture and Co-operation (279 heads), Works (329 heads), Urban Development (181 heads), Health and Family Welfare (117 heads) and Forest, Fisheries and Animal Husbandry (101 heads).

CHAPTER III

CIVIL DEPARTMENTS

REVENUE, EXCISE AND PROHIBITION DEPARTMENT

3.1. Consolidation of Holdings

3.1.1. Government undertook in 1972-73 the scheme of Consolidation of Holdings. The Orissa Consolidation of Holdings and Prevention of Fragmentation of Land Act, 1972 and the rules made thereunder formed the basis for implementation of the scheme.

3.1.2. The execution of the scheme involves

- (i) Cadastral survey and preparation of map;
- (ii) determination of rights over land, fixation of value of land according to gradation and settlement of rent and cess;
- (iii) chalking out new plan for the village to ensure better water management, communication to farm lands and to provide lands for communal purposes;
- (iv) re-arrangement of land for the purpose of forming compact holdings; and
- (v) preparation of record-of-rights and map on the basis of such compact allotment of land and delivery of possession.

Consolidation operation starts with the issue of notification bringing certain areas within the purview of the scheme and ends after final publication of map and record-of-rights.

A period of 3 years for completion of consolidation process in an area is laid down in the Orissa Consolidation Manual, 1973 (Board of Revenue). Stage-wise time schedule has not been fixed.

3.1.3. Programme and Progress

The scheme was started during 1972-73 in selected areas of 7 districts (Cuttack, Puri, Balasore, Ganjam, Dhenkanal, Mayurbhanj and Saptapuri) without preparation of any scheme or project report. A schedule for implementation was fixed in 1977 according to which 19.44 lakh hectares were to be consolidated by 1982-83 at an estimated cost of Rs. 100 * crores. Only 0.28 lakh hectares were completed by the end of 1978-79.

According to the estimated period of 3 years for consolidation of the area (which was adopted for preparation of five years programme envisaged in the Orissa Consolidation Manual, 1973, 1.94 lakh hectares were due for completion whereas the actual area completed up to 1978-79 was only 0.28 lakh hectares (14.4 per cent). The slow progress was attributed mainly to want of statutory forms, dislocation of work due to various reasons, non-availability of experienced amins and consolidators, hesitation of the people to take delivery of possession of land and opposition of the villagers to the scheme.

The time schedule was changed in June 1977 according to which the total target is now sought to be achieved by 1987-88 instead of 1982-83.

3.1.4. Expenditure and cost of consolidation operation

The expenditure incurred in the six ranges which had been selected till September 1978 was Rs. 7.35 crores. As camp-wise expenditure was not recorded in circle offices, actual cost of consolidation in respect of completed areas could not be ascertained to compare with the ceiling of Rs. 200 per hectare prescribed by the Board of Revenue. Completion of consolidation operation to the end of 1978-79 was between 5 and 16 per cent of the targeted programme in the different ranges although the expenditure

* The cost of consolidation operation per hectare has been assessed at Rs. 100. The total cost for 44.66 lakh hectares has been assessed at Rs. 100 crores. In considering into consideration the periodical escalations on account of rise in wages and increase in cost of materials.

of March 1979 had already exceeded the prescribed ceiling of expenditure (Rs. 200 per hectare) as indicated in the table below:—

Range	Area under consolidation	Area completed	Percentage of achievement	Actual expenditure	Estimated expenditure for completing consolidation of 2.78 lakh hectares as per prescribed ceiling
(1)	(2)	(3)	(4)	(5)	(6)
	(In lakh hectares)			(Rupees in lakhs)	
..	0.44	0.04	11	120.93	88.00
..	0.10	0.01	10	40.73	20.00
..	0.50	0.06	12	171.89	100.00
..	0.36	0.06	16	141.70	72.00
..	0.61	0.07	11	148.06	122.00
..	0.77	0.04	5	112.00	154.00
Total ..	2.78	0.28		735.31	556.00

Reasons for excess expenditure (Rs. 179.31 lakhs) over ceiling fixed that too for areas covered far below the targeted programme have been investigated by the department so far (September 1979). There is also no system of reviewing the expenditure with the progress of work done from time to time.

Some points relevant in the context of excess over expenditure being as noticed in test audit are mentioned below:—

(a) According to norms, the operational area of a consolidation camp is 1,250 hectares and the ceiling of expenditure of an ongoing camp is Rs. 1 lakh per annum. Test check of 5 consolidation circles showed that taking into account the maximum area covered in 1978-79 under any of the stages of consolidation operations, only 37 camps were justified according to departmental norms as against 56 camps actually maintained. The excess expenditure on running the 19 camps

(c) *Engagement of job contract staff*—The staffing pattern for each camp and recess * of the circle office has been laid down in Orissa Consolidation Manual.

A test check in audit of the position of job contract staff entertained in different ranges showed that certain categories of staff employed during 1978-79 were found to be in excess of the scale prescribed in the Manual vide details in Appendix V.

Engagement of staff in excess of the pattern fixed by the Board of Revenue, Orissa, involved extra annual expenditure of Rs. 28.44 lakhs in 11 circle. The reasons for entertainment of excess staff are awaited (February 1980).

(d) Consolidation of 6 villages comprising 1,543.37 hectares of land under Bhubaneswar circle was taken up in March 1974. In May 1978, when the work was at the following stages, Director of Consolidation issued instructions to slow down the work without mentioning any reasons therefor:—

Name of camp	Name of village	Area (in hectares)	Stage of work as in March 1978
Patrapada	Patrapada	383.69	Publication of records under Section 9(1)
Aigenia	Bhagabanpur	384.74	Publication of records under Section 9 (1)
	Dumduma	366.66	Preparation of provisional consolidation scheme under Section 17
	Bahadurpur	105.19	Preparation of provisional consolidation scheme under Section 17
	Jadupur	112.08	Publication of provisional consolidation scheme under Section 18
	Aigenia	191.01	Hearing of appeal under Section 20
		1,543.37	

* As per provisions in the Consolidation Manual the maps after being prepared in the field are sent to the office of the Consolidation Officer for check which is called recess work.

It was noticed in audit that there was no further progress of work since March 1978. Expenditure incurred on operation up to March 1978 could not be furnished by the department. Taking the average annual expenditure ceiling of a camp as Rs.1 lakh, the total unproductive expenditure on the operation in 6 villages was more than Rs.4 lakhs.

(e) (i) To have adequate number of trained personnel (Consolidators and Amins) to execute the field duties efficiently under the massive programme undertaken by Government, a scheme of pre-recruitment training of the staff was introduced by the department in 1976-77. A total expenditure of Rs.18.15 lakhs was spent towards training to end of 1978-79. Against 898 persons trained during 1976-77 to 1978-79 as consolidators grade I, 823 came out successful of whom 536 only were employed during the period. Two hundred and eightyseven trainees to whom a total amount of Rs.1.29 lakhs was paid towards stipends have not been employed so far for want of vacancy.

In respect of Amins, against 4,665 persons trained during 1976-77 to 1978-79, 3,681 were successful of whom 2,423 were only employed (66 per cent). The department has not so far derived any benefit out of expenditure (stipend) of Rs.1.89 lakhs incurred on training of 1,258 persons.

(ii) Altogether 480 camps were in existence to end of 1978-79. As per departmental regulations each camp was to be headed either by an Assistant Consolidation Officer or a Consolidator Grade I. One hundred and twenty-one posts were filled up by persons drawn from regular services under Revenue Department. Thus, the actual requirement of Consolidators Grade I was 359 against which 536 were employed during 1976-77 to 1978-79. The extra expenditure due to excess employment of 177 Consolidators Grade I during 1978-79 at the minimum of the scale (Rs.400—620) was Rs.0.91 lakh.

(f) *Expenditure not supported by particulars*—An amount of Rs.33.29 lakhs is outstanding in the books of Audit for want of certificates of disbursement of wages in respect of job contract employees (Rs.27.29 lakhs) reported to have been employed during the period from

June 1972 to December 1978 and detailed vouchers for contingent expenses (Rs.6 lakhs) incurred by the various Consolidation Officers during the period from March 1972 to December 1978. These have not been sent so far (August 1979) despite repeated reminders issued to Consolidation Officers, Deputy Director of Consolidation and Secretary to Board of Revenue.

3.1.5. *Summing up*

(i) As against 1.94 lakh hectares programmed to be completed by 1978-79 only 0.28 lakh hectare (14.43 per cent) was completed.

(ii) As against the ceiling of Rs.200 per hectare fixed for completion of operations, the actual expenditure to end of 1978-79 on areas brought under operation was found to be excess by Rs. 1,79.31 lakhs.

(iii) Operation of more number of camps than permissible resulted in an avoidable expenditure of Rs.19 lakhs during 1978-79.

(iv) An extra expenditure of Rs.28.44 lakhs was incurred towards engagement of excess job contract staff during 1978-79.

(v) Abandonment of the scheme in areas taken up for coverage, resulted in infructuous expenditure of Rs.24.76 lakhs.

(vi) Certificate of disbursement of wages to job contract employees reported to have been engaged in implementation of the scheme during June 1972 to December 1978 amounting to Rs. 27.29 lakhs and detailed vouchers for contingent expenditure of Rs.6 lakhs incurred have not been received in audit.

The matter was reported to Government in October 1979; their reply is awaited (February 1980).

3.2. Irregular and avoidable payment of compensation for acquiring Government land leased out to a party

(a) A piece of khasmahal land measuring 1.764 acres in Cuttack town which was required for construction of staff quarters of All India Radio, Cuttack had been leased out by Government to a private party (period

of lease was to expire on 31st March 1973). According to the terms of the lease, the land when required by Government for any public purpose could be resumed at any time without payment of any compensation, except for the cost of structures, buildings, etc., erected by the lessee on the land. Instead of initiating resumption proceedings under the lease deed, however, the Land Acquisition Officer, Cuttack issued notification (February 1971) under Section 4(1) of the Land Acquisition Act, 1894 and acquired the land in March 1972. A compensation of Rs. 4.19 lakhs was awarded (March 1972) by the Collector, Cuttack for the land (Rs. 4.06 lakhs) and buildings (Rs. 0.13 lakhs) and paid (March 1972). Government observed (December 1973) that full compensation was allowed to the lessee for the land required for All India Radio, Cuttack by the Collector under the impression that the land was "occupancy holding".

It may be mentioned that in similar circumstances, a *khasmahal* land situated in Cuttack town required for Women's College was acquired by Government (August 1973) from another lessee but no compensation for the land was awarded by Land Acquisition Officer in terms of the lease except for the building erected by the party on the land.

The Central Bureau of Investigation, New Delhi started investigation of the case and relevant records on the acquisition of the land are stated to have been seized (February 1973). The investigation is reported to be not complete (December 1979).

Government decided (December 1973) to file a civil suit for recovery of the excess amount (Rs. 4.19 lakhs) paid to the lessee but no action has been taken so far (June 1979) in the matter.

The matter was reported to Government (January 1976); their reply is awaited (February 1980).

(b) A piece of land measuring 1.859 acres in Cuttack town was required for construction of staff quarters of Sailabala Women's College, Cuttack. As in the earlier case, this was also a *khasmahal* land which had been leased out by Government to a private party and which could

be resumed at any time without payment of any compensation except for the cost of structure, buildings, etc., erected by the lessee on the land. The Board of Revenue, Orissa, however, directed (July 1954) the Collector, Cuttack to start land acquisition proceedings instead of resumption proceedings for acquisition of the land; notification under section 4 (1) of the Land Acquisition Act, 1894 was issued by the Land Acquisition Officer, Cuttack in May 1956. A compensation of Rs.0.33 lakh was awarded by the Collector, Cuttack for the building and trees on the land; compensation for the land was not included in the award. The land was taken possession on 12th November 1960. The party filed an appeal in the court of the District Judge, Cuttack who ordered (August 1969) payment of Rs. 0.50 lakh as compensation for the land, building and standing trees. In the meantime, the amount already awarded by the Collector, Cuttack was remitted to the court in April 1961. The Collector, Cuttack preferred (November 1969) an appeal in the Orissa High Court contending that the land in question being a *khasmahal* land was resumable at any time by the Government without payment of any compensation for the land. The High Court dismissed (June 1976) the appeal on the ground that Government had not exercised the power to resume the land and held that compensation was to be paid for acquisition of land under the Land Acquisition Act, 1894; the court decreed payment of a sum of Rs. 1.18 lakhs towards compensation for the land, building and standing trees (cost of land: Rs. 0.74 lakh; cost of building and trees: Rs. 0.29 lakh and additional compensation: Rs.0.15 lakh) *plus* interest at the rate of 6 *per cent* per annum on the total amount of compensation. Accordingly, an amount of Rs. 1.78 lakhs (compensation: Rs. 1.18 lakhs; interest: Rs. 0.93 lakh less Rs. 0.33 lakh already paid) was paid to the party on 13th December 1978.

The Board of Revenue informed Audit (July 1979) that relevant file was not readily available and therefore the reasons for non-initiation of resumption proceedings in the case could not be furnished. Non-initiation of proceedings for resumption of the land in terms of the lease resulted in an avoidable extra expenditure of Rs. 1.82 lakhs.

The matter was reported to Government in January 1979; their reply is awaited (February 1980).

FOREST, FISHERIES AND ANIMAL HUSBANDRY DEPARTMENT

3.3. Afforestation scheme

3.3.1. Of the total land area of 1.56 lakh square kilometres in the State, forests are estimated to occupy about 0.66 lakh square kilometres. A major portion of the forest area constitutes barren lands and hills without vegetation. In the Third Plan Mid-Term Appraisal the Department estimated that about 0.40 lakh square kilometres (60 per cent) of the forest area was demarcated with protected forest growth of reasonable value. But a forest area of 0.37 lakh square kilometres was only demarcated as at the end of the Fourth Five-Year Plan (1969—1974). In order to achieve the national standard of maintaining one-third (0.52 lakh square Kilometres) of the total land area under forests a further area of 0.15 lakh square kilometres from out of the undemarcated forests was required to be brought under scientific management during the Fifth Plan period. In addition, an area of 0.13 lakh square kilometres, out of the total forest area of 0.52 lakh square kilometres proposed to be demarcated was stated to be requiring afforestation and an equivalent area requiring enrichment or replacement with valuable species.

The programme for afforestation has been under execution in the state from the First Five Year Plan (1951—1956) through various plantation schemes. During the period 1951-52 to 1978-79, a total area of 1,942 square kilometres (4.80 lakh acres) was reported to have been brought under various schemes at a total cost of Rs. 12.61 crores.

Some of the points noticed in test check in audit of the records of the Forest divisions and other offices of the department are mentioned below:—

(i) There was no plantation manual laying down the guideline indicating the types of land to be selected for specific plantation schemes prior to 1977.

In a meeting (April 1975) of the Secretary, Forest Department, Chief Conservator of Forests and Conservator of Forests, Afforestation Circle, it was decided to prepare a master plan for the next ten to fifteen years indicating the location, species and area to be planted each year. No action has, however, been taken in this regard so far (July 1979).

(ii) A total area of 3.35 lakh acres (1,345 sq. kms.) was stated (March 1979) to have been surrendered by the department till end of 1978-79 for deforestation on account of various developmental activities as against 1,942 square kilometres covered under various schemes of plantations. Compared with the requirement of increasing the forest area of the State by 0.13 lakh square kilometres estimated for achieving the national standard, the position of areas under forest, to end of March 1979 remained almost static. Basic records for statistical information (area covered, species planted, amount spent, extent of survival, etc.) were also not prescribed. In November 1963, the Conservator of Forests, Development Circle instructed all Afforestation divisions to maintain plantation ledgers of all plantations raised indicating the area, species, year of plantation, expenditure incurred on nursery, pre-planting, planting and post-planting operations, etc.; out of seven divisions test checked in audit only one division maintained the ledger which did not contain all the information required. But, no instruction was issued to other forest divisions who were also entrusted with the execution of these programmes.

(iii) Evaluation to determine the extent of success of the plantations and benefits derived out of these schemes was not done at any time. In January 1976, Government entrusted the work to the Evaluation cell of the Planning and Co-ordination Department. In a meeting (June 1977) of the Secretary, Forest Department, Chief Conservator of Forests and Evaluation specialist of the Planning and Co-ordination department, it was decided that, as details of plantations for the periods earlier to 1962-63 were not available, study of evaluation was to be made from the Third Plan period. The evaluation of the programmes has not been completed so far (August 1979).

(iv) Under the plantation rules of the department, the survival percentage of each plantation with causes of mortality is required to be recorded in the plantation journals of ranges and divisions. The information was, however, not recorded in the plantation journals by any of the seven divisions (total number of divisions being 36) test-checked by audit. In pursuance of Government's decision (November 1976) to transfer the old plantations to the control of territorial divisions a list of all plantations with percentage of survival was to be prepared by the afforestation divisions. From the reports of three afforestation divisions (Cuttack, Rairangpur and Sambalpur) sent (December 1978) to the Conservator of Forests, Afforestation Circle and information furnished to Audit (May 1979) by three afforestation divisions (Rayagada, Bolangir and Berhampur), it was noticed that plantations were raised in 1.63 lakh acres during the period 1962-63 to 1975-76 of which 0.71 lakh acres (cost: Rs. 83.43 lakhs) were reported to have suffered a mortality of 44 per cent (as against the norm of 30 per cent assumed* by the Chief Conservator of Forests for a successful plantation); out of 0.71 lakh acres of unsuccessful plantations, 0.32 lakh acres failed completely and in 0.39 lakh acres survival varied between 1 and 29 per cent.

The failures of plantations were attributed by the divisions to severe drought in 1972 and 1974, lack of protection to planted areas due to inadequate number of forest guards (Bolangir), illicit felling, shifting cultivation (Rayagada and Berhampur) and drought and cyclone (Cuttack). It may be mentioned that post-plantation operations were not adequate. It was noticed (May 1979) in test audit of two divisions that out of 74 plantation blocks raised (expenditure: Rs. 10.11 lakhs) during 1971-72 to 1976-77 (Bolangir: 55 and Berhampur: 19) second and third year post-plantation operations in 57 blocks (Bolangir: 43 and Berhampur: 14) and third year post-plantation operations in 17 blocks (Bolangir: 12 and Berhampur: 5) were not done; in 63 blocks (4,932 acres), the mortality (72 to 100 per cent) was higher than the rate assessed by the Chief Conservator for a successful plantation.

* Norm yet to be approved by Government.

(v) A sum of Rs. 5.40 lakhs allotted by Conservators of Forests, Afforestation Circle, Cuttack (Rs. 2.64 lakhs) and Territorial Circle, Berhampur (Rs. 2.76 lakhs) to two Forest Divisions (Berhampur Afforestation Division and Puri Territorial Division) during 1972-73 to 1977-78 for raising plantations under specific schemes (coastal belt: Rs. 1.46 lakhs, reforestation of degraded forests: Rs. 2.78 lakhs, coastal sand-dunes: Rs. 0.66 lakh and mixed plantation: Rs. 0.50 lakh) was spent by the Divisions (Puri: Rs. 2.76 lakhs; Berhampur: Rs. 2.64 lakhs) for purposes (purchase of stores, site clearance, trench fencing, maintenance of old plantations) other than those for which the amounts were allotted. No specific target of plantation was fixed by the Conservators of Forests while releasing funds to the Divisions under the specific schemes. Receipt and utilisation of stores worth Rs. 0.68 lakh purchased by Puri Forest Division was not accounted for in its records; of this, stores worth Rs. 0.49 lakh were not available.

In Afforestation Division, Bolangir an allotment of Rs. 1.15 lakhs made during 1969-70 (Rs. 0.19 lakh) and 1970-71 (Rs. 0.96 lakh) was spent on raising plantation over an area of 160 acres under reforestation of degraded forests. With reference to the standard cost of Rs. 144.00 per acre approved by Government for these years, the extra expenditure on plantation worked out to Rs. 0.92 lakh. The percentage of survival of these plantations was stated to be negligible (0 to 2 per cent). The reasons for the abnormal mortality in this case have not been investigated.

(vi) Afforestation Division, Berhampur incurred a total expenditure of Rs. 0.48 lakh towards plantations raised over an area of 300 acres during 1977-78 and 1978-79 in Digapahandi range which had ultimately to be abandoned due to encroachment of the areas by local inhabitants. In this connection the following points were noticed:—

Plantation in 100 acres in Badagada plantation block (Digapahandi range) was raised during 1977-78 at a cost of Rs. 0.27 lakh. The Range Officer reported (July 1977) to the Divisional Forest Officer that successful plantation in the area was not possible due to encroachment of the land

by local inhabitants for shifting cultivation. Despite this, under orders (March 1978) of the Divisional Forest Officer, preliminary work for plantation in another 200 acres in the same block was done during 1978-79 at a cost of Rs. 0.21 lakh which was opposed by the inhabitants. On the matter being reported in July 1978, the Collector, Ganjam after enquiry informed (August 1978) the Divisional Forest Officer that as the tribals had already settled at the place for the last 12 years, there was no point in taking up afforestation work in the area.

(vii) In order to supply fire-wood to villagers at cheaper rates raising of mixed plantations of fire-wood species in degraded forests and waste lands belonging to the Revenue Department was taken up from 1976-77 as a Centrally sponsored scheme (eligible to get 75 per cent reimbursement from the Central Government). Government ordered (July 1978) that permission should be obtained from the concerned Tehsildar making available the land for the purpose before taking up plantation work. This requirement was not made in the Bolangir Afforestation Division which spent Rs. 5.50 lakhs during 1977-78 (Rs. 2 lakhs) and 1978-79 (Rs. 3.50 lakhs) towards plantation of 1,250 acres under the scheme. Only after the plantations were completed in July 1978, the Divisional Forest Officer forwarded (August 1978) to the Tehsildars (Titilagarh, Bhawanipatna, Patnagarh, Nawapara, Bolangir and Sonepur) the list of areas in which plantations were raised for declaring them as lease-barred. Tehsildar, Titilagarh informed (September 1978) the Divisional Forest Officer that out of 500 acres planted in the Kesinga afforestation range an area of 48.16 acres was leased out to landless labourers (1973 and 1976), 15.40 acres were *Gochar* land and 175.92 acres were kept reserved for distribution to landless labourers and jawans. Computed at the average per acre cost of plantation, expenditure incurred on plantation of 239.48 acres of lands which are not available to the department for exploiting the produce works out to Rs. 1.05 lakhs.

(viii) The Community Development and Panchayat Raj Department released (November 1973) a total amount of Rs. 3.63 lakhs as grants to the Panchayat Samitis (being the labour component at Rs. 60 per acre

out of the overall ceiling cost of plantation of Rs. 150 per acre) for raising cashew nut plantation under the Crash Scheme for Rural employment. The latter in turn placed the entire money at the disposal of the Forest Division, Puri (between November 1973 and March 1974) for cashew nut plantations in 6,065 acres. Maintenance of plantations was the responsibility of the Forest Department from its own resources.

The Forest division reported (May 1974) to the Collector, Puri that the entire amount of Rs. 3.63 lakhs had been spent for plantation work in 6,065 acres. According to the monthly cash account of the division for the period from October 1973 to January 1975, Rs. 4.83 lakhs were spent on the scheme. The details of expenditure and supporting vouchers were not furnished to Audit along with cash accounts nor were they produced during test audit. As against the plantation of 6,065 acres reported to have been made, plantation journal showed only 3,031 acres. The division stated (February 1979) that plantation in 735 acres only (12 per cent) survived. As reported by the ranges to the Divisional Officer in January 1979 the failure of the plantation (cost: Rs. 4.26 lakhs) was due to lack of post-plantation operation, illicit felling and other biotic factors.

(ix) As per the spacing ($8\frac{1}{2}' \times 8\frac{1}{2}'$) adopted for plantation, the requirement of polythene bags per acre was 600 plus 20 to 30 per cent extra towards replacement of casualties and wastage (in the absence of fixed norm, the extra allowances adopted by various divisions varied from 20 to 30 per cent). Against the actual requirement of 30.42 lakh polythene bags (allowing 30 per cent for wastage etc.) for plantation of 3,900 acres in two years, the Divisional Forest Officer, Bolangir (Afforestation) purchased 62.22 lakh polythene bags at a cost of Rs. 1.40 lakhs during 1975-76 (15 lakhs: Rs. 0.33 lakh) and 1976-77 (47.22 lakhs: Rs. 1.07 lakhs), to meet the requirement of plantation work for these years. The entire stock was shown in Divisional stock register as exhausted by issue to Ranges (61.39 lakhs) and other divisions (0.83 lakh) by May 1977. The division stated (May 1979) that the stock (29.97 lakhs) with the Ranges was for consumption in plantation work for 1977-78 also. During 1977-78, a total area of 1,445 acres was actually planted requiring 11.27 lakh bags. Thus, after utilisation of bags for plantation of 5,345 acres

during 1975-76 to 1977-78, the Ranges were left with 19.70 lakhs (Rs. 0.44 lakh) polythene bags which were reported by the division to be unsuitable for use. The circumstances in which the bags became unsuitable for use have not been clarified by the department.

(x) Records of four divisions (Puri, Rayagada, Berhampur and Bolangir) indicated that a total area of 0.27 lakh acres was planted during the period 1973-74 to 1977-78 at a cost of Rs. 16.89 lakhs. Plantation registers of these divisions, however, disclosed that plantation in 0.14 lakh acres only was done. Records of plantation for the remaining area were not made available to audit.

(xi) Economic plantations (including teak plantations) in 0.92 lakh acres which were raised during 1956 to 1969 had already become ten years old and were due for thinning. Records of the divisions indicated that thinning operation which was necessary for the healthy growth of trees, was not done. In the Draft Fifth Five Year Plan on forestry, revenue of Rs. 5,000 per acre was anticipated from thinning operations. The revenue potential of Rs. 46 crores has not been exploited (due for exploitation in 1970-71: Rs. 4.5 crores, 1975-76: Rs. 23.5 crores and 1978-79: Rs. 18 crores). Additional Chief Conservator of Forests stated (November 1979) that the question is under consideration of the department.

Quick growing species were raised in 1.03 lakh acres at a cost of Rs. 2,05.31 lakhs to meet the increased demand of raw materials for forest based industries. 0.52 lakh acres of this (raised in 1961 to 1969) and 0.08 lakh acres (raised in 1951 to 1974) for minor forest produces which were due for harvesting, had not been exploited so far (February 1980).

3.3.2. *Summing up*

(i) Plantations were taken up by the divisions without any master plan.

(ii) Till the end of 1978-79 a total area of 4.80 lakh acres was reported to have been planted under all schemes at a total cost of Rs. 12.61 crores. But, forest area of 3.35 lakh acres deforested from the first

plan period onwards had set off the afforestation by almost 70 per cent. Creation of new forest area of 0.13 lakh square kilometres (32.12 lakh acres) contemplated has not thus materialised even after adopting various schemes for the last 28 years.

(iii) In November 1963, the Conservator of Forests, Development Circle instructed all Afforestation divisions to maintain plantation ledgers of all plantations raised indicating the area, species, year of plantation, expenditure incurred on nursery, preplanting, planting and post-planting operations, etc.; out of seven divisions test checked in audit only one division maintained the ledger which did not contain all the information required. But, no instruction was issued to other forest divisions who were also entrusted with the execution of these programmes.

Under the plantation rules of the department, the survival percentage of each plantation with causes of mortality is required to be recorded in the plantation journals of ranges and divisions. The information was, however, not recorded in the plantation journals by any of the seven divisions (total number of divisions being 36) test-checked by Audit.

(iv) Plantations were raised in 239 acres of land belonging to the Revenue Department without ascertaining the possibility of transfer of the land to the Forest Department which had resulted in an unproductive expenditure of Rs. 1.05 lakhs.

(v) Plantations raised in an area of 300 acres of forest land at a total cost of Rs. 0.48 lakh were abandoned due to public encroachment of the area.

(vi) Expenditure incurred by a division to the tune of Rs. 4.83 lakhs on plantation programme was not supported by detailed statement of expenditure and vouchers.

(vii) Quick growing species (1.03 lakh acres) were raised at a cost of Rs. 2.05.31 lakhs for meeting demand of raw materials of the forest based industries; though 0.52 lakh acres had become due for harvesting these were not exploited for use in forest based industries.

(viii) Yield of revenue of Rs. 46 crores expected from the thinning operation of economic plantation by end of 1978-79 has not been exploited.

The points mentioned above were reported to Government in August and November 1979; their reply is awaited (February 1980).

3.4. Orissa Biological Products Institute

The Orissa Biological Products Institute, Bhubaneswar (set up in 1946) is a unit manufacturing (since 1970) biological products for the prevention and control of diseases of cattle, buffaloes, sheep, goats and poultry. The vaccines produced are supplied free of cost. A test check of accounts of the Institute for the period 1975-76 to 1978-79 conducted (May to September 1979) in audit disclosed the following points:—

(a) It was noticed in audit that 76.43 lakh doses of 8 vaccines valued Rs. 1.68 lakhs lost potency and ultimately had to be discarded during September 1977 (73.50 lakh doses) and December 1978 (2.93 lakh doses).

An enquiry was conducted (March 1978) by the Additional Director of Animal Husbandry and Veterinary Services who in his report attributed the accumulation of vaccines and consequential loss to (i) production of vaccines particularly fowl pox and *ranikhet* disease vaccines (meant for birds) during 1975-76 and 1976-77 much in excess of actual utilisation, (ii) non-availability of ideal condition for storage of vaccines in all field stations, (iii) absence of deep freezing arrangement due to breakdown of cold storage plant and (iv) frequent disruption of electricity. Government considered (July 1978) that there was absence of supervision at the top level to correlate production with the utilisation and ordered (July 1978) fixation of responsibility for the loss of vaccines. Although Government desired (July 1978) a report on this from the Director within a fortnight for taking disciplinary action, the report has not so far (October 1979) been submitted. No action was taken (October 1979) to set right the deficiencies pointed out in the enquiry due in March 1978.

Physical verification of stock conducted (February 1978) by the Deputy Director revealed shortages of 3.52 lakh doses of vaccines valuing Rs. 1.57 lakhs. Although shortages were noticed in February 1978, reasons thereof have not been investigated so far (September 1979).

(b) Under the provisions of the Drugs and Cosmetics Act and rules made thereunder, the State Drugs Controller is required to collect samples of biologicals and get them tested at the approved quality control laboratory of the Indian Veterinary Research Institute, Izatnagar. But this has not been done so far (March 1979) in respect of vaccines produced by the Institute.

(c) *Purchase of empty bottles*—The institute had (May 1978) a stock of 0.65 lakh empty bottles (0.54 lakh new bottles received in January 1978 and 0.11 lakh used bottles). Despite this, 2.80 lakh new bottles were purchased during May 1978 to October 1978 at a cost of Rs. 1.57 lakhs. Actual issue during the period was only 0.06 lakh bottles (out of the stock of 0.54 lakh bottles already purchased in January 1978). Thus, the bottles purchased at a cost of Rs. 1.57 lakhs in May 1978 have not been used so far (September 1979) which indicates that requirement of bottles was not assessed properly before purchase.

The matter was reported to Government in November 1979; their reply is awaited (February 1980).

3.5. Rural dairy farm, Kathpal

Government sanctioned in October 1972 the establishment of District Livestock Farm at Kathpal for supplying milk and to educate people in cattle development. Rupees 3.17 lakhs were spent up to March 1979; Rs. 1.09 lakhs on staff, Rs. 1.25 lakhs on tractor, tractor shed and building, Rs. 0.49 lakh on tube wells and Rs. 0.34 lakh on land reclamation. No project report was drawn up. Milch cows were not purchased for starting the dairy. No programme was undertaken to educate people for cattle development.

Thus, seven years after sanction and after incurring an expenditure of Rs. 3.17 lakhs, the livestock breeding farm has not been set up and the expenditure has remained unproductive. The staff (cost : Rs. 1.09 lakhs) were reported to have been engaged during the last seven years on preliminary works; the reasons for not starting the farm have not been stated by the department.

The matter was reported to Government in April 1979; their reply is awaited (February 1980).

3.6. Irregular handling of stores

In test check in audit (May 1977) of accounts records of the Assistant Director of Fisheries, Balasore for the years 1974-75 to 1976-77, the following irregularities were noticed in the maintenance of accounts of stores:—

(a) Acknowledgements of recipients in support of issues recorded in the stores ledgers were not forthcoming.

(b) The value of stores held had not been indicated in the ledgers for 1974-75 as required under rules.

(c) The closing balances of stores had not been drawn up in several folios of the stores ledger, taking into account transactions recorded therein.

(d) The entries regarding transfer of balances of stores in the stores ledger for the year 1974-75 from the ledger of the previous year had not been authenticated under proper attestation.

(e) The stores ledger for the year 1975-76 produced to Audit did not contain any entries; stray entries of transactions were posted in some cases without record of opening balances of stores at the commencement of the year.

(f) Physical verification of balances, required to be conducted at least once a year, was not done during the years 1974-75 and 1975-76.

A study of the records in the office also disclosed that the store keeper was transferred by the Director of Fisheries in January 1976 and was ordered to hand over charge of the departmental stores. As the store keeper failed to make over the charge, he was placed under suspension in May 1976 and the inventory for stores was made after breaking open the store in the presence of a Magistrate. According to a rough assessment of the department (July 1978), shortages of stores were of the order of Rs. 12.31 lakhs. The department has yet to set right the accounts to determine the exact value of missing stores. Further developments on the departmental proceedings and the criminal case instituted against the store keeper are awaited (February 1980).

Government stated (March 1979) that the relevant stock books had been seized by the Police and instructions had been issued to the Assistant Director of Fisheries, Balasore to set right the irregularities in the maintenance of stores accounts after receipt back of the relevant records from the Police.

COMMUNITY DEVELOPMENT AND SOCIAL WELFARE DEPARTMENT

3.7. Infructuous expenditure on account of purchase of indelible ink

A firm at Mysore was asked by Government on 14th March 1978 to supply 65,331 phials of indelible ink for use in the general elections of the Gram Panchayats in the State scheduled to be held between April 1978 and July 1978 and the firm was asked to confirm the order by 10th April 1978 so that Government could finally indicate to the firm the requirement of ink in each district. Collectors being consignees were to make payments. The cost of ink was to be reimbursed by the respective Gram Panchayats. On 6th April 1978, Government issued intimations to all the District Collectors that the Gram Panchayat elections were postponed until further orders but the firm was intimated by Government only on 20th April 1978 to defer supply of ink. Meanwhile, the firm had already despatched 18,450 phials of ink costing Rs. 0.75 lakh to the District Collectors of four districts (Sambalpur:

7,500 phials, Puri: 6,500 phials, Keonjhar: 3,000 phials and Kalahandi : 1,450 phials), during the period 7th April to 18th April 1978. The date of expiry of ink indicated on the phials was 30th September 1978 with instructions for not using the ink after the expiry date.

In July 1978, the Governor promulgated an ordinance amending the terms of Panchayats from 3 to 5 years as a result of which the next Gram Panchayat elections were due only in May/ June 1980. The entire stock (18,450 phials) of time barred ink could not be disposed of (August 1979). The infructuous expenditure on the ink was Rs. 0.63 lakh (excluding Rs. 0.12 lakh met from funds of concerned Gram Panchayats in Keonjhar district). Reimbursement of the expenditure (Rs. 0.63 lakh) by the Gram Panchayats has not been made so far (August 1979).

Government stated (January 1980) that the firm who was asked to confirm the order by 10th April 1978 enquired on 29th March 1978 to know the date of election in each place to enable it to supply ink to the consignees before elections were held and that the firm supplied ink to the four District Collectors although no further instructions to the firm were issued. Government have not explained (i) why the supplies made by the firm without final instructions of Government were at all accepted and payment made and (ii) why intimation to defer supply was not sent to the firm simultaneously with issue of intimation to the Collectors on postponement of the elections.

HEALTH AND FAMILY WELFARE DEPARTMENT

3.8. Extra expenditure due to delay in finalisation of approved list of firms

Medical stores which are not available with the Government Medical Stores Depot, Calcutta are required to be purchased annually from the approved firms to be selected by a Purchase Committee by 31st July of each year after inviting quotations by 15th May of each year. The approved list for the year 1977-78 was finalised by the

Director of Medical Education and Training and circulated to indenting officers only in February 1978. Meanwhile, the Director of Medical Education and Training authorised the indenting officers to purchase the essential items as per the earlier approved list for 1976-77. A test check of accounts of seven Chief District Medical Officers conducted in audit between December 1978 and September 1979 showed that purchases of certain medical store items were made at rates in the approved list for the year 1976-77 which were higher than those included in the list for 1977-78.

Delay in finalisation of the approved list for the year 1977-78 and purchase of Medical stores during the period from 1st July 1977 to 24th February 1978 at higher rates as per the approved list for the year 1976-77, thus, resulted in an avoidable extra expenditure of Rs. 3.25 lakhs (Dhenkanal : Rs. 0.73 lakh, Sambalpur : Rs. 0.22 lakh, Koraput : Rs. 0.56 lakh, Balasore : Rs. 0.60 lakh, Puri : Rs. 0.60 lakh, Mayurbhanj : Rs. 0.38 lakh and Kalahandi : Rs. 0.20 lakh).

The Director of Medical Education and Training, Orissa stated (July 1979) that as it was not possible to finalise the approved list within the prescribed time schedule, Government were being moved to consider the change of procedure already laid down.

The matter was reported to Government between March 1979 and December 1979; their reply is awaited (February, 1980).

AGRICULTURE AND CO-OPERATION DEPARTMENT

3.9. Pineapple plantation

Government approved (August 1973) a scheme of plantation of pineapples in Government waste lands in an area of 50 acres in each of the two places at Rayagada (Koraput district) and Parlakhemundi (Ganjam district) at an estimated cost of Rs. 3.71 lakhs. The Tribal Development Agency (TDA) was to reclaim and develop the land for plantation at their cost. After planting and maintaining the plantation for one year at Government cost, plantations were to be handed over

to TDA for distributing the land with the standing pineapple plants among the *adivasi* cultivators at the rate of one acre per family (TDA was to select the families).

Two sites at Borikhal (Rayagada) and Labanyagada (Parlakhemundi) were selected by the Assistant Soil Conservation Officers under intimation to the Joint Director of Soil Conservation.

Tenders for supply of pineapple suckers were invited (May 1973) by the Joint Director. Of the 5 tenders received, lowest tenders of 'A' and 'B' were recommended to the Director of Agriculture and Food Production for acceptance for purchase of two varieties (queen and kew) of suckers at Rs. 140 and Rs. 145.30 per 1,000 suckers respectively. But, the tenders were not accepted by the Director on the ground that specific reasons for rejection or acceptance of tenders were not given by the Joint Director. The Director ordered (29th June 1973) retendering although the Joint Director had specifically stated (26th June 1973) that rates of two tenderers recommended by him were competitive and also satisfied all conditions of tender notice. Fresh tenders were called (4th July 1973) by the Joint Director; of the 7 tenders (including that of 'A' who tendered earlier) received, the lowest tender of 'A' was approved (September 1973) by Government for purchase of suckers at the following rates:—

Variety of suckers	Rate per 1,000 for Supply to	
	Borikhal Labanyagada	
	(In rupees)	
Kew	..	185 180
Queen	..	160 155

The extra expenditure due to rejection of the earlier tenders of 'A' and 'B' and purchasing 15.45 lakh suckers subsequently at higher rates from 'A' was Rs. 0.47 lakh.

Of the suckers received (7.34 lakhs) at Labanyagada, 2.20 lakh suckers (cost : Rs. 0.34 lakh) died before plantation. The remaining 11.46 * lakh suckers were planted over 67.36 acres (Borikhal: 35 acres— 8.11 lakh plants and Labanyagada : 32.36 acres — 3.35 lakh plants) of which 10.29 lakh plants (cost : Rs. 1.64 lakhs) died after plantation. The Soil Conservation Officer, Koraput informed (November 1975) the Joint Director that suckers having been planted long after rainy season died during summer and that the plantation was not successful due to uneven clayey soil, lack of drainage system and paucity of water for irrigation. The Joint Director after inspection (August 1976) of the plantation reported (August 1976) to Government that plantation at Borikhal was in a bad state and that the entire area was badly infested by deep rooted thatch grass and suggested shifting the plants to another place (Bhatpur). The decision of Government in this regard is still awaited (September 1979). The Assistant Soil Conservation Officer, Parlakhemundi attributed the failure of plantations at Labanyagada to destruction of plants by wild animals for want of fencing, typical atmospheric condition of the place (stated to be rain-shadow area), late plantation and non-availability of water for irrigation after plantation. The department had spent Rs. 1.23 lakhs (Borikhal : Rs. 0.25 lakh and Labanyagada : R: 0.98 lakh) towards maintenance of these plantations during 1974-75 to 1978-79.

Thus, the scheme launched by Government to distribute the land with pineapple plantations to the landless *adivasi* cultivators to improve their economic condition failed and Government incurred an unproductive expenditure of Rs. 3.60 lakhs due to selection of unsuitable sites and absence of irrigation facilities for the plantations and late planting of seedlings. Reasons for selection of such sites, non-provision of irrigation facilities and belated planting are awaited.

The matter was reported to Government in October 1979; their reply is awaited (February 1980).

*1.79 lakhs suckers are reported to have been distributed to private growers and farms.

3.10. Auction sale of Cashew Crops

During February and March 1978, the Assistant Soil Conservation Officer, Cuttack auctioned the produce of cashew plantations in 28 places (Cuttack district) for a total bid value of Rs. 8.40 lakhs to 28 bidders. According to the terms of sale, 25 per cent of the bid money was to be deposited at the time of signing the agreement, 50 per cent within seven days from the date of signing the agreement and the balance 25 per cent within 15 days from the date of signing the agreement. As per terms of agreement, failure to deposit the bid instalments on due dates would entail forfeiture of money already deposited and revocation of the rights to collect the produce from plantations.

Only in 4 cases bid amounts (Rs. 0.65 lakh) were realised in time. Out of remaining 24 cases, nineteen bidders did not pay overdue instalments aggregating Rs. 2.55 lakhs even by the date of expiry of agreements (31st May 1978) but all of them were allowed to harvest the produce in contravention of the provisions of the agreements and no penal action was initiated by the department for default in payment of instalments.

According to the Assistant Soil Conservation Officer (July 1979), Rs. 1.29 lakhs were collected from the defaulters during the period from June 1978 to July 1979. The balance amount of Rs. 1.26 lakhs (11 cases) has yet to be realised (July 1979) besides recovery of Rs. 0.04 lakh (one case) towards sales tax. The Assistant Soil Conservation Officer stated (July 1979) that as some of the defaulting bidders had no property in their names, difficulty was being experienced in realisation of the dues.

After the case was brought to the notice of Government by Audit, the Deputy Director, Soil Conservation was appointed as Inquiry Officer to conduct an enquiry into the irregularities committed by the Assistant Soil Conservation Officer, Cuttack and the enquiry report was submitted to Government in November 1978.

Government stated (December 1979) that defaulting bidders had been asked for payment of outstanding dues and that action was being taken against the Assistant Soil Conservation Officer, Cuttack for his failure to act as per the terms of the agreement.

3.11. Loss due to injudicious purchase of seeds

According to the Rules for distribution of seeds, annual requirement of seeds in each agriculture district is required to be assessed by the Deputy Directors of Agriculture and consolidated quantity of each variety of seeds needed in excess of the available stock of the districts is to be indented to the Director of Agriculture and Food Production, Orissa, who after overall assessment of the requirement of seeds for the State makes arrangement for purchase of deficit quantity. As per departmental instructions, left over seeds are required to be preserved in cold storages, warehouses and departmental godowns and suitable protective measures taken (including periodical inspections by Plant Protection Officer) to keep their viability for being used as seeds in the next season.

A test check of records (District Agricultural Officers and Deputy Directors of Agriculture) for the period from 1975-76 to 1977-78 conducted by Audit during 1976-77 to 1978-79 showed that the closing balance of wheat seeds contained a large quantity of seeds unfit for use vide details given below. The prescribed procedure was not followed by the Directorate and purchase was made without assessing the actual requirement of districts, which resulted in excess procurement of seeds and consequential loss of viability of seeds.

Year	Opening stock of viable seeds	Purchase during the year	Total	Distribution during the year	Balance		Value of seeds not fit for seeds (Rupees in lakhs)	
					Viable stock	Unfit to be used as seeds		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
					(In quintals)			
1974-75	1,328	5,597.52	16.23	
1975-76	..	1,328	11,311	12,639	8,069	1,086	3,484	9.23
1976-77	..	1,086	9,435.03	10,521.03	9,375.66	440	705.37	1.76
1977-78	..	440	9,905	10,345	6,996	..	3,349	8.37
						13,135.89	35.59	

The percentage of 'unfit' seeds to purchases is 30.80 per cent during the year 1975-76 and 33.81 per cent during the year 1977-78. The reason for loss of viability of these seeds which were chemically treated and were required to be stored in cold storages, warehouses, etc., to preserve their quality, have not been investigated so far (September 1979). Out of the total quantity of 13,135.89 quintals of non-viable seeds, 1,156.36 quintals were sold at a loss of Rs. 0.73 lakh and 8,172.41 quintals valuing Rs. 19.98 lakhs were either destroyed (2,773 quintals: Rs. 5.85 lakhs) or were due for destruction (5,399 quintals: Rs. 14.13 lakhs) resulting in an aggregate loss of Rs. 20.71 lakhs apart from the expenditure incurred on storage, handling charges, etc. The remaining quantity of 3,807.12 quintals of seeds is lying in stock (September 1979).

The matter was reported to Government in October 1979; their reply is awaited (February 1980).

HOME DEPARTMENT

3.12. Idle radio communication sets

Government of India decided in September 1969 to provide internal radio communication facilities for Civil Defence in towns in a phased manner. The State Government obtained in July 1975 seven radio sets along with spares between March 1976 and August 1977 at a total cost of Rs. 0.56 lakh which was reimbursable by Government of India. Government of India advised the State Government (September 1976) to train Civil Defence Volunteers for operating the sets through the instructors trained by the State Government in Civil Defence communication course at Delhi. In May 1977, the State Government informed the Director General of Civil Defence, New Delhi, that no instructor was trained due to non-availability of seats for the course and requested for sanction of operational staff and for allotment of two seats for the training. Information on further action to pursue the matter was not available. No

*According to the department, the seeds are treated with chemicals and hence these are not fit for any use except for seed purposes; if the seeds are found, on testing, to be below the acceptable percentage of "germinability", these are sold at lower prices if there is demand for such sub-standard seeds.

Civil Defence volunteer has been trained for using the radio sets nor any operational staff appointed. The radio sets purchased (July 1975) at a cost of Rs. 0.56 lakh are remaining idle (August 1979).

The matter was reported to Government in August 1979; their reply is awaited (February 1980).

LABOUR, EMPLOYMENT AND HOUSING DEPARTMENT

3.13. Idle dispensary at Narangarh

According to the agreement between Government and the Employees' State Insurance Corporation executed in February 1958, the expenditure on dispensaries / hospitals set up under the Employees' State Insurance Act is initially borne by Government and seven-eighth thereof is reimbursable by the Corporation, the balance one-eighth being the responsibility of the State; the medical facilities are not open to the general public except in the case of emergency. A dispensary was set up by Government at Narangarh (Puri district) in a private building in May 1964 for the workers in the Tapang Light Foundry.

The factory was closed in March 1973 owing to lock out and all its employees were debarred under the regulations of the Employees' State Insurance Scheme from medical benefits of the dispensary from April 1974. Records of the dispensary disclosed that one patient only attended the dispensary during 1975-76 and none subsequently. However, the dispensary continued to have a Medical Officer (up to September 1977) and other staff. On this being pointed out (April 1978) in audit, Government stated (December 1978) that action was being taken to close down the dispensary. The dispensary was closed in April 1979. The expenditure incurred on the establishment in the dispensary without any patients for the period from May 1974 to April 1979 amounted to Rs. 1.34 lakhs and rent of the building for the period was Rs. 0.05 lakh. Recovery of the Corporation's share of expenditure on this dispensary has not been made (December 1979).

GENERAL

3.14. Idle establishment

Mention was made in para 3.25 of the Report of the Comptroller and Auditor General of India—Government of Orissa (Civil) for the year 1977-78 regarding non-utilisation of the services of drivers for want of vehicles. Test check conducted in audit in some other offices disclosed that drivers were borne in the establishments while their services could not be utilised for considerable period as the vehicles had been transferred to other offices or had become unserviceable, etc. The expenditure on the idle establishment in these cases was Rs. 1.75 lakhs. The details of these cases have been shown in Appendix VI.

The cases were reported to Government between October 1977 and July 1979; their replies are awaited (February 1980).

3.15. Misappropriations, losses, etc.

Cases of misappropriations, losses, etc., of Government money reported to Audit up to the end of March 1979 and on which final action was pending at the end of September 1979 were as follows:—

	Number	Amount (In lakhs of rupees)
Cases outstanding at the end of September 1978	1,044	164.15
Cases reported during April 1978 to March 1979	130	26.30
Cases disposed of till September 1979	84	3.07
Cases outstanding at the end of September 1979	1,090	187.38

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

	Number	Amount (In lakhs of rupees)
(i) Over five years (1948-49 to 1973-74)	526	80.86
(ii) Between three years and five years (1974-75 to 1975-76)	220	49.49
(iii) Up to three years (1976-77 to 1978-79)	344	57.03
Total ..	<u>1,090</u>	<u>1,87.38</u>

The reasons for which the cases were outstanding were:—

	Number	Amount (In lakhs of rupees)
(i) Awaiting departmental and criminal investigation	358	60.48
(ii) Departmental action started but not finalised	488	66.00
(iii) Criminal proceedings finalised but execution/ certificate cases for recovery of the amount are pending	58	8.57
(iv) Awaiting orders for recovery or write off	84	31.52
(v) Pending in courts of law	102	20.81
Total ..	<u>1,090</u>	<u>1,87.38</u>

CHAPTER IV

WORKS EXPENDITURE

IRRIGATION AND POWER DEPARTMENT

4.1. Khadkhai Medium Irrigation Project

4.1.1. Introduction

The Khadkhai Irrigation project undertaken by Government in 1972 envisaged construction of a dam near Suleiput across the river Khadkhai, to provide irrigation to an area of 5,940 hectares (*Kharif*) and 3,040 hectares (*Rabi*) and to supply 10 cusecs of water to the ferro-vanadium plant proposed to be set up at Rairangpur by the Industrial Development Corporation, Orissa. An earthen dam (of 200 metres length; 4.6 metres width) on the left flank of the river, a masonry dam (97.5 metres) and a spillway (35.5 metres) on the right flank and a main canal (7 km. length) taking off from the left side of the dam with distributaries (73.1 km.) were the main components of the project. To supply water to the proposed ferro-vanadium plant, construction of an outlet at the head reach of the canal to discharge water into the river Khadkhai and a weir (estimated cost: Rs. 5 lakhs) was also contemplated. The project report accepted by the Central Water and Power Commission and the Planning Commission in November 1973, was administratively approved for Rs. 2,99.23 lakhs by Government in March 1974. The project was programmed to be completed in five working seasons commencing from 1972-73.

4.1.2. Programme and completion

The scheduled dates of completion of the various components of the project and the progress of work up to October 1979 are shown below:—

Item of work/ component of the project	when commenced	When completed	Position of incomplete work (October 1979)	Probable date of completion
(1)	(2)	(3)	(4)	(5)
Earth dam ..	February 1974	February 1977	..	..
Masonry dam and spillway	December 1974	February 1979	..	..

Item of work/ component of the project	when commenced	When completed	Position of incomplete work (October 1979)	Probable date of completion
(1)	(2)	(3)	(4)	(5)
Provision of gates in the spillway	January 1977	May 1979	..	..
Head regulator	December 1974	October 1979	Hoisting arrangement for the emergency gate to be done	March 1980
Canals	January 1976	..	Canal work for about 25 per cent of the total length to be done. Turfing to be done	June 1980
Canal structures (492 Nos.)	November 1975	..	By May 1979, 320 canal structures were completed, 34 were dropped, 30 were in progress and the remaining 108 were not taken up	June 1980

As against the target date of June 1977 fixed for completion of the project, the project is now expected to be completed by June 1980. The delay in completion of the project was attributed (June 1979) by the Executive Engineer to delay in clearance of the project by the Planning Commission by 19 months.

4.1.3. Estimates and expenditure

The estimate approved in 1974 for Rs. 2,99.23 lakhs was revised to Rs. 4,83.25 lakhs and submitted to Government in June 1975 for obtaining revised administrative approval to the project. Certain points raised by Government (June 1976) have not been replied to and revised administrative approval has not been obtained so far (January 1980). The break-up of initial estimate, proposed revised estimate and actual expenditure up to the end of March 1979 is given below:—

	Project provision		Actuals up to March 1979
	Original	Revised (Proposed)	
	(In lakhs of rupees)		
1. Dam and appurtenant works	1,81.49	3,21.80	3,27.07
2. Distributary and minors	80.24	98.00	73.47

	Project provision		Actuals up to March 1979
	Original	Revised (Proposed)	
(In lakhs of rupees)			
3. Drainage ..	0.30	0.30	..
4. Water course ..	0.05	0.05	..
5. Special Tools and Plant (Net)	4.71	8.51	9.99
6. Losses on stock ..	0.15	0.15	..
7. Establishment ..	23.88	37.69	28.50
8. Tools and Plant ..	2.67	4.29	5.64
9. Suspense ..	..	..	37.24
10. Receipts and Recoveries on Capital Account	(—)0.20	(—)0.20	..
Total direct charges ..	<u>2,93.29</u>	<u>4,70.59</u>	<u>4,81.91</u>
Indirect charges of abatement of land revenue and Audit and Accounts charges	5.94	12.66	..
Total direct and indirect charges	<u>2,99.23</u>	<u>4,83.25</u>	<u>4,81.91</u>

The increase in cost of Rs. 1,84 lakhs in the revised estimate was mainly attributed to (a) increase in land compensation (Rs. 50.50 lakhs), (b) increase in Special Tools and Plant charges (Rs. 3.79 lakhs), (c) increase in the length and height of the dam, tender rates and schedule of rates (Rs. 1,13.36 lakhs) and (d) increase in indirect charges (Rs. 6.73 lakhs). Excluding indirect charges, the actual expenditure up to the end of March 1979 has reached the proposed revised estimate. The remaining works are estimated to cost Rs. 40.85 lakhs. Thus, the revised estimate now under consideration would need further upward revision.

4.1.4. Execution of works

Certain points regarding execution of works noticed in test check in audit are mentioned below:—

(i) While the construction of the dam was in progress, the Chief Engineer desired in April 1976 to increase the height of the spillway gate by 2 metres (from 6.1 metres to 8.1 metres) with the intention of storing more water in the reservoir for increasing the targeted *Kharif* irrigation from 5,940 hectares to 7,287 hectares (out of the total command area of 7,920 hectares). The height of the gate was increased by 2 metres thereby raising the full reservoir level (FRL) from RL 311.50 metres to RL 313.50 metres). The deviation from the approved project report, which had been based on the water potential estimated with reference to the rainfall data of 25 years (1925 to 1949) and had been drawn up in consultation with CWPC, was not supported by any further data. The change in the height of the gates has caused an extra expenditure of Rs. 7.85 lakhs. No cost benefit study was made before increasing the water storage.

The extent to which increased coverage during *Kharif* is likely to be realised can be known only after the project is completed in all respects.

(ii) The total length of the dam as per original project estimate was 340 metres. The actual length of the dam executed is 365.40 metres (which is included in the revised project estimate). The Executive Engineer stated (June 1979) that deviation from the original estimate was due to gap in the spillway portion which was not taken into account in the original survey and was detected when detailed survey was conducted during execution. The estimated cost of the project was increased by Rs. 24 lakhs (at schedule of rates) by executing 25.40 metres length of the dam.

The project report contemplated taking up construction of earth dam and spillway simultaneously during 1973-74. But construction of the earth dam was started in February 1974 and the spillway in December 1974. The drawing for the earth dam communicated by the Chief Engineer

in September 1973 provided for *rip rap* 0.90 metre, graded filter 0.45 metre and semi-pervious moorum 1.65 metres with 3:1 upstream slope. It was noticed in audit that when the earth dam reached (November 1975) the height of RL 305 metres, drawing and design of the dam were changed (November 1975) by the Chief Engineer on grounds of 'economy.' The revised design allowed for dumping of 3 metres thick excavated rock available from foundation spillway, with 2 : 1 upstream slope. The work beyond RL 305 metres was executed according to the revised design. Had the construction of the dam and the spillway been arranged suitably to make use of the excavated rock from spillway foundation and upstream slope 2:1 adopted from the beginning (RL 296 metres), an extra expenditure of Rs. 1.36 lakhs on earth work could have been avoided ; the department has not stated the reasons for not phasing the two works suitably as originally contemplated.

(iii) Construction of earth dam up to RL 306.5 metres was entrusted (February 1974) to the lowest tenderer 'K' at negotiated value of Rs. 16.83 lakhs (estimated cost : Rs. 20.35 lakhs) for completion by June 1976. In May 1975, the contractor represented that he could not complete the work as the department did not hand over the working space on account of non-completion of work of head regulator and key wall; the reasons for non-completion of these items of work are awaited from the department. He further stated that no borrow area except for a few patches of Government land was made available to him till March 1975 which compelled him to slow down the work and that consequent upon the increase in the wages of labour and materials he was unable to execute the work unless rates in the agreement were suitably enhanced. The contractor stopped the work from 1st July 1975. The land for borrowing earth was actually acquired between March 1975 and September 1976 ; the reasons for not acquiring these earlier were not available on record. The Chief Engineer recommended (November 1975) to Government closure of the agreement. Government, however, desired (December 1975) to know about the lapse, if any, on the part of the department in providing the borrow area and the outturn of the contractor after the borrow area was made available to him. The information has not been

furnished to Government so far (December 1979) and the final bill of the contractor is still pending to be settled (August 1979). In June 1978, the contractor put forth a claim of Rs. 9.81 lakhs, on several items (loss sustained by him for not making available to him the working space : Rs. 1.90 lakhs, payment of compensation made by him to private land owners for borrowing earth : Rs. 0.52 lakh, construction of coffer dam and extra haul road : Rs. 0.42 lakh, escalation of the cost of labour and materials : Rs. 2.98 lakhs, interest : Rs. 3.45 lakhs, refund of security deposit : Rs. 0.47 lakh and the value of work done but not paid : Rs. 0.07 lakh). The decision of the Arbitrator to whom the claim had been referred to (June 1978) by the Chief Engineer is awaited (August 1979).

The balance quantity of earth work of 0.91 lakh cubic metres up to RL 306.50 metres left incomplete by the contractor together with the quantity that was required to reach the top level of the dam (RL 316.50 metres) was awarded (January 1976) to the second lowest tenderer 'M' (two tenders received of which the previous contractor 'K' also tendered and became lowest but was not accepted) for completion by 31st July 1976 at the tendered value of Rs. 13.79 lakhs (estimated cost : Rs. 12.66 lakhs). The work was completed by the contractor on 28th February 1977 with extension of time sanctioned by the Chief Engineer due to frequent rains during March 1976 to July 1976 and the department not making available the working space to the contractor due to non-completion of the masonry block in the earth dam by another contractor. Computed with the rates of the original contractor 'K', the extra expenditure incurred on execution of the balance work up to RL 306.5 metres by contractor 'M' works out to Rs. 1.45 lakhs.

(iv) Construction of the second block of non-over flow section of the masonry dam was awarded (March 1975) to contractor 'L' at a cost of Rs. 3.30 lakhs for completion in 6 months that is by 6th September 1975. As per the agreement, the drilling and grouting work of the foundation was to be done by the department. But drilling and grouting operation was not undertaken by the department for want of a drilling machine. The proposal to procure a drilling machine was sent by Superintending

Engineer in January 1975, which was sanctioned by the Chief Engineer in July 1975. In June 1975, the contractor suspended the work (after executing 60 per cent) on the ground that drilling and grouting work of the foundation which was to be executed departmentally, was not done. The department procured a drilling machine in December 1975 at a cost Rs. 0.16 lakh. After the drilling and grouting work was completed by the department (April 1976), the contractor resumed work in April 1976 and completed it in October 1976. The final bill for Rs. 3.32 lakhs was paid to the contractor in March 1977. In August 1977, the contractor preferred a claim of Rs. 3.35 lakhs on several grounds but the Arbitrator in his award reduced (April 1978) the amount to Rs. 1.23 lakhs. The claim was, however, settled (January 1979) by the department on compromise at Rs. 1.17 lakhs including interest of Rs. 0.02 lakh, loss sustained due to stoppage of work : Rs. 0.78 lakh and increase in labour rate : Rs. 0.29 lakh. Thus, the failure of the department to complete the drilling and grouting work in time as enjoined in the agreement with the contractor resulted in stoppage of work by the latter and payment of compensation, etc., amounting to Rs. 1.09 lakhs ; reasons for the delay in completing the work are awaited.

(v) Construction of Khadkhai distributary (RD 2 KM to RD 3 KM) was awarded to contractor 'N' on 31st December 1975 at a cost of Rs. 2.22 lakhs (estimated cost : Rs. 1.71 lakhs) with the stipulated date of completion on 30th June 1976. The contractor represented (July 1976) for extension of time to complete the work after the rainy season in 1976, on account of heavy rains in May 1976 and an extra item of work (excavation of rock other than granite and laterite) required to be done. The Executive Engineer accepted the reasons for slow progress of work but recommended (July 1976) to the Superintending Engineer closure of the contract with penalty on the ground that the department had a programme to complete the work and to start irrigation as soon as possible and that it was not possible to allow extension of time to complete the work after rainy season. The Chief Engineer ordered (November 1976) the closure of the contract with a token penalty of Rs. 1,112. The final bill of the

contractor was settled (March 1977) at Rs. 1 lakh. The remaining work (65 per cent of the quantity) of the canal (RD 2 KM to 3 KM) was awarded to another contractor 'O' at his lowest tendered rate of Rs. 2.63 lakhs on 27th December 1976, the date of completion of the work being fixed on 28th March 1977. The work was actually completed on 30th June 1978 ; final bill for Rs. 2.86 lakhs was under check in the Division (June 1979). Compared with the rate of 'N' the extra expenditure involved in executing the balance work at higher rates of 'O' works out to Rs. 0.46 lakh. According to the information received (January 1980), no extension of time had been granted to the contractor beyond the stipulated date of completion (28th March 1977). Water was impounded in the reservoir during the rainy season of 1977 but only partial supply of water was made during *Kharif* season due to non-completion of the full length of the distributary. Thus, no benefit was derived by the department from the extra expenditure of Rs. 0.46 lakh incurred in executing the work at higher rates.

(vi) As against the gross provision of Rs. 14.51 lakhs in the original project estimate (Rs. 44.18 lakhs in the revised project estimate), special tools and plant articles valuing Rs. 64.66 lakhs were procured from different sources. Of this, 17 heavy machines (earth moving machinery, compressor, concrete mixers, stone crushers, drilling machines, etc.) procured at a cost of Rs. 45.30 lakhs between May 1973 and March 1976 were not fully utilised for the project work. Under-utilisation of machinery (the machines worked for 20,433 hours against the available* working hours of 1,15,326) varied between 42 per cent and 100 per cent. Reasons for under-utilisation are awaited. During January 1977 to March 1979, 44 machines (including 16 out of the 17 mentioned earlier) were transferred to other projects at the resale value of Rs. 58 lakhs ; of this, one tractor purchased (February 1975) at a cost of Rs. 23.35 lakhs was not used at all till it was transferred (February 1978) to another project.

* Utilisation for 2,000 hours per year is envisaged in the rules for hiring of T & P machinery etc., in the Public Works Department.

(vii) A scheme for rehabilitation of 100 families at an estimated cost of Rs. 5.88 lakhs submitted (May 1976) by the Collector, Mayurbhanj was sanctioned (October 1978) by Government at a reduced cost of Rs. 4.36 lakhs. As the first filling of reservoir was expected in June 1976, the rehabilitation work was taken up in April 1976. For rehabilitation of 25 families at a village (Tirilipi) selected by a Committee headed by the Collector, Mayurbhanj, the Assistant Soil Conservation Officer, Baripada was given (April 1976) Rs. 0.18 lakh for reclamation of land (Agricultural : 22.50 acres and homestead : 7.50 acres). Construction of one drinking water well, one tank and the approach road to the colony was also completed by the Executive Engineer between November 1976 and July 1977 at a total cost of Rs. 0.66 lakh. The forest department was also paid (September 1977) Rs. 1.44 lakhs towards compensation for replantation. The Executive Engineer stated (May 1979) that 17 families had moved to the colony but 15 of them left subsequently and their whereabouts were not known. According to the Joint Director of Soil Conservation, Orissa, who visited the site on 28th December 1976, the fertility of the land was very poor as the area reclaimed was highly eroded, undulating and ravine. No record is available in the department to indicate the whereabouts of the displaced families. Thus, the expenditure of Rs. 2.28 lakhs incurred for the rehabilitation of the displaced persons did not serve the purpose for which it was intended.

(viii) It was estimated (February 1973) that 266 KVA load would be required for operation of machines to be employed for construction of the project and further load of 46 KVA would be required for lighting purpose. Based on this assessment, the Executive Engineer entered into an agreement with Orissa State Electricity Board in May 1974 for a period of five years, for bulk supply of power for a maximum contract demand of 300 KVA.

According to the terms of agreement, the monthly charges would comprise demand charges at the rate of Rs. 10 per KVA of maximum demand plus energy charges at the rate of 15 paise per unit subject to the payment of minimum charges (calculated on 80 per cent of contract demand at the above rate for demand charges plus energy charges at the

above rate on units calculated at 10 per cent load factor and 90 per cent power factor).

A test check of the bills paid to the Orissa State Electricity Board for the period from March 1975 to December 1977 showed that due to very low consumption of power compared with the contract demand, minimum charges amounting to Rs. 1.82 lakhs were paid during the period as against Rs. 0.21 lakh payable for the actual number of units consumed. Reasons for low consumption have not been investigated. No action has been taken to review the demand and revise the agreement with the Electricity Board.

4.1.5. Project benefits

The Project was taken up to serve the twin objects of irrigating 5,940 hectares of *ayacut* area and supplying 10 cusecs of water for the proposed ferro-vanadium plant to be set up near Rairangpur. The proposed ferro-vanadium plant has not been set up as the project report has not been finalised and the construction of the pick-up weir meant for the factory has not been taken up so far (July 1979). The proportionate cost of the dam chargeable to the factory has been estimated by the department to be Rs. 21.99 lakhs.

The targets for irrigation envisaged in the original project estimate, irrigation potential available (March 1979) and area irrigated are given below:—

Year	Target of irrigation according to original project estimate		Actual irrigation potential created		Area reported to have been irrigated	
	<i>Kharif</i>	<i>Rabi</i>	<i>Kharif</i>	<i>Rabi</i>	<i>Kharif</i>	<i>Rabi</i>
1974-75 ..	2,500	Not indicated	..	..	..	..
1975-76 ..	4,500	Not indicated	..	..	..	..
1976-77 ..	5,940	3,040	..	..	..	..
1977-78 ..	5,940	3,040	1,708	81	840	60
1978-79 ..	5,940	3,040	3,000	1,493	1,481	100

(Area in hectares)

The shortfall in achieving the irrigation potential was on account of delay in completion of the project and the under-utilisation of the irrigation potential created was stated by the Executive Engineer to be due to lack of interest of the cultivators in flow irrigation.

The particulars of area irrigated in 1977-78 were communicated by the Division to the Tehsildar, Rairangpur in November 1978 for assessment of water rates. No assessment was made up to March 1979 for which reasons were not given.

4.1.6. *Summing up*

The project, envisaged to provide irrigation facilities to 5,940 hectares (*Kharif*) and 3,040 hectares (*Rabi*) by June 1977 and supply 10 cusecs of water to ferro-vanadium plant and initially estimated to cost Rs. 2,99.23 lakhs, is now expected to be completed by June 1980. The actual achievement of *ayacut* to end of 1978-79 was 1,481 hectares (*Kharif*) and 100 hectares (*Rabi*). To the end of March 1979 an expenditure of Rs. 4,81.91 lakhs was incurred on the project.

The main points which emerge are:

(i) Modification to gates of spillway while under construction and execution of balance works of earth dam and distributary at higher rates resulted in an extra expenditure of Rs. 9.76 lakhs.

(ii) Failure on the part of the department to take up drilling and grouting work of foundation of spillway in time caused an avoidable expenditure of Rs. 2.45 lakhs.

(iii) Expenditure of Rs. 2.28 lakhs on rehabilitation proved unfruitful.

(iv) Higher contract demand of electricity involved avoidable expenditure of Rs. 1.61 lakhs on minimum charges.

(v) Under-utilisation of machinery procured at a cost of Rs. 45.30 lakhs varied between 42 *per cent* and 100 *per cent*.

(vi) Water rates for irrigation provided for 1,581 hectares in 1978-79 remained un-assessed.

The matter was reported to Government in September 1979 ; their reply is awaited (February 1980).

4.2. Avoidable expenditure on excavation of foundation of spillway of Kalo Irrigation Project

On the basis of a tentative lay-out plan approved (October 1973) by the Chief Engineer, contractor 'D' (lowest tenderer) was entrusted (January 1974) with the work of excavation of foundation of spillway on the right side of the river Kalo at his tendered value of Rs. 4.67 lakhs (10.26 *per cent* less than the estimated cost of Rs. 5.36 lakhs) with the stipulation for completion of work within 5 months i.e., by 15th June 1974.

The site plan of the spillway was stated to have been finalised in April 1974 when the axis of the spillway was changed. Extension of time for completion of work was granted (December 1974) to the contractor up to 31st March 1975 (against 15th June 1975 applied for by the contractor on the ground of non-availability of air compressor and explosives, shortage of diesel and non-finalisation of design) with the condition that penalty would be considered if the work was not completed by March 1975. The contractor did not complete the work by the extended date. No action was taken under clause 2 of the contract (compensation for delay). The contractor stopped work from June 1975 after executing work worth Rs. 1.97 lakhs (42.19 *per cent*) and asked (August 1975) for the closure of his contract on the ground that in view of revised schedule of rates which came into force from January 1975, it was not possible for him to continue the work at his original rates. Action to impose penalty under clause 3 (compensation for non-completion of work) of the contract was also not taken by the department for which there were no reasons on record.

The balance work was entrusted (March 1976) to the Orissa Construction Corporation Limited (a Government of Orissa Undertaking) and got executed at an extra cost of Rs. 2.11 lakhs which could not be recovered from the original contractor 'D' as penal action had not been initiated under clause 3 (c) of the contract, before closure of the contract in July 1976. The contractor was informed (on 29th July 1976 and again

on 27th October 1976) that as he failed to complete the work within the extended time (31st March 1975), 10 per cent penalty (ordered by Chief Engineer on 16th July 1976) amounting to Rs. 0.47 lakh was recovered from his security deposit under clause 2 of the contract. The penalty was refunded subsequently in terms of the award of an arbitrator mainly on the ground that the penalty had been imposed belatedly long after the stoppage of work.

Thus, non-enforcement of provisions regarding compensation for delay or non-completion of work resulted in an avoidable extra expenditure of Rs. 2.11 lakhs.

The matter was reported to Government in February 1978 and October 1979; their reply is awaited (February 1980).

4.3. Avoidable expenditure

Government decided in August 1972 to regrade the bed of Siaro Cut* to ensure the drainage of Dhanua area in Kushabhadra—Bhargavi Doab (Puri district). An estimate for Rs. 4.44 lakhs was prepared in January 1973 (sanctioned in May 1975) for excavation of a channel with a bed width of 160 feet and bed slope of 1 foot in 7,392 feet for a length of 7 miles and 1,320 feet. The dimensions for the channel were fixed on the assumption that the total run off in the catchment area of 73,458 acres of the Doab would be 8,815 cusecs based on the formula of 20 inch rainfall to be drained in 7 days. The total estimated quantity of earthwork to be done as per estimate was 1.59 lakh cubic metres.

Estimates for execution of several other drainage channels undertaken by the division in this area were sanctioned, from September 1974 onwards, on the basis of revised criterion of $\frac{3}{4}$ inch rainfall to be drained in 24 hours (0.0315 cusec in one acre). Based on this revised formula, the total run off in the catchment area of the Doab worked to 2,314 cusecs (1 cusec for 32 acres) instead of 8,815 cusecs provided in the estimate.

* A link drainage channel to drain out water to avoid waterlogging.

Due to revision of the schedule of rates in 1975, the original estimate was revised to Rs. 5.45 lakhs in May 1976. The work was entrusted to the lowest tenderer for Rs. 8.97 lakhs in January 1977 (started on 1st February 1977) with the stipulation to complete the work within 6 months. In June 1977, the Superintending Engineer decided to reduce the bed width from 160 feet to 70 feet (on the basis of the revised criterion of $\frac{3}{4}$ inch rainfall to be drained in 24 hours), for the incomplete portion of the channel beyond 3 miles 1,320 feet up to the end. The work was completed in March 1978 and the final bill of the contractor paid in July 1978.

According to the final measurement, the work was completed with bed width of 160 feet up to 2 miles, 80 feet up to 3 miles 1,760 feet and 70 feet up to 6 miles 1,100 feet and the total quantity of earthwork executed was 1.82 lakh cubic metres. Omission to adopt from the beginning the revised criterion of $\frac{3}{4}$ inch rainfall to be drained in 24 hours, which was being followed by the division for construction of all other drainage channels since September 1974, resulted in execution of a larger dimension of the channel for part length and consequent additional earthwork in excavation to the extent of 0.56 lakh cubic metres for this work which was taken up in January 1977 and completed in March 1978. This involved an avoidable extra expenditure of Rs. 2.81 lakhs.

The matter was reported to Government in April 1979; their reply is awaited (February 1980).

4.4. Escape in Machhagaon Canal

The two escapes (one near Nowda weir and the other near the village Nalio) in the Machhagaon canal were found to be inadequate for taking the full discharge under peak flood conditions. The Additional Chief Engineer, Irrigation accorded sanction (29th January 1976) to an estimate for Rs. 3.18 lakhs for the construction of an escape at RD 30.90 km. (upstream of Chattra weir) of Machhagaon canal, to drain out the additional discharge of 366 cusecs water at that point. The estimate *inter alia* provided for 10,000 Cu.m. of earthwork in sand soil (at Rs. 98.00 per one hundred Cu.m.) and 1,530 Cu.m. of earthwork in hard soil (at Rs. 133 per one hundred Cu.m.). While inviting tenders for the work (estimated to

cost : Rs. 2.76 lakhs) on 22nd January 1976 to be received by 23rd February 1976 (prescribing three months as completion period), the two items of the earthwork (estimated value : Rs. 0.12 lakh) were clubbed together and included in the tender schedule (approved by the Additional Chief Engineer on 28th January 1976) as single item as under:—

Item of work	Quantity	Unit
Earthwork in all kinds of soil as approved by Engineer-in-charge and laying the same in proper profile at such places as required in the work with all leads, lifts and delifts in layers not exceeding 0.30 M in depth including breaking clods minimum 5 cm. to 7 cm. and rough dressing etc., complete.	10,000 Cu.m.	one hundred
	1,530 Cu.m.	Cu.m.
	11,530 Cu.m.	

Three tenders were received (February 1976). All the tenderers quoted separate rates for the quantity of 10,000 Cu.m. and 1,530 Cu.m. (instead of one rate for the total quantity of 11,530 Cu.m.) shown against the single item of earthwork in all kinds of soil. The lowest tenderer 'B' (tender value : Rs. 2.92 lakhs) was recommended (15th May 1976) for acceptance to the Additional Chief Engineer. The Additional Chief Engineer rejected (28th May 1976) the tenders on the ground that they were defective, ambiguous and led to confusion as the tenderers quoted two different rates against the single item of earthwork and ordered invitation of fresh tenders for the work.

Fresh tenders were invited on 10th October 1977 to be received by 1st November 1977 (prescribing the same period of three months for completion) based on the same tender schedule. Out of the four tenders received (tenderers quoted single rate against the two quantities taken together for this item of earthwork), the lowest tender of 'S' (value: Rs. 4.58 lakhs) after negotiation was accepted (February 1978) by the Additional Chief Engineer and the work was entrusted to him in March 1978 for completion within a period of three months. The work was completed in September 1978.

Thus, tenders received in February 1976 were rejected on the grounds of ambiguous exhibition of two rates in the tender schedule against the single item of earthwork which accounted for less than 5 per cent of the cost of work put to tender. The work was awarded in retender at higher rates which involved an extra expenditure of Rs. 1.65 lakhs.

The matter was reported to Government in November 1978; their reply is awaited (February 1980).

4.5. Avoidable expenditure on idle machinery

In Jajpur Irrigation Division (Cuttack district), one motor launch fitted with a 20 H. P. engine remained idle since August 1970 when the engine went out of order. It could not be repaired due to non-availability of spare parts in the market. The Executive Engineer, Jajpur Irrigation Division recommended (April 1974) to the Additional Chief Engineer, Irrigation that one 29 H. P. Kirloskar Engine could be fitted to the launch with minor modification to bring it to running condition. With the approval of the Additional Chief Engineer, the engine was purchased in June 1974 at a cost of Rs. 0.37 lakh from the local branch (Bhubaneswar) of the manufacturer. The launch was sent (May 1975) to Jobra workshop (Cuttack) for fitting the new engine and carrying out minor repairs to it. The Assistant Mechanical Engineer, Jobra workshop, without inspecting the engine, informed (July 1975) the Executive Engineer, Jajpur Irrigation Division that the new engine, being bigger in size, modifications on the body would be necessary, but if the engine was ultimately found to be not suitable for the launch, the body would have to be discarded; the engine has not been inspected by him so far (December 1979). In June 1977, the Executive Engineer decided to dispose of the engine as there was no prospect of getting a new body. The engine is still lying in the store undisposed (December 1979).

Although the motor launch was idle since 1970, one driver and one helper were employed for operating the launch. The expenditure incurred up to March 1976 was Rs. 0.20 lakh.

Apart from the unfruitful investment of Rs. 0.37 lakh on the purchase of a new engine, avoidable expenditure of Rs. 0.20 lakh was incurred

up to March 1976 on entertainment of one driver and one helper for the idle launch.

On the matter being reported by Audit in November 1978, Government stated (February 1980) that disciplinary action has been initiated against the concerned officer.

BALIMELA DAM PROJECT

4.6. Extra expenditure on plugging of diversion tunnel

Mention was made in para 4.1.38 of the Report of the Comptroller and Auditor General of India (Civil) for the year 1974-75 about certain aspects of construction of the diversion tunnel.

The 1,290 feet long diversion tunnel of 25 feet diameter intended to divert the river water during construction of the Balimela dam was to be plugged by concreting around the middle from both ends of the tunnel after the dam was raised to sufficient height to impound water in the reservoir. To regulate the flow of water it was planned to install at the intake point of the tunnel two sets of identical dimension gates of the size of 25' x 10', one as service gate and the other as emergency gate. After the plugging of the diversion tunnel the service and the emergency gates were to be taken out and fitted to the Andhra Pradesh tunnel and the Head Race tunnel (through which water would flow to penstock pipes for generation of power) respectively.

The work order for supply and erection of gates was issued to a contractor in March 1970 and, as per the agreement, supply of embedded parts of the gates was to be completed by July 1970 and erection by May 1972. The embedded parts of the gates were supplied and fixed in both the gate grooves by October 1971. Additional Chief Engineer (Irrigation) decided (October 1971) to install only the service gate at the intake point of diversion tunnel. The other gate which was to have been installed as an emergency gate as stand by was not installed but was diverted to the Head Race tunnel. It may be mentioned that the Central Water and Power Commission who had been consulted (October 1971) in the matter, had advised (November 1971) that it would be risky to operate with only one gate in place of two.

By the end of June 1972, the dam was completed up to sufficient height (between RL 1,441 and 1,462) and it was decided to plug the diversion tunnel by closing the gate at the intake point of the diversion tunnel. On 14th August 1972 the service gate of the diversion tunnel was lowered through the gate grooves already embedded but the gate did not function. During operation of the gate, certain component parts were repeatedly damaged (guide rollers were dislodged from rails, bottom seals and side seals were damaged and displaced etc.). Repairs were carried out to rectify the defects but ultimately the gate could not be lowered up to the sill level but got stuck at 1 foot 1 inch above the sill level on 6th August 1973 with the result that water continued to flow through the diversion tunnel to the extent of 1,100 cusecs. A decision was then taken to lower a steel cylinder 8 feet in length and 2 feet diameter filled up with concrete through the left emergency gate groove to fit the cylinder exactly into the 1 foot 1 inch opening of the service gate. This was done on 30th November 1974 and the discharge was reduced from 1,100 cusecs (August 1973) to 700 cusecs (November 1974). As the leakage of water through the service gate could not be stopped, it was decided to plug the mouth of the tunnel by dumping earth and boulders before concreting the middle of the tunnel for permanent plugging. The water discharge through the tunnel was reduced to 450 cusecs on 10th May 1975 and 55 cusecs in March 1976. Some coffer dams were also constructed to obstruct the flow of water and 12 high powered pumps were put into operation to pump out water from the working space to plug the tunnel by concrete mass. The work continued for about 2 years and finally the plugging was completed in February 1977. An extra expenditure of Rs. 22.67 lakhs was incurred on these operations.

Thus, defective functioning of the service gate and non-installation of the emergency gate as originally planned and advised by the Central Water and Power Commission resulted in an avoidable extra expenditure of Rs. 22.67 lakhs on plugging the diversion tunnel. The specific reasons for the defective functioning have not been investigated.

The matter was reported to Government (August 1979); their reply is awaited (February 1980).

UPPER KOLAB HYDRO ELECTRIC PROJECT

4.7. Excavation of foundation of dam

Tenders for excavation of foundation of dam (from RD 00 to 160 metres on the left and RD 415.5 metres to 618 metres on the right abutments) on non-over flow flanks were invited (October 1976) and lowest tender of 'J' for Rs. 11.66 lakhs (15.70 per cent excess over estimated cost of Rs. 10.08 lakhs) was accepted (December 1976) by the Additional Chief Engineer (Irrigation), Balimela Dam Project. The work was entrusted to the contractor on 24th January 1977 to be completed by 23rd May 1977. The work was not completed by him in time and Government granted (January 1978) extension of time up to 28th February 1978 (as against 30th June 1978 applied for by the contractor) on the ground of dislocation of approach due to summer floods, frequent troubles of compressors and non-supply* of explosives by the department in time. In March 1978, after executing a quantity of 24,915 Cu.m. (nearly 50 per cent) out of contractual quantity of 50,365 Cu.m., the contractor requested the department to allow separate rate for carriage of blasted materials from the site of excavation to stacking yard, which was referred to arbitration. The Arbitrator rejected (May 1978) the claim of the contractor. The contractor stopped the work thereafter.

The Executive Engineer, Upper Kolab Head works Division proposed (July 1978) to the Superintending Engineer, Upper Kolab Dam Circle, closure of the contract without penalty. The Superintending Engineer accepted (July 1978) the proposal and asked the Executive Engineer to take final measurements of the work in the presence of the contractor and to invite fresh tenders for the excavation work. The contractor did not turn up for measurements; the Additional Chief Engineer (Irrigation) ordered (May 1979) closure of the agreement without any penalty as recommended by the Superintending Engineer.

* The agreement stipulated departmental supply of various items of explosives, if available, at specified rates.

The balance work was awarded after tender to contractor 'R' (lowest tenderer) on 1st December 1978 but the contract was rescinded by the Additional Chief Engineer (Irrigation) in December 1979 as the contractor failed to achieve the required progress of work.

As the original contractor 'J' abandoned the work and left it incomplete, he was liable to bear the extra cost of execution of the remaining quantity of work (25,450 Cu.m.) entrusted to the alternative contractor at higher rate, under the penalty clause of the agreement. Due to non-imposition of penalty while rescinding the agreement, the extra expenditure of Rs. 3.79 lakhs incurred in excavation of 23,435 Cu.m. (out of the balance quantity of 25,450 Cu.m. left over by contractor 'J') through contractor 'R' as per his running account bills paid up to November 1979 could not be recovered from him; reasons for non-imposition of penalty were not on record.

The matter was reported to Government in August 1979; their reply is awaited (February 1980).

4.8. Higher contract demand for power

The Additional Chief Engineer (Irrigation), Balimela Dam Project entered into an agreement (March 1977) with the Orissa State Electricity Board for supply of power in a phased manner for a period of five years commencing from 2nd December 1976 for construction works of Upper Kolab Hydro Electric Project as under:—

Period of supply	Contract demand
December 1976 to September 1977	500 KVA
October 1977 to September 1978	2,500 KVA
October 1978 to September 1979	3,000 KVA
October 1979 onwards	3,500 KVA

As per the agreement the monthly charge comprises demand charge at Rs. 10 per KVA of maximum demand *plus* the unit charge at the tariff fixed by the Board from time to time without prejudice to the payment of the monthly minimum charge (payable on 80 *per cent* of the contract demand *plus* the energy charges at the above rate on units calculated at 10 *per cent* load factor and 90 *per cent* power factor on contract demand).

Actual consumption of power ranged up to 280 KVA by July 1979 and was much below the contract demand. In January 1978, the Executive Engineer, Balimela Electrical Construction Division requested the Additional Chief Engineer for revision of the contract demand in view of low consumption of power. But according to information available, no action was taken to revise the agreement. It was noticed in audit (July 1979) that monthly consumption of electrical energy was considerably less than the maximum contract demand and minimum charges aggregating Rs. 13.69 lakhs were paid for the period from December 1976 to July 1979, as against Rs. 3.93 lakhs payable for consumption of 17.66 lakh units during the period. Had the power requirement been assessed correctly before the agreement was entered into with the Board, the extra expenditure to the Project of Rs. 9.62 lakhs could have been avoided.

The matter was reported to Government in October 1979 ; their reply is awaited (February 1980).

RENGALI MULTIPURPOSE PROJECT

4.9. Extra expenditure on higher contract demand of electric energy

In November 1972, the Additional Chief Engineer (Irrigation), Rengali and Bhimkund Projects informed the State Electricity Board that the power requirement for the Rengali project would be 3,000 kilowatts to be drawn in stages depending on the progress of work. In February 1975, the project authorities estimated the power requirement during 1975-76 as 1,500 KVA on the basis of various machines installed and to be installed. For the years 1977-78 and 1978-79 the demand was estimated to be 2,500 KVA and 2,800 KVA respectively.

Basing on the estimated requirement, the project authorities entered into three agreements with the Orissa State Electricity Board for supply of electrical energy of different contract demands for different periods as shown below:—

Date of agreement	Contact demand	Period of contract	Date of supply
10th June 1973	100 KVA	6 months	20th October 1973
2nd April 1975	260 KVA	5 years	May 1975
13th February 1976	(1) 1,500 KVA up to 31st December 1977 (2) 3,000 KVA from 1st Janu- ary 1978	5 years	3rd March 1976

According to the terms of agreement, monthly charge comprises demand charge at Rs. 10 per KVA *plus* energy charge at 15 paise per unit subject to payment of minimum charge (with reference to 80 *per cent* of the contract demand for demand charge *plus* the energy charge at the above rates on units calculated at 10 *per cent* of load factor and 90 *per cent* of power factor). If in any month the average power factor falls below 90 *per cent* of the contract demand, an extra 0.5 *per cent* is chargeable for each *per cent* of shortfall or part thereof.

No meter was installed by the Board for the period from October 1973 to November 1976 excepting for the period from June 1974 to November 1974. During the period in which there was no meter, monthly minimum charges (from October 1973 to May 1974 and March 1976 to November 1976) and charges calculated on 0.21 lakh units on *ad hoc* basis (from December 1974 to February 1976) were claimed by the Board and paid. The actual consumption of energy from December 1976 to December 1977 varied between 480 KVA and 1,080 KVA (as against the contract demand of 1,500 KVA) and during January 1978 to July 1979, the load varied between 777 KVA and 1,620 KVA (against the contract demand of 3,000 KVA).

Thus, the demands for which agreements were entered into with the State Electricity Board proved to be unrealistic and resulted in an avoidable expenditure of Rs.2.08 lakhs on account of payment of minimum monthly charges (Rs. 0.74 lakh) and payment for shortfall in power factor (Rs. 1.34 lakhs) for the period from December 1976 to July 1979.

The Power House Equipment Division asked the Stores and Mechanical Division in March 1977 to take expeditious steps to install condensers at the sub-stations for improving the power factor. No action has been taken in this regard so far (September 1979).

The matter was reported to Government in September 1979; their reply is awaited (February 1980).

4.10. Free supply of water to contractors

Agreements were executed with various contractors between 1974-75 and 1978-79 for construction of 1,297 residential and 32 non-residential buildings for the Rengali project. According to the agreements, contractors were to make their own arrangement for water supply for all the works at their cost. At the instance of the contractors, the project authorities, however, supplied water to the contractors for construction of quarters by installing and operating pumps and laying pipe lines to the construction sites. No account of the quantity of water supplied to them was maintained. In May 1977, the Superintending Engineer, Rengali Dam Circle fixed the rate at Rs. 1.64 per kilolitre of water for recovery from contractors. But no recovery was made as the quantity of water supplied was not known. In August 1979, the Chief Construction Engineer instructed the Executive Engineer, Power House Division, Rengali to assume the requirement of water for construction of buildings as one kilolitre per cubic metre of masonry and concrete work. Still, no recovery was made from contractors who were paid for construction of residential and non-residential buildings during the period 1974-75 to 1978-79. Based on the total volume of all items of masonry and concrete works done (0.92 lakh Cu. m.) a quantity of 0.92 lakh kilolitres of water was consumed in the work (as per the *ad hoc* formulae given by the Chief Construction Engineer).

The amount of water charges pending recovery worked out to Rs. 1.51 lakhs. In all these 268 cases work had been completed by 1978-79 and in 246 cases, accounts of contractors had also been settled.

Non-recovery of charges for water supplied to contractors had resulted in unintended financial aid to contractors.

The matter was reported to Government in October 1978 ; their reply is awaited (February 1980).

4.11. Purchase of bulldozers

The project estimate contemplated reclamation of 17,200 hectares of land (16,000 hectares for agriculture and 1,200 hectares for homestead) for rehabilitation of 8,400 families of submersible area of the Rengali project. The proposal for purchase of 12 bulldozers made (November 1973) by the project authorities for reclamation work, was not accepted by the Control Board (Rengali and Bhimkund projects) who suggested entrusting reclamation work to Orissa Agro Industries Corporation Limited on contract. As the reclamation was considered by the project Administration to be of utmost importance, the request for the purchase of 12 bulldozers from the manufacturing company was placed again before the Board in February 1974. The Board agreed to purchase of 6 bulldozers and acquisition of 5 more from the existing stock under the Chief Engineer, Irrigation. Orders for supply of 6 bulldozers were placed (March 1974) by the Additional Chief Engineer on Bharat Earth Movers Limited at a total ex-factory price of Rs. 45.12 lakhs. The Company supplied 3 bulldozers in May/June 1974 at a total cost of Rs. 24.76 lakhs. The remaining 3 were not purchased as the Company put up the prices and Government did not agree to the unilateral price increase. In October 1978, the Chief Construction Engineer proposed to the Control Board purchase of 2 more bulldozers for reclamation work. On the recommendation of the Control Board and approval (February 1979) of Government one bulldozer was purchased (February 1979) from the Company at a cost of Rs. 14.54 lakhs. In the meantime, the Rehabilitation Advisory Committee (headed by Revenue Divisional Commissioner, Northern Division) had decided (December 1974

and September 1975), on the advice of the Soil Conservation Organisation, to do reclamation work by using manual labour so as not to disturb the top soil of the land. The reclamation work to be done by employing manual labour was entrusted from November 1975 onwards at an estimated cost of Rs. 64.51 lakhs to private contractors (Rs. 18.07 lakhs) and Orissa Agro Industries Corporation Limited (Rs. 46.44 lakhs). The work which was scheduled to be completed by March 1979 (as per programme placed before the 5th meeting of the Control Board held on 4th November 1976), was done up to 1,951 hectares (Agricultural land : 1,681 hectares and homestead : 270 hectares) and the remaining work was expected to be completed by March 1982 according to the revised programme (placed before the 6th meeting of the Control Board held on 5th December 1977).

Three bulldozers received in May-June 1974 worked only for 3,193 hours (for construction works) as against 31,500 hours (2,000 hours per annum as per rules of hiring of T. & P. machinery in P W D) available during the period from July 1974 to September 1979 and the fourth bulldozer received in February 1979 was utilised in construction works for 947 hours as against 1,400 available hours. Thus, all the four bulldozers purchased at a cost of Rs. 39.30 lakhs specifically for reclamation work were not utilised for that work and were remaining more or less idle. The circumstances in which the fourth bulldozer was purchased in February 1979 at a cost of Rs. 14.54 lakhs for reclamation when it had already been decided in December 1974 to do the reclamation work manually, have not been stated. Information on the steps, if any, taken to transfer the machines to other projects, etc., where they might be needed, is also not available.

The matter was reported to Government in April 1979; their reply is awaited (February 1980).

WORKS DEPARTMENT

4.12. High Level bridge over river Tel near Belgaon

Mention was made in Para 6.2.1 of Comptroller and Auditor General's Audit Report for 1973-74 Civil- (Supplementary) about construction of the bridge over river Tel without proper investigation and Collection

of necessary data, stoppage of work by the original contractors and subsequent order (May 1974) of the Chief Engineer closing their contract and inviting fresh tenders for the balance work.

Fresh tenders for completion of the balance work of the bridge estimated to cost Rs. 38.46 lakhs were invited in January 1975. Single lumpsum tender received (March 1975) for Rs. 46 lakhs with contractors' own design was accepted by the Chief Engineer in May 1975 after the recommendation (April 1975) of Tender Committee and approval by Government. A lumpsum contract for Rs. 46 lakhs was executed (July 1975) with the contractor for completion of the work by June 1977. By about the middle of September 1977, the bridge work was almost completed except for the sinking of well No. 1 and laying superstructures on 11th and 12th spans. On 14th September 1977, the Assistant Engineer, Tel bridge sub-division reported to the Chief Engineer/Government that due to unprecedented flood on 13th September 1977 in the river Tel near Belgaon, span Nos. 10, 9 and 8 along with the piers 2,3 and 4 fell and span Nos. 5, 6 and 7 moved towards Kesinga side. The report also indicated that river banks on both sides were eroded, 50 feet gap left over for construction of a culvert at Belgaon side had widened by 400 feet and the Kesinga side approach road was washed away for 200 feet near the bridge abutment.

All the piers, which fell, were on the Kesinga side of the river, where the bed level is deeper than the bed level on the opposite Belgaon side. The foundation wells of the piers which fell had been sunk to levels higher than the foundation level fixed by the Chief Engineer with reference to data regarding floods. In the case of pier No. 2 which triggered the collapse, the foundation was stopped even before reaching the rock level. Even in the case of piers 3 and 4 where foundation was reported to have been taken up to the "hard rock", samples of the soil had not been subjected to erosion test to establish that the strata did really consist of hard rock suitable for foundation.

In respect of pier Nos. 2, 3 and 4 actual foundation depth needed to be done below bed level were 71.74 feet, 73.16 feet and 73.06 feet against which the actual depths were 22.85 feet, 25.21 feet and 28.85 feet respectively resulting in short sinking of wells by 44 feet to 49 feet.

As observed by the Superintending Engineer, Planning and Design (July 1977), the foundation strata encountered showed good strength in dry condition but lost strength rapidly when immersed in water for 72 hours. This type of rock strata was considered to be of 'erodible' quality. According to the information given by the Executive Engineer (April 1978) to the Superintending Engineer, rock samples at plugging level of the wells had not been subjected to erosion test.

In May 1978, the Chief Engineer in his report to Government about the damage of the bridge suggested that protection of wells plugged in rock above the designed level would be necessary in case the rock is found to be erodible and losing strength on immersion in water. He also pointed out that the contractors had expressed inability to take up the work any further and the element of risk confronting the safety of the structure could not be eliminated even after incurring huge expenditure for protection, reconstruction and completion of balance portion of work (which according to his own estimation was Rs. 1,69.30 lakhs). The Chief Engineer, therefore, suggested that the possibility of selecting a new site for a new bridge should be explored. In the same month (May 1978) Government appointed a High Power Committee to investigate into the causes for the damage to the bridge. The report of the Committee has not been submitted so far (February 1980).

Thus, the bridge which was taken up for execution in March 1969 for completion by September 1971 has remained incomplete (September 1979) and the traffic on State Highway No. 2 (the only road link in western part of the State to Kalahandi and Koraput from Bolangir, Sambalpur and Sundergarh) crosses the river over fair weather bridge during dry season and by ferry service during monsoon as before. Till the end of July 1979 total expenditure of Rs. 77.31 lakhs was incurred on the bridge and the approach roads and this remains unproductive with the possibility of the work already done being abandoned altogether for a new bridge at a different location. The specific lapses which contributed to this situation would be known after the findings of the High Power Committee are available.

The matter was reported to Government in September 1979 ; their reply is awaited (February 1980).

4.13. Extra expenditure on construction of a hostel building

Tenders for construction of 200 seated boys' hostel (estimated cost : Rs. 6.68 lakhs) for Keonjhar college (administratively approved by the Education Department in November 1972 for Rs. 6.23 lakhs for Civil Works) were invited in October 1973. The Executive Engineer, Keonjhar (R & B) division conducted negotiation with the lowest tenderer 'L' (Rs. 8.71 lakhs being 30.44 *per cent* in excess of the estimate) and recommended (March 1974) (after expiry of the validity period of 90 days) to the Superintending Engineer acceptance of the negotiated amount of Rs. 7.97 lakhs (19.40 *per cent* excess) on the ground that the offer was reasonable considering that the schedule of rates was under revision and that there was pressing demand from the Director of Public Instructions for early completion of the building. The Superintending Engineer, however, instructed (September 1974) the Executive Engineer to retender the work as the rates of the contractor were high ; it may be mentioned that the Superintending Engineer was not competent to decide on this tender which exceeded Rs. 5 lakhs. A short tender notice was invited on 5th September 1974 (to be received by 25th September 1974) at a revised estimated cost (due to increase in labour rates in the revised schedule of rates) of Rs. 7.49 lakhs. Of the two tenders received, lowest tender (Rs. 8.59 lakhs being 14.65 *per cent* excess over revised estimate and 28.60 *per cent* excess over original estimated cost) of contractor 'L' was accepted (February 1975) by the Chief Engineer and the work order was issued on 14th February 1975 to the contractor. Agreement was executed with the contractor on 1st March 1975 and the work was actually completed on 14th August 1977 at a total cost of Rs. 7.85 lakhs.

Thus, rejection of lowest tender after considering it high with reference to an unrealistic estimate and retendering the work resulted in award of the work to the same contractor at an extra cost of Rs. 0.72 lakh to the department.

The matter was reported to Government in April 1979; their reply is awaited (February 1980).

4.14. Installation of air-conditioning plant

One 80 ton air-conditioning plant was installed in the Gynaecology Department (200 bedded Women's Hospital) of the Sriram Chandra Bhanja Medical College, Cuttack at a cost of Rs. 2.24 lakhs in 1962. The plant went out of order in 1964 and was got repaired in February 1965. It went out of order again in May 1965 and remained idle thereafter. The log book for the plant maintained by the department was found (February 1980) by the Chief Engineer to be not available.

The tenders for special repairs to the plant were invited (November 1971) by the Executive Engineer, General Electrical Division, Cuttack with a stipulation for a guarantee period of two years. The estimate for the purpose though prepared in 1971-72 was not sanctioned (the estimate file is reported to be with the Vigilance). The lowest tender ('A') (tender value : Rs. 0.34 lakh) was entrusted (April 1972) with the work by the Executive Engineer without the approval of higher authority without execution of any valid agreement. An *ad hoc* payment of Rs. 1 lakh (against the bills for Rs. 0.37 lakh) was made to the firm in June 1972 without any measurements having been recorded for the work undertaken/spares supplied. The final bill of the contractor has not been settled (July 1979). After repair (date of completion of which not ascertainable), the plant worked irregularly up to October 1972 and stopped working finally from November 1972. The plant room was kept under lock and key by the firm and was handed over to the department in January 1973. Thus, the air-conditioning plant purchased in 1962 at a cost of Rs. 2.24 lakhs and repaired in 1972 for which an *ad hoc* payment of Rs. 0.24 lakh was made to the firm has not virtually functioned at all. The Gynaecology Department has been provided at present with window type air-conditioners.

No investigation has been done by the department for the plant not functioning and no responsibility has been fixed (December 1979). The department for irregular payment of advance to the firm which repaired the plant.

The matter was reported to Government in July 1979 ; their decision is awaited (February 1980).

RURAL DEVELOPMENT DEPARTMENT

Construction of Behera Minor Irrigation Project

The diversion weir downstream on Behera *nallah* (11 km. from the town of Kalahandi district) and the distribution system linked with the weirs lying in the ayacut was irrigating 4,597.69 acres. To create the full irrigation potential of about 1,500 acres during *Kharif* and *Rabi* seasons, it was proposed to construct masonry dam with spillway upstream of the existing weir along with improvement to the distribution system. The project was administratively approved (on preliminary estimate) in April 1971 for Rs. 28.68 lakhs (head works : Rs. 21.80 lakhs; distributary system : Rs. 2.40 lakhs ; other items : Rs. 4.48 lakhs). No technical sanction has been accorded so far (December 1979).

The construction of the dam was entrusted in December 1971 to a contractor (single tender) for Rs. 26 lakhs on negotiation for completion within a period of two years (by December 1973). While the excavation of the dam was in progress, the Chief Engineer during his inspection (January 1973) found that the foundation rock was highly weathered and required and desired (July 1973) thorough investigation of rock strata by a geologist. The entire excavation of foundation was almost completed in March 1974. In January 1975, the Geologist suggested extensive grouting in the entire bed of foundation of the dam. The revised drawing of the dam to suit the foundation strength on the basis of grouting was approved by the Chief Engineer in May 1976.

The work on the dam could not be proceeded with in the intervening period for over two years due to lack of drawing and the excavated foundation was silted up during the monsoon periods. The department engaged the agencies for silt clearance in February 1976 and incurred an expenditure of rupees one lakh on the job. The work on the dam was thereafter resumed by the contractor after the monsoon of 1976 and is in progress. According to the Executive Engineer (December 1979) the Dam and distributary systems are likely to be completed by June 1980 and March 1981 respectively.

In the meantime, the estimate of the entire project had been revised from the approved estimate of Rs. 28'68 lakhs to Rs. 87'60 lakhs and submitted (April 1979) to Government for revised administrative approval. The revised administrative approval is still awaited (December 1979). The total expenditure incurred on the entire project up to October 1979 was Rs. 82'43 lakhs. According to the revised estimate yet to be approved, the cost per acre of irrigation would amount to Rs. 1,752 as against Rs. 574 per acre as per approved estimate. The reasons attributed to by the department in April 1979 for the increase in cost were (i) higher rates quoted by contractor and increase in quantities as per detailed design of the dam (Rs. 30'65 lakhs), (ii) inadequate provision in the original estimate for distribution system (Rs. 10'24 lakhs) and (iii) other items of work (Rs. 17'78 lakhs).

To sum up, the main points which emerge are:

- (i) Technical sanction for the scheme is yet to be given.
- (ii) The initial investigation was not adequate. As the site conditions for foundation were not carefully analysed, the work after commencement had to be stopped leading to delay in execution and an avoidable expenditure of rupees one lakh on removing the silt which accumulated during stoppage of work.
- (iii) The scheme scheduled for completion by December 1973 is now expected to be completed by June 1980 and the cost is anticipated to go up from Rs. 28'68 lakhs to Rs. 87'60 lakhs.

On this being pointed out (December 1978) in audit, Government stated (March 1980) that the delay in execution occurred due to emergence of foundation problem necessitating change in design.

4.16. Kusumpur Minor Irrigation Project

A diversion weir project across the Gandhanadi stream in Tangi-Choudwar Block (Cuttack district) was sanctioned by Government in June 1969 at an estimated cost of Rs. 2'24 lakhs to irrigate 400 acres of *Kharif* and 300 acres of *Rabi*. No technical sanction was accorded before taking up the work. The work had been taken up for execution in February 1967 (prior to Government sanction). While the work was

under execution, the department decided in March 1973 to drop the project as the diversion weir could not provide for storage of water and it would not be suitable to render benefits to the cultivators during drought season and to provide irrigation to *rabi* crops. The expenditure of Rs. 1.07 lakhs incurred on the project till March 1973 became infructuous. No responsibility has been fixed by the department so far (October 1979) for undertaking the diversion weir when by very nature of the scheme it could not provide for storage of water which was required in this case.

The department decided (March 1973) to construct a reservoir project about 3 miles upstream of the abandoned diversion weir. An estimate (Rs. 26.80 lakhs) for the project to irrigate 2,200 acres of *kharif* and 700 acres of *rabi* was sanctioned by Government in August 1973. While sanctioning the scheme the department did not fix any target date for completion of the project. The construction of head works was entrusted to contractor 'G' on 11th July 1974 at a cost of Rs. 18.67 lakhs (estimated cost : Rs. 20.48 lakhs) with the scheduled date for completion by 10th July 1976. While the work was under execution, the designs of the surplus escape and head sluice were changed (2 falls in place of one fall and head sluice from barrel type to ogee type) by the Chief Engineer to suit the site condition. The revised designs of surplus escape and head sluice were approved in March 1977 and April 1977 respectively. The contractor left the work in April 1976 after executing work worth Rs. 2.98 lakhs. The contractor was served with final notice (14th May 1976) by the Executive Engineer for rescinding the contract with forfeiting the security deposit. The notice was not served under the relevant clause of the agreement which would permit the department to recover the extra cost of incomplete work from the contractor. The contract has not yet been rescinded (October 1979). The final bill of 'G' has also not been paid so far (October 1979). The balance work worth Rs. 15.89 lakhs (at the tendered rate of contractor 'G') was awarded to the lowest tenderer 'B' on 3rd January 1977 at his tendered amount of Rs. 21.28 lakhs and was completed in December 1978. Computed at rates of contractor 'G', the extra expenditure incurred (up to 14th R. A. bill paid to 'B' in February 1979) in doing the balance work was Rs. 4.75 lakhs.

While the head works had been under construction, timely steps were not taken to acquire land for construction of the distribution system to synchronize the completion of canals with the completion of head works so as to provide timely irrigation. Requisitions for land acquisition were placed between May 1974 and September 1978 and a part of the required land measuring 56'34 acres (out of 117'46 acres) has been acquired so far (July 1979). The distribution system taken up (January 1979) for execution at an estimated cost of Rs. 12'04 lakhs is yet to be completed (October 1979).

A revised estimate for the project was prepared in September 1978 for Rs. 71'76 lakhs (original estimate : Rs. 26'80 lakhs) which has not been sanctioned by Government so far (October 1979). The increase (Rs. 44'96 lakhs) in the estimated cost was attributed mainly due to increase in cost of land acquisition (Rs. 3'03 lakhs), distribution system (Rs. 9'64 lakhs), rise in cost due to prolonged period of execution (Rs. 4'58 lakhs), increase of supervision charges (Rs. 6'16 lakhs), higher tendered rates (Rs. 4'62 lakhs) and additional work such as diversion road, surplus channel and building not provided in the original estimate (Rs. 15'80 lakhs). The expenditure incurred on the project up to December 1979 was Rs. 54'88 lakhs.

To sum up, the salient points that emerge are:

- (i) taking up of the diversion weir project when storage reservoir was needed led to the abandonment of weir after incurring an infructuous expenditure of Rs. 1'07 lakhs;
- (ii) change of design of the headworks during execution of the reservoir project taken up subsequently led to abandonment of the work by the contractors which entailed an extra expenditure of Rs. 4'75 lakhs in execution of the incomplete work by alternative agency for recovery of which from the defaulting contractor no steps were taken for reasons not on record; and

(iii) non-acquisition of required land in time also resulted in delay in completion of the distribution system thereby depriving the beneficiaries from the irrigation benefit, which was originally contemplated to accrue from 1968.

The matter was reported to Government in March 1978; their reply is awaited (February 1980).

URBAN DEVELOPMENT DEPARTMENT

4.17. Nugatory expenditure in acquisition of building for sewerage

Government acquired in 1964 private land measuring 0.005 acre (out of the total plot area of 0.058 acre) in plot No. 3086 along with other private lands of Mouza Bisinabar of Cuttack town for the sewerage scheme of the town. Taking into consideration the proposed alignment of the sewer line, the department decided to acquire, alongwith the land, the building which had been put up in the plot. The Land Acquisition Officer, Cuttack awarded a compensation of Rs.0.45 lakh for the land and building which was disbursed to the party in April 1970. The possession of the land was taken by the division in June 1970. A drawing (no.401) with alignment of sewer line which by-passed plot No. 3086 was prepared by the Assistant Engineer, Sewerage Sub-division No. II, Cuttack on 9th July 1970, which was approved by the Executive Engineer on 17th March 1972. The construction of sewerage line was commenced on this basis from November 1972. But, in April 1971, the Executive Engineer had asked the Additional District Magistrate, Cuttack to acquire the remaining area of 0.053 acre of the plot No. 3086 as it was stated to be required immediately for sewerage construction work.

The owner filed a case contesting the award in the court of the Sub-judge, Cuttack. The department did not bring to the notice of the court the change of alignment of the sewer line and consequently department's lack of interest in the plot. The Sub-judge, Cuttack in his judgement dated 10th March 1973 awarded an amount of Rs.0.95 lakh (building: Rs. 0.83 lakh; shifting charge : Rs. 0.06 lakh and additional compensation: Rs. 0.06 lakh) *plus* interest at 6 per cent per annum from the date of

taking possession of the land till the date of payment of the amount to the Court. The Executive Engineer, Public Health Division, Cuttack deposited (June 1974) a further amount of Rs. 0.63 lakh (including interest : Rs. 0.13 lakh) with the Court. The party filed an appeal in the High Court on 18th June 1973. In January 1976, the High Court directed the Sub-judge to consider the valuation sheets prepared by Land Acquisition Officer and to re-assess the compensation amount for the property as a whole. In March 1976, the lower court delivered the revised judgement for payment of Rs. 1.97 lakhs (including shifting charges and solatium cost) towards compensation for 0.005 acre of land and cost of the building *plus* interest at 6 *per cent* per annum from the date of taking possession of land to the date of payment. Accordingly, a further amount of Rs. 1.49 lakhs (compensation : Rs. 0.90 lakh and interest : Rs. 0.59 lakh) was deposited with the Land Acquisition Officer, Cuttack in January 1977. It was noticed in audit that as compensation for the remaining land 0.053 acre was not paid, the owner continued to reside in the building and the department could not take possession of the building. The division deposited in August 1979 a sum of Rs. 0.17 lakh towards the cost of the remaining 0.053 acre of land in question. The division intimated Audit in August 1979 that after notification under Sections 6 and 7 of Land Acquisition Act, steps would be taken for taking possession of the building. The owner is still (February 1980), occupying the building although it has become the property of Government long back.

Thus, the land acquired in 1970 at a cost of Rs. 2.74 lakhs along with the building standing thereon was not utilised for the work as the construction of sewerage was completed in March 1979 in accordance with drawing No. 401 of March 1972, which by-passed plot No. 3086. The building acquired by the department could not be taken possession of as a portion of the land had not been acquired. Steps were reportedly being taken in consultation with the Law and Revenue Departments to take possession of the building and explore the possibility of utilisation of the land and building.

The matter was reported to Government in September 1979; their reply is awaited (February 1980).

GENERAL

4.18. Extra liability due to delay in acceptance of tenders

Mention was made in para 4.18 of the Report of the Comptroller and Auditor General of India (Civil) for 1976-77 regarding extra liability to Government on account of non-acceptance of tenders within the period of 90 days for which the offers are valid. A test check in audit conducted subsequently showed that in the case of three other works, tenders were not decided within the prescribed period of 90 days; decision was taken after 172 days to 222 days after opening of tenders. When belated acceptance of the lowest tenders was communicated, the tenderers refused to do the work. Consequently, in two cases works were entrusted to tenderers other than the lowest, and in another case the work was got executed on fresh tenders. This involved an extra liability to the extent of Rs. 2.74 lakhs as compared to the original tenders, which could have been avoided had the tenders been accepted within the validity period. The reasons for not taking a decision within the prescribed period have not been kept on record and have not been stated by the department. The Details of these works are given in Appendix VIII.

On this being pointed out (September 1979) in audit, Government stated (February/March 1980) that delay in deciding the tenders was due to unavoidable reasons.

CHAPTER V

STORES AND STOCK ACCOUNTS

5.1. Synopsis of important stores accounts

A synopsis of important stores and stock accounts for 1978-79 (other than those of commercial and *quasi*-commercial departments/undertakings, etc.) to the extent received is given in Appendix IX.

A—PUBLIC WORKS**5.2. Receipt of stores and stock accounts**

The materials procured for the Public Works divisions are initially held in stock except where these are purchased for specific works in which case these are debited to the works concerned. For materials held in stock, the Divisional Officers, who maintain account of these materials, are required to furnish annually to audit a consolidated account showing the opening balance of stock at the beginning of the year, value of stores purchased during the year, stores issued for consumption and the balance held in stock at the close of the year. A number of Roads and Buildings, National Highways and Projects, Irrigation, Rural Engineering and Public Health divisions have not sent these accounts (January 1980); the years for which the annual consolidated accounts have not been sent to Audit and the value of stores held by these divisions at the end of the years concerned are shown below:—

Year for which consolidated accounts are awaited	Category of divisions	Number of divisions	Value of stores held at the end of the year (In lakhs of rupees)
1975-76	Irrigation	4	15.11
1976-77	Irrigation	8	52.92
	Public Health	2	3.72
		10	56.64

Year for which consolidated accounts are awaited	Category of divisions	Number of divisions	Value of stores held at the end of the year
			(In lakhs of rupees)
1977-78	Roads and Buildings	4	9.37
	Irrigation	15	94.96
	Rural Engineering	3	34.98
	Public Health	2	16.42
		<hr/> 24 <hr/>	<hr/> 1,55.73 <hr/>
1978-79	Roads and Buildings	8	40.01
	Irrigation	26	1,99.95
	Rural Engineering	5	66.22
		<hr/> 39 <hr/>	<hr/> 3,06.18 <hr/>

The matter was reported to Government (January 1980) ; their reply is awaited (February 1980).

5.3. Physical verification of stores

The rules require that the stores held in stock should be verified physically at least once a year and the results of verification placed on record. Mention was made in paragraph 5.3 of the Report of the Comptroller and Auditor General (Civil) for 1977-78 about non-receipt of reports of physical

verification from several divisions. The delay in submission of these reports continues to persist. The position at the end of January 1980 is indicated below:—

Reports pertaining to the year	Number of divisions from which the reports are awaited					Total
	Roads and Buildings	National Highways and Projects	Irrigation	Rural Engineering Organisation	Public Health	
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1969-70 to 1974-75	4	..	10	8	..	22
1975-76	9	12	13	3	8	45
1976-77	11	4	21	18	9	63
1977-78	11	4	21	18	9	63
1978-79	20	14	40	20	15	109

5.4. Reserve limit of stock

(a) The divisional officers are not authorised to keep stock in excess of monetary limits prescribed by Government. As at the end of 1978-79, reserve stock limit had not been fixed for 79 divisions; value of stores held by these divisions as at the end of March 1979 was Rs. 5,80.94 lakhs, the break-up of which is given below:—

Category of divisions	Number of divisions	Value (In lakhs of rupees)
Roads and Buildings	11	57.83
National Highways and Projects	2	34.07
Irrigation	37	2,23.86
Rural Engineering	16	1,70.30
Public Health	13	94.88
Total	79	5,80.94

(b) The value of stock held at the close of 1978-79 by two divisions exceeded the reserve limit of stock fixed by Government in 1978-79 as detailed below:—

Name of division	Value of stock held at the end of 1978-79	Reserve stock limit fixed	Excess
(In lakhs of rupees)			
<i>Irrigation</i>			
Stores and Mechanical Division, Rengali	3,04.73	2,97.50	7.23
<i>National Highways and Projects</i>			
Project Division, Bhawanipatna	5.79	1.97	3.82

The excess is yet to be regularised (January 1980).

5.5. Minus balances in stock accounts

The stores and stock accounts of 32 divisions in the following branches showed *minus* balances amounting to Rs. 2,60.76 lakhs at the end of 1978-79:

Name of branch	Number of divisions	<i>Minus</i> balances (In lakhs of rupees)
Roads and Buildings	.. 11	1,24.84
National Highways and Projects	.. 4	5.39
Irrigation	.. 11	48.66
Rural Engineering	.. 3	40.69
Public Health	.. 3	41.18
Total	.. 32	2,60.76

These *minus* balances have not been investigated by the divisions (January 1980).

The *minus* balances arise either because the materials received are not taken into account as receipt or the value of stores shown as issued is more than the value of receipts due to non-adjustment of differences in values consequent upon revision of rates at the end of each year. Unless the *minus* balances are reconciled and adjusted, the correctness of stock accounts cannot be ensured.

5.6. Annual certificates of balances of stock and other suspense accounts

According to rules, the divisions should conduct a special review of stock balances and other suspense accounts early in March every year and forward an annual certificate of balances to Audit by end of May. These certificates for 1978-79 have not been received from 39 (Roads and Buildings: 8; Irrigation: 26; Rural Engineering: 5) out of 196 divisions (January 1980); such certificates relating to 1975-76, 1976-77 and 1977-78 also were awaited (January 1980) from 4 (Irrigation), 10 (Irrigation: 8, Public Health : 2) and 24 (Roads and Buildings; 4 ; Irrigation: 15; Rural Engineering : 3; Public Health : 2) divisions respectively.

5.7. Discrepancies, shortages and losses in stock

Physical verification of stores in 6 divisions by the stores verification party of Government during 1978-79 disclosed discrepancies (Rs. 45.51 lakhs), shortages (Rs. 15.21 lakhs) and losses (Rs. 0.10 lakh); the division-wise details are given in Appendix X.

These discrepancies, shortages and losses are yet to be investigated and reconciled (January 1980) by the divisions.

B—CIVIL DEPARTMENTS

5.8. Receipt of stores and stock accounts

The financial rules of Government require that the head of an office or any other officer entrusted with stores of any kind should maintain suitable accounts. The stores and stock accounts are to be submitted annually to Audit by the respective departmental officers between April and August every year.

Delay in receipt of stores and stock accounts has been commented upon in successive Reports of the Comptroller and Auditor General of India. The delays still persist and the stores and stock accounts have not been received (November 1979) from the following departments:—

Department	Nature of stores and stock accounts	Year from which out-standing
(i) Agriculture and Co-operation	Chemical fertilisers ..	1967-68
	Seeds and manures (quality seed) ..	1970-71
(ii) Health and Family Welfare	Instruments and appliances, drugs and medicines, bedding and clothing, crockery, diet and miscellaneous stores of the Government Headquarters Hospitals including Medical Colleges and Hospitals	1976-77
	Costly and life saving drugs of sales stores (Medicines)	1974-75
(iii) Home	Orissa Police Motor Transport Workshop (Spare parts, vehicles, etc.)	1978-79
	Jail manufactory (manufactured stores, raw materials, etc.)	1978-79
	Jail maintenance (rations, equipments, etc.)	1978-79
(iv) Forest, Fisheries and Animal Husbandry	Tools and miscellaneous stores of the Forest Department	1968-69
(v) Commerce and Transport	Stationery articles, watermark plain paper, printing and binding materials, plant and machinery, spare parts and miscellaneous stores of the Orissa Government Press	1973-74
(vi) Industries	Engineering instruments, equipment, miscellaneous stores, etc., of the Orissa School of Engineering, Cuttack	1978-79

CHAPTER VI

COMMERCIAL ACTIVITIES

6.1. General

This chapter deals with the results of audit of departmentally managed Government commercial and *quasi*-commercial undertakings.

On 31st March 1979, there were 21 departmentally managed commercial and *quasi*-commercial undertakings. *Pro forma* accounts for 1978-79 have not been received in respect of 14 undertakings (others being in-operative or taken over). The extent of arrears in submission of *pro forma* accounts is given below:—

Name of the undertaking	Year from which accounts are in arrears
A. STATE TRADING SCHEME	
(i) Grain purchase scheme	.. 1969-70
(ii) Grain supply scheme	.. 1963-64 (a)
(iii) Scheme for trading in Iron-ore through Paradip Port	1967-68 (b)
(iv) Cloth and yarn scheme	.. 1965-66 (c)
(v) (a) Trading in <i>Kendu</i> leaves	.. 1965-66 to 1972-73 (d)
(b) Nationalisation of <i>Kendu</i> leaves	.. 1973-74 (e)

(a) Inoperative from January 1959.

(b) Inoperative from 1966-67.

(c) Inoperative from 1954-55.

(d) The consolidated *pro forma* accounts relating to *Kendu* leaf scheme prior to nationalisation, for the period from 1965-66 to 1972-73, submitted to audit (March 1978) were not certified as many mistakes were noticed during the course of audit. The revised accounts are awaited (December 1979).

(e) *Pro forma* accounts in respect of nationalisation of *Kendu* leaves scheme for the years 1973-74 and 1974-75, submitted to audit (September, 1978) have not been checked by the internal audit wing of the organisation as required under the accounting procedure. The accounts duly audited by internal audit are awaited (December 1979).

Name of the undertaking	Year from which accounts are in arrears
B. TRANSPORT	
(vi) State Transport service	.. 1972-73 (f)
C. INDUSTRIES	
(vii) K. S. Potteries Development Centre, Jharsuguda	1976-77
D. LEATHER INDUSTRIES	
(viii) Government Leather Industries-cum-Tannery Titilagarh	1976 77 (g)
(ix) Government Tannery, Boudh	.. 1975-76 (g)
(x) Government Shoe Factory, Cuttack	.. 1976-77 (g)
E. EDUCATION	
(xi) Text Book Press, Bhubaneswar	.. 1966-67
F. COLD STORAGE PLANTS	
(xii) Cold Storage Plant, Cuttack (Unit I)	.. 1975 (h)
(xiii) Cold Storage Plant, Cuttack (Unit II)	.. 1976 (h)
(xiv) Cold Storage Plant, Bhubaneswar	.. 1971 (h)
(xv) Cold Storage Plant, Sambalpur	.. 1971 (h)
(xvi) Cold Storage Plant, Similiguda	.. 1973
(xvii) Cold Storage Plant, Bolangir	.. 1976
G. OTHERS	
(xviii) Scheme for exploitation and marketing of fish	1975-76

The assets and liabilities of the inoperative and closed schemes have not been disposed of/liquidated (December 1979).

(f) Taken over by the Orissa State Road Transport Corporation in May 1974.

(g) Taken over by the Leather Corporation of Orissa Limited in June 1976.

(h) Taken over by the Orissa State Seeds Corporation Limited from 1st March 1979.

The summarised financial results of the commercial undertakings whose *pro forma* accounts have been received subsequent to those mentioned in paragraph 6.1 of the Report of the Comptroller and Auditor General for the year 1977-78 (Civil) are given in Appendix XI.

Personal ledger accounts have been opened by Government in respect of the schemes mentioned below. Although these schemes are of commercial nature, Government have not prescribed preparation of *pro forma* accounts for them; the financial results of these schemes have not been worked out.

Undertaking	Year in which personal ledger account was opened	Accounts for 1978-79			
		Opening balance	Credits	Debits	Closing balance
(Rupees in lakhs)					
(1)	(2)	(3)	(4)	(5)	(6)
State Trading Schemes—					
1. Purchase and distribution of quality seeds to cultivators	1977-78 (Revenue account)	(—)94.20	1,43.26	1,42.68	(—)93.62*
2. Poultry Development	1974-75 (Capital account)	1.53	..	0.03	1.50
Cold Storage Plants—					
3. Cold Storage Plant, Parlakhemundi	1977-78 (Revenue account)	(—)1.29	0.02	0.99	(—)2.26*
4. Cold Storage Plant, Kuarmunda	1977-78 (Revenue account)	0.77	3.03	5.51	1.71

* *Minus* balances are under reconciliation.

AGRICULTURE AND CO-OPERATION DEPARTMENT

6.2. Working of the Cold storages

6.2.1. Introductory

Cold storages were started by Government for promotion of cultivation and production of potatoes by supply of improved seed potatoes. In these storages, seed potatoes are stored till the sowing season (commencing from October and ending with December) and are sold during the sowing season to Government Potato Growing Farms, registered seed growers and general cultivators within the State. Government established between 1950 to 1975 eight cold storages having a total storage capacity of 92,000 quintals of seed potatoes at a total capital cost of Rs. 99.47 lakhs.

6.2.2. Utilisation of the storage capacity

The following table summarises the utilisation of the capacity of the individual cold storages over the last three years:—

Storage	Date of setting up	Capital cost (Rs. in lakhs)	Capacity in quintals	Utilisation (In quintals)					
				1976		1977		1978	
				Utilisation	Percentage	Utilisation	Percentage	Utilisation	Percentage
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Cuttack-I	.. February 1950	5.75	5,750	5,078	88.3	5,138	89.4	5,876	102.2
Sambalpur	.. February 1960	5.51	3,750	2,687	71.7	1,412	37.7	2,614	69.7
Bhubaneswar	.. February 1965	13.17	15,000	11,438	76.3	6,540	43.6	11,078	73.9
Parlakhemundi	.. March 1971	8.40	7,500	667	8.9	532	7.1	1,179	15.7
Bolangir	.. February 1972	14.71	15,000	1,105	7.4	1,450	9.7	4,177	27.8
Kuarmunda	.. March 1972	16.84	15,000	548	3.7	777	5.2	2,577	17.2
Similiguda	.. March 1973	16.53	15,000	1,554	10.4	1,401	9.3	2,434	16.2
Cuttack II	.. February 1975	18.56	15,000	6,437	42.9	2,213	14.8	6,202	41.3

Note:(1) The cold storages follow the calendar year for accounting.

(2) Storage at Cuttack II started functioning in 1975.

The utilisation of the storages at Parlakhemundi, Bolangir, Kuarmunda and Similiguda has been extremely poor; against the total capacity of 52,500 quintals (Capital Cost: Rs. 56.48 lakhs) the utilisation ranged between 2.2 per cent and 27.8 per cent during the period 1974 and 1978. A study in audit of the area covered by potato cultivation in these districts, *vis-a-vis* the capacity of the storages established for the purpose, for three years up to 1977-78 disclosed that potato cultivation has not increased sufficiently to utilise the storages, *vide* details given below:—

Storage	District	Capacity (quintals)	Area under potato cultivation			Requirement of seed potatoes		
			1975-76 (Hectares)	1976-77 (Hectares)	1977-78 (Hectares)	1975-76 (Quintals)	1976-77- 1977-78 (Quintals)	1977-78 (Quintals)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Parlakhemundi	Ganjam	7,500	543	268	247	8,145	4,020	3,705
Bolangir	Bolangir Phulbani	15,000	256	346	417	3,840	5,190	6,285
Kuarmunda	Keonjhar Sundergarh	15,000	335	247	319	5,025	3,705	4,785
Similiguda	Koraput	15,000	88	188	249	1,320	2,820	3,735

NOTE: (1) Area is as per Agricultural Statistics compiled by State Agricultural Department.

(2) Requirement of seed is as per norm adopted by the Department (i. e.) 15 quintals per hectare.

According to the Director of Agriculture and Food Production (July 1976), these cold storages were established in predominantly backward areas to create incentive for the cultivators of these districts to take up potato cultivation on a large scale which had not materialised. Though extension programmes for production of potatoes have been taken up in these areas, progress was very slow as the cultivators of these areas are not cultivating with the improved method of potato cultivation and it will take at least ten years to popularise potato cultivation in these areas through intensive and extensive activities.

The Efficiency Audit Organisation of Government reported (February 1977) that 'there is nothing on record to indicate that adequate survey was made to examine the economic viability of the storages or that the growth of potato area as planned under the scheme was kept in view, in selecting the sites for storages'.

6.2.3. Shortages

Shortages occur in transit from procurement centres to cold storages, in the cold storages after loading, and after unloading from the cold storages but before sale. In 1961, Government fixed the maximum permissible shortages at 16 per cent for the period between March 1961 and November 1961. Thereafter, no permissible limit for shortages was fixed until January 1976 when Government fixed the maximum permissible shortage at 8 per cent of total purchase and ordered that special reasons should exist for the shortages to go beyond 8 per cent of total purchase.

Details of shortages that occurred during five years up to 1978 and the value of shortages in excess of 8 per cent of the purchase are given below:—

Year	Total purchase (Quintals)	Actual shortage (Quintals)	Percentage of actual shortages to purchases	Shortages in excess of 8 per cent (Quintals)	Value of shortages in excess of 8 per cent (Rupees in lakhs)
1974	20,011	3,276	16.33	1,666	2.16
1975	20,417	2,230	10.92	597	0.98
1976	23,886	2,956	12.38	1,046	1.43
1977	14,944	1,313	8.79	117	0.22
1978	23,813	2,557	10.74	652	1.07
				Total	5.86

The value of shortages in excess of over 8 per cent was Rs. 5.86 lakhs; the department has not investigated the reasons for these shortages.

The position of the centre-wise shortages as computed in audit indicated that the shortages exceeded even 10 per cent in certain years *vide* details given in Appendix XII.

6.2.4. Working results

According to the accounting procedure on Government Cold Storages (Agriculture Department) approved by Government in January 1978, all the cold storages are to work on 'no profit and no loss basis'.

Out of the eight cold storages mentioned, the storages at Kuarmunda and Parlakhemundi have not been declared as commercial and Government have not prescribed preparation of *pro forma* accounts for them. Mention was made in paragraph 6.1 of the Report of the Comptroller and Auditor General of India (Civil) for the year 1977-78 about the arrears in preparation of *pro forma* accounts by the other six storages, reportedly due to lack of adequate staff.

The storages at Kuarmunda and Parlakhemundi and those at Bolangir, Bhubaneswar, Sambalpur and Similiguda prepared (by June 1979) provisional trading and profit and loss accounts for some of the years. The following are the particulars of profit/loss disclosed by the latest available provisional accounts for the different storages:—

Storage	Latest year for which account is available	Amount of cumulative profit (+)/ Loss (—) (Rupees in lakhs)
Cuttack I	1975	(+)4.02
Sambalpur	1975	(—)0.63
Bhubaneswar	1977	(—)2.39
Parlakhemundi	1973	(—)3.60
Bolangir	1978	(—)15.03
Kuarmunda	1978	(—)26.23
Similiguda	1978	(—)19.77
Cuttack II	1975	(—)2.38

(All figures except that in respect of Cuttack II are provisional)

Study made in audit (June 1979) indicated that low utilisation mentioned in sub-para 6.2.2 was the main reason for the losses. Sale price of seed potatoes is fixed at market price or actual purchase cost plus storage charges, whichever is less. The cost of storages represents running expenses including establishment, depreciation, interest charges. Bulk of storage expenses is accounted for by establishment, depreciation and interest charges. Since capacity utilisation is on the low side, the cost of storage for unit of stock actually stored is high; this pushes up the cost of storage and purchase to a level beyond the market price. Specific reasons for the loss are awaited from the department (February 1980).

6.2.5. *Other topics*

(i) Mention was made in paragraph 32 (f) of Audit Report 1970 that the machines and materials purchased up to 1967 for the expansion of the cold storage at Sambalpur were not utilised, as the expansion work was not taken up. In December 1973, the Lift Irrigation Department to whom the work of expansion was originally entrusted and with whom the machines and other materials were lying, handed over these (value: Rs. 0.78 lakh) to the cold storage. Out of these, materials valued at Rs. 0.19 lakh were utilised in the construction of cold storage at Cuttack II in January 1974. The remaining have been lying with the cold storage at Sambalpur unused (June 1979). Some of them are stated to have been 'damaged' or 'partly damaged' in the stock records; value of such items is not ascertainable.

(ii) Advances amounting to Rs. 3.79 lakhs given to officials for purchase of potato seeds, and other miscellaneous items like spare parts for machines etc., were outstanding recovery (June 1979). Some of the advances date back to 1950 and onwards. Year-wise details are not available with the department.

Summing up

The following are the main points that emerge:—

- (i) Cold storages were set up without adequate survey to examine their economic viability.

- (ii) The capacity utilisation of cold storages being on the low side (less than 50 *per cent* in 5 out of 8 storages) due to inadequate demand of the potato growers, the cost of storages per unit of stock actually stored, is high.
- (iii) Low utilisation resulted in the storages running at a loss though these were expected to work on no profit no loss basis. Compilation of *pro forma* accounts of the units has been heavily in arrears. According to the latest available provisional accounts, the total cumulative loss of the storages was Rs. 66.01 lakhs.

The points mentioned above were reported to Government in August 1979; their reply is awaited (February 1980).

FOOD AND CIVIL SUPPLIES DEPARTMENT

6.3. Fictitious payment

Under the grain purchase scheme, Government appoint agents for procurement of paddy. They procure paddy at their cost and deliver it to the parties appointed by the Government for milling the paddy into rice, who are known as miller agents. The non-miller agents deliver paddy to the miller agents as per the direction of the Civil Supplies authorities and on production of acknowledgement of the receipt of paddy from the miller agents, the non-miller agents are paid the cost of paddy and other charges by the Government.

'K' was appointed in November 1971 as a non-miller agent in the district of Kalahandi for the *Kharif* year 1971-72. He was also appointed as miller agent in the district of Sambalpur for the same *Kharif* year. During the year 1971-72, 'K' was reported to have procured 5,555.75 quintals of fine paddy and 11,863.50 quintals of super-fine paddy till the end of January 1972, which was delivered to 'P' of Kesinga on payment of cost and other charges. In February 1972, he applied to Government for permission for transfer of paddy procured by him as non-miller in Kalahandi district to his mill at Kisannagar in the district of Sambalpur

at his cost on the ground that his mill remained idle due to non-availability of sufficient quantity of paddy in Sambalpur district. The Civil Supplies authorities recommended (March 1972) his case to Government for despatch of 6,875.40 quintals of super-fine paddy from Kalahandi district to the mill of 'K' in Sambalpur district. In March 1972, Government accorded permission for the transportation of paddy as requested by 'K'. In July 1972, Government ordered payment of the cost of paddy despatched by 'K' (including transportation and commission charges) to the mill in Sambalpur district on the strength of despatch particulars and acceptance * note prepared at the rail head treating the paddy stocks of the non-miller agent as finally disposed in the district of Kalahandi. The reasons for dispensing with the prescribed procedure are not available. An amount of Rs. 4.30 lakhs was paid to 'K' by Civil Supplies Officer, Kalahandi (Rs. 2.30 lakhs in August 1972 and Rs. 2 lakhs in September 1972) as under:—

		(Rupees in lakhs)
Cost of paddy	..	4.13
Transportation charges	..	0.10
Commission	..	0.07

It could not be verified in audit as to whether the payments were made on the strength of despatch particulars and acceptance note prepared at the rail head as prescribed by Government in July 1972 as the concerned file was reported (August 1978) by the Civil Supplies Officer, Kalahandi to be missing. The circumstances under which 'K' was paid transportation charges of Rs. 0.10 lakh which he was prepared to forgo are not available. It was reported (June 1978) by the internal audit staff of the Civil Supplies Office at Kalahandi that neither the receipt of the stock of

* Accepting note is the document prepared at the time of accepting stock from an agent. The stock is to be accepted by the representative of the Civil Supplies staff of the receiving district; however, it can also be accepted by the Civil Supplies staff of despatching district acting as representative of receiving district.

paddy of 6,875.40 quintals reported to have been transferred by 'K' to Sambalpur district nor the resultant rice was accounted for in the Civil Supplies' account of Sambalpur district. It was also found (August 1978) that while making recommendation regarding the despatch of paddy in March 1972, the Civil Supplies authorities of Kalahandi district did not verify the official procurement figures and the stock position of paddy in respect of this agent. Such verification would have enabled the Civil Supplies authorities to know whether stock was actually available. The despatch of paddy from Kalahandi district and receipt in Sambalpur was not linked by the departmental officials though the system provided for such linking. Government stated in October 1978 that the payment of Rs. 4.30 lakhs to 'K' was a case of fictitious payment. Action for initiating recovery of the payment made irregularly is awaited (December 1979).

CHAPTER VII

FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

7.1. General

(a) (i) In 1978-79, Rs. 88.54 crores were paid as grants to non-Government bodies, institutions and others against Rs. 73.80 crores paid during 1977-78. This formed 22 per cent of the Government's total expenditure on revenue account, against 21.60 per cent in 1977-78. An analysis of grants paid during 1978-79 is given below:—

		(Rupees in crores)
1.	Education—	
	Assistance to non-Government bodies, Local bodies and Universities	59.42
2.	Land Revenue—	
	Grants to Private Institutions ..	0.02
3.	Cultural Affairs—	
	Grants to Cultural institutions ..	0.34
4.	Medical—	
	Grants to non-Government institutions for medical purpose	0.06
5.	Family Welfare—	
	Grants to institutions for family welfare ..	0.03
6.	Public Health—	
	Grants to institutions for public health purpose	0.11
7.	Labour, Employment and Housing—	
	Grants to Orissa State Housing Board for non-Government housing schemes	0.04
8.	Community Development and Social Welfare—	
	Assistance to Panchayatj Raj institutions and others	9.39
9.	Relief on account of natural calamities—	
	Grants to non-Government educational institutions—repairs of buildings	0.26

		(Rupees in crores)
10. Co-operation—		
Financial assistance to co-operative institutions		1.96
11. Industries—		
Financial assistance to non-Government industrial institutions		2.79
12. Urban Development—		
Assistance to Municipalities, Corporations, etc.		2.07
13. Forest—		
Grants to Panchayati Raj institutions	..	1.90
14. Irrigation and power—		
Grants to Orissa Lift Irrigation Corporation for survey of ground water resources, investigations, tube wells and other subsidies		5.15
Assistance to the Orissa State Electricity Board for rural electrification schemes		5.00
	Total	.. <u>88.54</u>

(ii) The main beneficiaries of the grants were Panchayati Raj institutions which received Rs. 32.71 crores during 1978-79 for the purposes shown below:—

		(Rupees in crores)
1. Education—		
Primary and Secondary Education	..	22.98
2. Community Development and Social Welfare—		
Community Development	..	7.83
3. Forest—		
Grants to Panchayati Raj institutions from sale proceeds of <i>Kendu</i> leaves		1.90
	Total	.. <u>32.71</u>

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

At the end of September 1979, 70,367 certificates for Rs. 2,59.28 crores were awaited for grants paid up to 31st March 1978. Of these, 50,665 certificates (Rs. 1,39.80 crores) relate to grants paid up to 31st March 1976. The remaining 19,702 certificates (Rs. 1,19.48 crores) relate to grants paid during the period from 1st April 1976 to 31st March 1978.

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

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

Sl. No.	Department	Utilisation certificates awaited	
		Number	Amount (In crores of rupees)
(1)	(2)	(3)	(4)
1.	Education and Youth Services ..	42,880	1,78.28
2.	Community Development and Social Welfare	22,877	48.01
3.	Irrigation and Power (Orissa Lift Irrigation Corporation)	69	10.89
4.	Agriculture and Co-operation ..	283	10.66
5.	Urban Development ..	1,935	4.84
6.	Tribal and Rural Welfare ..	340	1.92
7.	Rural Development ..	41	1.07

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

Mention was made in paragraph 7.1 (b) of the Report of the Comptroller and Auditor General (Civil) for 1977-78 about non-receipt of information from departments of Government regarding grants and loans given to various bodies and authorities during 1971-72 to 1977-78 to determine the applicability of Section 14 audit in these cases. The position did not improve and information for the year 1978-79 was also not received from the departments inspite of the general instructions issued by the Finance Department in July 1976 and pursuance by audit from time to time as indicated below:—

Year	Number of bodies/authorities which received grants/loans of not less than Rs. 5 lakhs in the year	Number of bodies whose accounts were received in audit	Number of bodies whose accounts are not received
1971-72 ..	310	9	301
1972-73 ..	290	9	281
1973-74 ..	314	11	303
1974-75 ..	308	11	297
1975-76 ..	330	6	324
1976-77 ..	346	14	332

With reference to available information, audit of some bodies and authorities substantially financed by Government and falling under Section 14 of the Act was conducted. Important points noticed in the —

audit of these institutions and scrutiny of the records of sanctioning authorities under Section 15 and other related matters are given in the succeeding paragraphs.

AGRICULTURE AND CO-OPERATION DEPARTMENT

7.2. Financial assistance to Co-operative Institutions

7.2.1. Mention was made in paragraph 7.5 of the Report of the Comptroller and Auditor General of India—Government of Orissa (Civil) for 1975-76 of the results of scrutiny of the records of the sanctioning authorities in May 1976 commenting among other things, on the absence of control machinery for watching the extent of utilisation of financial assistance provided by Government in favour of various co-operative institutions.

A few further points noticed on a scrutiny of the records of the sanctioning authorities conducted again in November 1978—January 1979 under Section 15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 are mentioned below.

7.2.2. Arrears in audit of the societies

The Orissa Co-operative Societies Act provides that the accounts of the Co-operative societies should be audited by the Registrar of Co-operative Societies at least once in a year. But, the accounts of 4,994 institutions from out of 13,047 societies in the State remained un-audited during the co-operative year 1977-78 ending June 1978. These included 940 societies in moribund condition and 1,922 others under liquidation as detailed below:—

Category	Total number of societies	Number of societies audited	Number of societies whose departmental audit was in arrear
Live societies ..	6,252	4,120	2,132
In moribund condition ..	1,516	576	940
Under liquidation ..	5,279	3,357	1,922
Total ..	13,047	8,053	4,994

Of the societies not covered during 1977-78, the audit of accounts was in arrear for more than five years in respect of 2,499 cases. Reasons generally given for the arrears in departmental audit were (i) non-availability of records, (ii) improper maintenance of accounts and (iii) inadequate/inexperienced staff.

7.2.3. Arrears in receipt of utilisation certificates

(a) According to the terms and conditions prescribed in the sanctions in general, the assistance provided was to be utilised within the financial year concerned and certificates of utilisation in prescribed form were to be submitted by the bodies within June of the succeeding financial year indicating the amount of assistance received, amount utilised and the unspent balance. Under the relevant provisions, unspent balances are required to be surrendered to the Government promptly unless the same are adjusted by the sanctioning authority against grants for the subsequent year. It was, however, noticed that certificates of utilisation of assistance provided up to the year 1977-78 had not been received by the Registrar of Co-operative Societies up to January 1979 in respect of grants (including subsidies) amounting to Rs. 2,51.34 lakhs in 3,599 cases and loans amounting to Rs. 3,58.04 lakhs in 864 cases. These related to periods for over 5 years as detailed below:—

Year of sanction	Amounts for which certificates of utilisation were wanting	
	Loans	grants
	(In lakhs of rupees)	
Up to 1974-75	97.98	58.06
1975-76	49.33	28.59
1976-77	19.30	80.47
1977-78	1,91.43	84.22
	<u>3,58.04</u>	<u>2,51.34</u>

(b) The utilisation certificates submitted did not conform to the prescribed form and did not mention the balance amounts lying unspent. The department did not, thus, have complete information about unutilised amounts held by the institutions in hand and the periods involved.

7.2.4. *Advance drawal and disbursement of assistance*

According to the financial rules, no money shall be drawn from the treasury unless it is required for immediate disbursement. Test check in audit of the records disclosed that in the cases listed out in Appendix XIII, sums totalling Rs. 3,20.61 lakhs were drawn by the Registrar of Co-operative Societies in the month of March in advance of finalisation of details of the scheme intended for implementation, determination of the actual beneficiaries and fulfilment of prescribed prerequisites that should precede disbursements. The amounts drawn in advance were kept with intermediary co-operative banks in their suspense accounts pending issue of release orders in favour of the ultimate beneficiaries. Issue of release orders by the department was spread over a number of years. Of the sums aggregating Rs. 3,20.61 lakhs, only Rs. 2,85.76 lakhs were released in the next financial year and Rs. 10.86 lakhs were released in the second succeeding financial year. The remaining sums of Rs. 23.99 lakhs continued to be with the intermediary banks in their suspense accounts up to January 1979 (Rs. 1.24 lakhs since March 1977 and Rs. 22.75 lakhs since March 1978). The arrangement involved the following irregularities:—

- (i) Drawal of funds in advance of requirements with a view to avoid lapse of budget provision;
- (ii) custody of Government money outside the Government accounts;
- (iii) unintended financial aid to the intermediary banks in the shape of contribution to the liquidity position; and
- (iv) postponement of the achievement of social objectives for which the funds from the Consolidated Fund were intended.

There was no consolidated record with the Registrar of Co-operative Societies to show the amounts placed in the suspense accounts of intermediary parties and the amounts released by the department therefrom, from time to time. The total amount held up to date with intermediary banks which was yet to reach the ultimate beneficiaries was, thus, not ascertainable. In respect of the cases covered in test check in audit, the amounts placed in the suspense accounts with intermediary parties and awaiting issue of release orders at the end of the last three years were as follows:—

		(Rupees in lakhs)
1975-76	..	10.00
1976-77	..	2,17.57
1977-78	..	1,05.14

7.2.5. Assistance for opening of Janata shops

Under a Centrally sponsored scheme introduced in January 1977, Government of India approved between November 1977 and February 1978 the opening of 62 Janata shops in specified localities by the consumer co-operative societies for weaker sections and backward areas, involving financial assistance of Rs. 8.68 lakhs as detailed below:—

Nature of assistance		Rate of assistance	Amount of assistance for 62 shops
		(Rupees)	(Rupees in lakhs)
Additional share capital	..	10,000	6.20
Loan for furniture	..	1,000	0.62
Subsidy for furniture	..	1,000	0.62
Managerial subsidy	..	2,000	1.24
		<hr/>	<hr/>
		14,000	8.68
		<hr/>	<hr/>

The approval by Government of India was subject to the following conditions:—

- (i) A State level committee was to be set up by Government to follow up implementation and review the working periodically;
- (ii) prior approval was to be obtained for changes in location ;
and
- (iii) quarterly reports on progress of utilisation were to be submitted.

On the basis of sanctions issued by Government in March 1978, the Registrar of Co-operative Societies drew the entire amount on 31st March 1978 and made over the amounts to the respective Assistant Registrars of Co-operative Societies in April 1978 for disbursement to the concerned societies. According to the information available with the Registrar of Co-operative Societies up to January 1979, Rs. 0.22 lakh representing the loan component were yet to be disbursed to the societies in 22 cases pending execution of loan bonds. Against the remaining assistance of Rs. 2.26 lakhs towards subsidy (Rs. 1.86 lakhs) and loan (Rs. 0.40 lakh), certificates of utilisation had been received for Rs. 0.51 lakh only. There was no information regarding utilisation of Rs. 1.75 lakhs (subsidy : Rs. 1.41 lakhs and loan : Rs. 0.34 lakh) drawn in March 1978.

The State Government constituted the State Level Committee in March 1979 to review the progress of implementation of the scheme. The department stated (December 1979) that quarterly progress reports on implementation had been called for and the progress reports received so far were being examined by the State level Committee.

7.2.6. *Subsidies for dug wells*

In order to implement a scheme of excavation of dug wells/shallow tube wells by small and marginal farmers with funds obtained from Central Co-operative banks, Commercial banks and Co-operative land development banks and Government subsidy of 25 per cent of capital cost, Government sanctioned subsidy aggregating Rs. 49.79 lakhs for

1.75 lakh wells during 1976-77 (Rs. 45 lakhs for one lakh wells) and 1977-78 (Rs. 4.79 lakhs for 75,000 wells). The amounts were to be paid to the concerned financing banks for crediting to the accounts of selected loanees thereby reducing their loan liabilities.

According to the sanctions, the wells were to have been completed and certificates of utilisation were to have been furnished by end of June of the financial year succeeding the year of sanction.

The amount of Rs. 45 lakhs sanctioned during 1976-77 was, however, drawn by the Registrar of Co-operative Societies and kept under Revenue Deposits up to July 1977 when it was withdrawn from Revenue Deposits and placed at the disposal of the Orissa State Co-operative Bank to be kept in their suspense accounts. The amounts were released therefrom to the concerned financing banks in instalments between August 1977 and September 1978. Similarly, the amount of Rs. 4.79 lakhs for 1977-78 was drawn in March 1978 and kept under Revenue Deposits up to June 1978 when it was transferred to the suspense accounts of the Orissa State Co-operative Bank and was released to the concerned financial banks partly in July 1978 (Rs. 3.62 lakhs) and the balance (Rs. 1.17 lakhs) in September 1978.

Certificates of utilisation in respect of only Rs. 4.03 lakhs relating to 1976-77 had been received by the Registrar of Co-operative Societies up to January 1979. According to information available with the Registrar, only 56,305 wells out of 1 lakh targeted for completion by June 1977 and 31,664 wells out of 75,000 more wells targeted for completion by June 1978 were actually ready up to January 1979. The shortfall was, thus, of the order of 50 *per cent.* The department attributed (December 1979) the non-achievement of the target to "difficulties at the level of the beneficiaries" and did not indicate the steps proposed to be taken to overcome the difficulties. Meanwhile, the interest continued to be paid by the beneficiaries and this defeated at least to some extent the objective of the scheme. The departmental records did not contain information about interest paid by the beneficiaries to the banks on the loans till completion of the wells.

7.2.7. Assistance for construction of godowns

During the period 1975-76 to 1977-78, 506 different types of godowns were taken up for construction by the Co-operative societies with Central/State assistance. The godowns were to be completed within a period of 6 months. For construction of godowns loans and subsidies totalling Rs. 47.17 lakhs and Rs. 62.56 lakhs respectively were made available by the State Government (including Central loan and subsidies of Rs. 47.17 lakhs and Rs. 27.03 lakhs respectively). The godowns were scheduled for completion between September 1976 and September 1978 (100 by September 1976; 190 by September 1977; 68 by June 1978 and 148 by September 1978) but according to particulars collected in audit from individual departmental files, only 3 godowns were completed up to January 1979. Government stated in December 1979 that according to the latest information, 22 godowns had so far been completed and 99 others were in different stages of construction while construction of 385 godowns was yet to be commenced; of these, even the land required was not acquired up to December 1979 in 32 cases (assistance released: Rs. 20.20 lakhs). Scrutiny in audit disclosed the following further points:—

(i) Rupees 23.60 lakhs were drawn from the treasury in March 1976 (Rs. 10 lakhs), October 1977 (Rs. 4.53 lakhs) and February 1978 (Rs. 9.07 lakhs) toward State share of subsidies for construction of godowns even without finalisation of details such as number of godowns to be constructed and the location thereof. Of this, Rs. 8.50 lakhs constituted excess payment of State share subsidy to 48 societies with reference to detailed programme finalised subsequently but the excess payment has not been adjusted or regularised so far (December 1979).

(ii) Rupees 52.55 lakhs were drawn from the treasury in advance of actual requirements and placed with intermediary financing institutions in their suspense accounts pending release in batches to the concerned societies.

Further details are given in Appendix XIV.

7.3. Grants for development of agriculture

7.3.1. General

Grants provided by the Agriculture and Co-operation Department to various non-Government bodies/institutions during the three year period ending 1978-79 for activities connected with development of agriculture were as follows:—

Year	Amount (Rupees in lakhs)
1976-77	2,28.66
1977-78	4,22.99
1978-79	7,29.45

Some of the salient points noticed during scrutiny of records of the department conducted in May—July 1979 under Section 15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 are mentioned below.

7.3.2. Grants to the Orissa University of Agriculture and Technology

The following grants were paid to the University during 1976-77 to 1978-79:—

Year	Grant paid (Rupees in lakhs)
1976-77	63.00
1977-78	1,47.00
1978-79	2,56.00

(i) The accounts of the University were audited by the Examiner of Local Accounts only up to 1975-76 and audit in respect of the accounts for subsequent years was yet to be conducted. On the audit of the accounts for 1975-76, the Examiner pointed out (July 1978) that funds aggregating Rs. 43.80 lakhs had been diverted as at the end of March 1975 for purposes other than those for which grants were provided. Yet, for these amounts the University had sent utilisation certificates which had been accepted by the department and forwarded to the Accountant General.

The University did not also submit the statement of expenditure at the end of each quarter as required under the orders sanctioning the grants. There was, thus, no effective watch by the department on proper utilisation of the grants aggregating Rs. 4,66 lakhs paid during 1976-77 to 1978-79. The position of utilisation certificates yet to be received was not available with Government department. The position according to records with Audit (September 1979) was as follows:—

Year	Amount for which utilisation certi- ficates were awaited
	(Rupees in lakhs)
1965-66 to 1971-72	23.34
1973-74	18.82
1974-75	19.09
1975-76	77.03
1976-77	63.00
1977-78	1,47.00
Total	3,48.28

(ii) According to the financial rules of Government, only so much of the grants should be paid during the financial year as is likely to be expended during that year. Contrary to these provisions, the University was paid Rs. 1,36.50 lakhs in February 1979 which according to the terms of the sanctions were to be spent only in the subsequent financial year, i. e., 1979-80 and no part thereof was intended for expenditure during 1978-79. Up to September 1979, the department did not have information of amount spent thereagainst during the year 1979-80.

7.3.3. Grants for Whole Village Development

Six villages in Orissa (one in Balasore district, 2 in Puri district and 3 in Mayurbhanj district) were selected in January 1976 for comprehensive development under a Central Sector Plan scheme styled as Whole Village Development Programme to be executed by end of 1978-79 with cent

per cent Central assistance. Separate Master Plans for each village were to have been drawn up for their approval before implementation. No comprehensive plans were, however, available with the Department although grants totalling Rs. 12.28 lakhs were provided for the purpose between 1976-77 and 1978-79 to the Village Development Committees concerned. The sanctions were noticed to have been issued on the basis of piece-meal plans drawn up from time to time. The monthly progress reports prescribed under the guidelines were not regularly submitted by September 1979. The reports up to January 1979 only were available in Mayurbhanj, up to May 1979 in Balasore and June 1979 in Puri districts.

Audit of the accounts of the Village Development Committees by the Examiner Local Fund Accounts was in arrears since the inception. The sanctioning authority could not, thus, effectively watch the utilisation of grants in time and the progress of development achieved. Utilisation certificates are yet to be received by the department from the respective Village Development Committees.

According to the latest progress reports available with the Department up to December 1979, the position was as follows:—

District	Number of villages	Amount of grant provided up to 1978-79	Amount spent	Balance
(Rupees in lakhs)				
Balasore	1	3.67	0.86	2.81
Puri	2	4.26	2.57	1.69
Mayurbhanj	3	4.35	0.90	3.45
		12.28	4.33	7.95

The reasons for slow progress of work were not investigated by the department.

7.3.4. Other common irregularities

Test check in audit of records relating to individual sanctions disclosed non-observance of procedural requirements prescribed in the financial rules of Government to the following extent:—

(a) The sanctioning authority is required to obtain the audited statement of accounts before sanctioning a grant and also to mention in the sanction order whether the audited statement was obtained. This provision had not been followed in the cases of grants aggregating Rs. 10,15.81 lakhs paid to nine grantee bodies during 1976-77 to 1978-79; in three of these cases the accounts of the bodies had not been audited since inception.

(b) In the case of grants released for creation of assets, a condition is to be imposed in the sanction that the assets created should not be disposed of or encumbered without prior approval of Government. For this purpose, the sanctioning authority is required to maintain block accounts of assets created by the grantees out of the grants. These requirements had not been observed in respect of grants aggregating Rs. 1,73.54 lakhs paid to 4 grantee bodies.

The points mentioned above were reported to Government in September 1979; their reply is awaited (February 1980).

COMMUNITY DEVELOPMENT AND SOCIAL WELFARE DEPARTMENT

7.4. Assistance to Panchayat Samitis

7.4.1. Introduction

There are 314 panchayat samitis in the State established under the Orissa Panchayat Samiti and Zilla Parishad Act, 1959. According to the Act, the samitis are responsible for planning, execution and supervision of development programmes, schemes and works in the blocks, sponsored by the Community Development Department as well as other departments of Government. The programmes relate mainly to construction, repair and maintenance of wells for drinking water, tanks and other minor irrigation projects, schools, health centres, etc. The samitis are provided with grants to enable them to discharge these functions.

The results of audit of samitis conducted under Section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 have been commented in successive Reports of the Comptroller and Auditor General of India—Government of Orissa (Civil) for the years from 1973-74 to 1977-78. Scrutiny of the accounts of 101 panchayat samitis up to the year 1976-77 and one samiti up to 1977-78 was conducted between October 1978 and September 1979 and the points noticed in audit are mentioned below.

7.4.2. *Untapped income*

According to Section 29 of the Orissa Panchayat Samiti and Zilla Parishad Act, 1959, the sources of income of a samiti shall consist *inter alia* of proceeds from taxes, surcharges or fees, contributions from Gram Panchayats and income from endowments, trusts or other institutions administered by the samiti. None of the samitis test-checked derived any income from these sources. Government stated in January 1979 that they had not yet authorised the samitis to levy taxes and collect contributions from Gram Panchayats and, therefore, the provision of the Act in this regard remained inoperative; reasons for delay in enforcement of the provisions are not known. The panchayat samitis were dependent mainly on Government grants.

7.4.3. *Non-preparation of Budget estimates and annual accounts*

The accounting rules require the Block Development Officer to prepare and place before the samiti every year, for its approval, a budget estimate of probable receipts and expenditure of the samiti for the following year. The rules also require preparation of annual accounts of receipts and expenditure in the prescribed form. Despite these requirements, twenty-four panchayat samitis did not prepare either the budget estimates or the annual accounts in any of the years from 1971-72 onwards. No action was taken by the Administrative Department in regard to this lapse. In January 1979, Government stated that necessary instructions had since been issued to all Block Development Officers.

7.4.4. Unutilised grants

The financial rules of Government require that grants provided should be utilised within a maximum period of one year from the date of sanction and unspent balances should be surrendered unless these are adjusted against subsequent sanction; the sanctions to grants generally stipulated utilisation within the financial year concerned. Scrutiny of the records disclosed that in 97 cases heavy amounts aggregating Rs. 2,12.29 lakhs were lying unspent at the end of March 1977. The samitis did not have the year-wise and purpose-wise analysis of these unspent balances.

Test check in audit further disclosed that in 56 samitis bulk of the unspent grants amounting to Rs. 73.31 lakhs constituted grants for salaries of teachers. The accumulation was mainly due to non-observance of the prescribed procedure that grants released during the first three quarters of the year in excess of the actual requirements were to be taken in to account, while assessing the requirements for the last quarter.

7.4.5. Non-submission of utilisation certificates

The financial rules of Government as well as orders sanctioning the grants provide that certificates of utilisation therefor should be submitted to the sanctioning authority within June of the succeeding financial year. In the course of audit, it was seen that utilisation certificates for Rs. 16,19.98 lakhs accounted as spent were outstanding for submission by the samitis (Rs. 16,16.33 lakhs in respect of grants paid up to 1976-77 to 97 samitis and Rs. 3.65 lakhs in respect of grants paid up to 1977-78 to one samiti) even by the dates of audit (October 1978 to September 1979). The period for which the submission was overdue ranged from one to over 10 years as detailed below:—

Period		For grants paid up to 1976-77 in 97 cases (Rupees in lakhs)
Up to 3 years	..	5,69.69
Between 3 and 5 years	..	4,80.90
Between 5 and 10 years	..	4,26.99
Over 10 years	..	69.85
Year-wise break-up not available (five cases)	..	68.90
		<hr/>
		16,16.33
		<hr/>

Neither the administrative department nor the other sanctioning departments had instituted any investigation into the reasons for non-submission of the utilisation certificates for long periods.

7.4.6. *Advances outstanding*

Advances given to sub-ordinates and others for various purposes (mainly for execution of works and purchase of stores) are required to be adjusted regularly and promptly. Test check in audit disclosed that the advance ledgers and registers of advances were not maintained properly as required under accounting rules. Entries were not authenticated. The registers were not closed and reviewed at prescribed intervals. Full particulars of parties to whom amounts were advanced were not recorded in some cases. Advances to the extent of Rs. 2,17.76 lakhs were outstanding, in some cases for periods extending over 10 years vide particulars given below:—

Period	Outstanding advances (Rupees in lakhs)
Up to 3 years	.. 24.73
Between 3 and 5 years	.. 36.88
Between 5 and 10 years	.. 1,28.92
Over 10 years	.. 8.35
Year-wise break-up not available (8 cases)	.. 18.88
	2,17.76

The category-wise break-up was not available in respect of advances aggregating Rs. 17.76 lakhs due to absence of complete particulars in the

advance ledgers/registers of outstanding advances. The category-wise break-up of the balance outstanding in 90 cases is as follows:—

Category	Amount outstanding (Rupees in lakhs)
Sub-ordinate officials	.. 30.98
Contractors	.. 47.80
Government Departments	.. 53.99
Gram Panchayats	.. 38.56
Others	.. 28.58
	<hr style="width: 100%; border: 0.5px solid black;"/> 1,99.91 <hr style="width: 100%; border: 0.5px solid black;"/>

No effective action was taken by Block Development Officers to review the outstanding advances periodically and ensure prompt recovery or adjustment.

7.4.7. *Investments by samitis*

Grants provided by Government under the Community Development Programme included specific sums for investments in industrial co-operatives and utilisation by the samitis of proceeds therefrom. Of the accounts subjected to test check, 28 samitis were noticed to have invested amounts totalling Rs. 21.84 lakhs towards share capital in panchayat industries, co-operative societies, etc., between 1962-63 and 1975-76. In no case had any return been received by the samitis from the investments. The records did not indicate the steps taken by the Block Development Officers to investigate the reasons for the investment remaining unproductive over such a long period.

7.4.8. *Execution of works/schemes*

(a) *Works remaining incomplete for more than 5 years*

Test check in audit disclosed that in 27 panchayat samitis 1,057 works (598 works estimated to cost Rs. 15.38 lakhs and 459 others where estimates were not available) partially executed prior to 1974-75 were shown as incomplete. These works were minor in nature and were required

to be completed within the year of the grant. The expenditure incurred on the works lying incomplete for more than 5 years was Rs. 10.30 lakhs. The non-completion was generally attributed by the Block Development Officers to negligence of executants and want of construction materials like cement. On being brought to their notice by Audit, Government stated in January 1979 that reasons for non-completion and steps for their completion or abandonment would be reviewed shortly. Further developments are awaited (October 1979).

(b) *Construction of wells*

Results of test check regarding utilisation by seven samitis of grants for provision of drinking water wells in rural areas were commented in paragraph 7.2.7 of the Report of the Comptroller and Auditor General of India for the year 1977-78. Further test check of implementation of the programme disclosed that in 17 samitis which had received grants aggregating Rs. 16.52 lakhs for completion of 553 wells by end of 1976-77, 202 wells were reported incomplete in July/October 1978 when audit was conducted; no specific and valid reasons were given for non-completion of the wells. The expenditure incurred on preliminary expenses/partial execution of 164 wells amounted to Rs. 1.92 lakhs; the information regarding the remaining 38 wells was not available on record.

Apart from the failure to achieve the objective of providing drinking water in rural areas, the expenditure of Rs. 1.92 lakhs on the incomplete wells has remained unproductive.

(c) *Minor Irrigation tanks*

(i) *Chandahandi Panchayat Samiti*—Grants amounting to Rs. 1.70 lakhs were provided to the samiti between August 1974 and March 1975 for digging 18 minor irrigation tanks as a part of Economic Development Scheme. According to the sanctions, the works were to be completed within the financial year ending March 1975. Work on 17 tanks was commenced during the year; work on the remaining tank was not commenced pending consideration of a proposal to change the location to a different village, which was not pursued subsequently. Of the

17 tanks on which work was commenced, only 3 were executed up to completion (expenditure : Rs. 0.23 lakh); records did not show the extent to which these three tanks were put to use. Execution of work on the remaining 14 tanks was discontinued at mid-stage after incurring an expenditure of Rs. 0.86 lakh. The Block Development Officer reported to Government that these projects were executed in "hot haste" without proper survey and investigation and assessment of proper ayacut and catchment area so as to provide labour to drought affected people. Government ordered that the balance of unspent sum of Rs. 0.61 lakh was to be diverted for lift irrigation works. The expenditure of Rs. 0.86 lakh already incurred did not, thus, serve the object of providing irrigation in drought affected area; the incomplete tanks were to be put to use for 'bathing purposes'.

(ii) *Laxmipur Panchayat Samiti*—According to the books of the samiti, there were 34 minor irrigation projects under its jurisdiction. Complete particulars regarding the year and cost of construction and ayacut area were not kept on record. Test check disclosed that in 8 cases completed at a cost of Rs. 0.62 lakh, the command area as verified by the samiti (6 cases in March 1976, one in July 1977 and another in August 1977) was 133 acres and this fell short of the target ayacut (of 271 acres) by 51 *per cent*. Reasons for the shortfall were not forthcoming. The samiti had not assessed or collected any water charges in respect of the projects for which reasons were not given.

(d) *Construction of houses for weaker section*

The Panchayat Samiti (Khaprakhhol) was provided with grants of Rs. 0.20 lakh in January 1976 for construction of 30 houses for members of the weaker section under Integrated Housing Scheme. According to the sanction, the houses were stipulated for completion by March 1977. None of the houses had, however, been completed (February 1979). The expenditure incurred up to January 1979 was Rs. 0.15 lakh. On preliminary enquiries during audit, the Block Development Officer stated (January 1979) that the houses could not be completed due to want of

site and forest materials. The object of the grant of Rs. 0.20 lakh provided in August 1976 for construction of houses to weaker section, thus, remained unfulfilled even after a lapse of 2 years after the stipulated date.

(e) *Maintenance of roads and wells*

Sanctions to grants for maintenance of gram panchayat roads and wells invariably stipulated that the amounts were to be released by the samitis to the gram panchayats only on receipt of certificates of utilisation of the earlier grants. Test check of records in four panchayat samitis (Ranpur, Bari, Jojumura and Nimapara) disclosed that the samitis had released, year after year, grants aggregating Rs. 3.65 lakhs without receiving the certificates of utilisation of grants paid to them earlier.

7.4.9. *Other points of interest*

(a) *Diversion of funds*—The sanctions to grants invariably stipulated *inter alia* that the grants were not to be utilised for purposes other than those for which sanctioned. Test check in 17 samitis disclosed that during the period covered under audit (1971-72 to 1976-77) sums aggregating Rs. 7.88 lakhs had been diverted from unspent balances of grants for other purposes.

(b) *Government moneys included in samiti funds*—Apart from acting on behalf of the panchayat samiti, the Block Development Officers are entrusted with handling of moneys and collection of receipts on Government account towards income tax, house rent, sale proceeds of agriculture seeds, etc., which according to the rules are creditable to the appropriate receipt heads in Government account. Test check in 32 samitis disclosed that amounts aggregating Rs. 16.96 lakhs relating to Government account were mixed up with the samiti funds and credited to their personal ledger accounts though separate cash books for transactions relating to Government money have been prescribed. Reports regarding their remittance to the Government account are awaited (October 1979).

(c) *Delay in deposit of teachers' provident fund collection*—According to provisions of Orissa Primary School Teachers Provident Fund Rules, 1957, provident fund recoveries from salaries of teachers are to be deposited into

their respective savings bank accounts in local post offices. Any delay in such deposits adversely affects the interests of the subscriber by way of loss of interest for the period of delay. Test check in audit of 43 samitis disclosed delays ranging from 2 to 6 months in depositing such recoveries while in ten other samitis recoveries aggregating Rs. 1.89 lakhs effected during the period 1971-72 to 1976-77 continued to be with the samitis (January-September 1979). Specific reasons for the delay in remittance and non-remittance of these sums were not forthcoming.

(d) *Heavy cash balances in hand*—According to the Accounting Procedure Rules prescribed for the samitis, the cash balance in hand in a samiti should not exceed Rs. 5,000. None of the samitis covered under audit had adhered to the provision. In 52 cases, the cash in hand at different times was found to be in excess of Rs. 10,000 and ranged up to Rs. 2.79 lakhs.

(e) *Handling of stores and accounting thereof*—Test check in audit disclosed that in 9 samitis physical verification of stores to be conducted half yearly by Block Development Officer was not conducted during 1971-72 to 1976-77 (4 samitis : 1971-72 to 1976-77 ; 3 samitis : 1973-74 to 1976-77 and 2 samitis : 1975-76 and 1976-77).

The balance in the stores suspense account of the samitis should represent the value of stock in stores awaiting issue for utilisation on works. Test check in audit of 42 panchayat samitis showed that while the balance in the stores suspense account at the end of March 1977 stood at Rs. 8.64 lakhs, the value of stores in hand as per the stores ledgers was only Rs. 2.54 lakhs. No action had been initiated to investigate and reconcile the discrepancies in the value of stores aggregating Rs. 6.10 lakhs.

(f) The accounting rules prescribe recovery of security deposits from persons handling cash and stores. In 38 samitis no recovery had been made from persons handling cash and stores.

The points mentioned above were reported to Government in October 1979; their reply is awaited (February 1980).

7.4.10. *Misappropriation of cash*—A test check in audit of the accounts of Khunta II Panchayat Samiti (Mayurbhanj district) for the period 1969-70 to 1972-73 conducted during January-February 1979 revealed misappropriation of cash to the extent of Rs. 3.37 lakhs.

Category-wise details of defalcated amounts are shown below:—

Category	Amount of misappropriation (Rupees in lakhs)
(i) Inflated amounts shown in excess of acquittances in the cash book towards payment of salaries of primary school teachers	2.01
(ii) Use of false receipts for remittance of cash to the Family and Child Welfare Project, Khunta	1.11
(iii) Entries in cash book on account of supplies, etc., in excess of amounts as per vouchers	0.16
(iv) Figures of remittances into treasury in excess of actual remittances as per treasury chalang	0.07
(v) Inflated remittances to Post Office on account of teachers' provident fund money and incorrect totalling (excess) in the payment side of the cash book	0.02
Total ..	3.37

Excess Government grants on account of salaries of primary school teachers were obtained by inflating the demands which contributed heavy accumulation in the personal ledger account of the samiti; the correctness of the amounts shown as required was not checked at any stage in the inspectorate of schools with the details of actual number of teachers

existing, their pay and allowances etc., which ultimately resulted in release of excess amounts of grants to the samiti. The Block Development Officer used to withdraw money from the samiti funds on self cheques without verifying the amount of bills passed by him. On 38 occasions cheques for higher amounts were signed (March 1969 to June 1972) and funds to the extent of Rs. 3.53 lakhs were drawn in excess of requirement. Payment entries in the cash book were manipulated showing full amounts drawn as disbursed without the paid acquittances.

The Head Clerk-cum-Accountant was entrusted with the handling of cash and maintenance of cash book but no security was recovered from him.

The funds received by the Block Development Officer in his capacity as *Ex-officio* treasurer of the Family and Child Welfare Project (FCWP), Khunta, a non-government body, were mixed up with the samiti funds. In support of remittances to FCWP, receipts for higher amounts were kept on record in place of genuine ones granted by the recipient body (FCWP).

The matter was reported to Government in March 1979 with a request to arrange a detailed check and investigate the accounts of Khunta II and other blocks wherever the incumbent was subsequently posted. Government stated (April 1979) that the ex-Head Clerk-cum-Accountant had been placed under suspension. Government informed (September-October 1979) Audit that according to the detailed check undertaken by the Internal Audit wing in two (Betnoti and Rasgovindpur) of the three panchayat samitis where the incumbent worked, the total misappropriation was Rs. 6.57 lakhs (Betnoti : Rs. 4.07 lakhs and Rasgovindpur : Rs. 2.50 lakhs). Two Block Development Officers who held charges of Betnoti and Rasgovindpur panchayat samitis were placed under suspension and action against others who held charges of these samitis was reported to be in progress. Further developments are awaited (February 1980)

INDUSTRIES DEPARTMENT

7.5. Financial assistance to bodies/authorities for development of industries

7.5.1. Mention was made in paragraph 7.8 of the Report of the Comptroller and Auditor General of India—Government of Orissa (Civil) for 1974-75 regarding the absence of machinery to watch utilisation of assistance by Government to bodies and authorities for development of industries. The assistance provided by the Government to various bodies, authorities, institutions, etc., during the years 1976-77 to 1978-79 was as under:—

Year	Loan	Grants/subsidies
	(In lakhs of rupees)	
1976-77	22.89	1,22.08
1977-78	60.18	1,03.87
1978-79	93.80	2,62.16

Points noticed during scrutiny of the records of the sanctioning authorities conducted in July—September 1979 under Section 15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 are mentioned below.

7.5.2. Non-observance of prescribed procedure

(i) In 44 cases involving Rs. 71.09 lakhs, the assistance was provided (grant : Rs. 15.23 lakhs; loan : Rs. 55.86 lakhs) by the department based on budget provision, without specific proposals from the Controlling Officer supported by detailed plan and programme of action or detailed guidelines for utilisation thereof.

(ii) The Financial Rules stipulate that money is not to be drawn in advance of requirement and that there should be no occasion for rush of payments towards the close of the financial year. Contrary to these provisions, in several cases sanctions aggregating Rs. 59.40 lakhs were issued towards the end of the year during 1976-77 to 1978-79 for providing financial assistance under different schemes (interest subsidy : Rs. 2.42 lakhs; sales tax loan : Rs. 5 lakhs; margin money to tribal entrepreneurs :

Rs. 5 lakhs; margin money to industries in semi-urban and rural areas : Rs. 25 lakhs; promotion of textiles : Rs. 4.99 lakhs; working capital loan to weavers' co-operatives : Rs. 14.49 lakhs and loan to salt co-operatives : Rs. 2.50 lakhs).

Of these, sums totalling Rs. 53.64 lakhs were drawn in the last month of the year against sanctions, which stipulated utilisation during the same financial year, but disbursements to the parties concerned were effected in the subsequent financial year.

7.5.3. Guarantees

Test check of the records disclosed that in 9 cases, amounts aggregating Rs. 3.49 lakhs were paid by Government in discharge of the guarantee obligation during 1976-77 and 1977-78. According to the departmental records, the industrial units were unable to repay the loans as they suffered heavy losses consecutively for several years mainly due to mismanagement and lack of effective supervision. The total amount paid by Government to end of 1977-78 in discharge of guarantee obligation in 42 cases amounted to Rs. 78.95 lakhs. No action had been initiated to recover these amounts from the parties concerned as per terms and conditions of the agreements.

7.5.4. Interest subsidies

Under a scheme to provide seed loan to small scale industrial units in backward areas, Government paid Rs. 4 lakhs to the Orissa State Financial Corporation (OSFC) during 1976-77 to 1978-79 towards interest subsidy payable at one *per cent* on the total disbursements made during the previous years. The subsidy was paid on *ad hoc* basis without obtaining information from OSFC on loans actually disbursed. Scrutiny of the records in audit disclosed the following position:—

(i) According to an intimation of the OSFC in January 1978, the loans disbursed to units from 1974-75 up to 1976-77 amounted to Rs. 98.20 lakhs. There were no records of disbursement made by the OSFC in 1977-78. Based on the figure of Rs. 98.20 lakhs, it was entitled to subsidy of Rs. 0.98 lakh only whereas the subsidy actually paid up to 1977-78 was Rs. 2 lakhs. The excess subsidy, thus, amounted to Rs. 1.02 lakhs.

(ii) Subsidy of Rs. 2 lakhs was paid to it in 1978-79 on the basis of the following particulars furnished by it in March 1979:—

	(Rupees in lakhs)
Dues as on 31st March 1978	1,69.52
Disbursed during 1978-79 (between April 1978 and February 1979)	36.30

As the amount disbursed as loans during 1978-79 was only Rs. 36.30 lakhs, it was entitled to a subsidy of only Rs. 0.36 lakh. The excess subsidy, thus, worked out to Rs. 1.64 lakhs. The department stated (September 1979) that the OSFC is being requested to clarify as to why excess subsidy of Rs. 1.64 lakhs for the year 1978-79 was claimed.

Action to regularise the excess payment amounting to Rs. 2.66 lakhs either by recovery or by adjustment against other payments due is awaited (October 1979).

7.5.5. Sales Tax loans

Government accorded sanction in March 1979 for drawal by the Director of Industries of Rs. 5 lakhs for disbursement of sales tax loan to the Orissa State Industrial Corporation (OSIC) after the Orissa Sales Tax Loan Rules were framed. These rules are yet to be finalised (October 1979) but the Director of Industries had withdrawn the amount from the treasury and made it over to the OSIC in March 1979.

7.5.6. Bridge loan for Small Scale Industries

In pursuance of a scheme to meet financial difficulties faced by small scale industrial units in implementation of projects until availability of block capital loans from regular financing institutions, the Department sanctioned Rs. 7.50 lakhs in July 1978 as bridge loans to units registered with the Director of Industries. According to the procedure prescribed, the loan is to be given against request from the party concerned and repayment thereof is to be made within six months, together with interest at 10 per cent. Scrutiny in audit disclosed that the amount sanctioned was not supported either by a ny request from the parties

concerned or even by a list of beneficiaries to whom the loans were to be disbursed. The entire sum of Rs. 7.50 lakhs drawn by the Director of Industries and made over to the OSIC in August 1978 remained undischursed up to September 1979.

7.5.7. Margin money to tribal entrepreneurs

A sum of Rs. 5 lakhs was sanctioned by the Department in March 1979 for implementation of a scheme for providing margin money to tribal entrepreneurs trained under Entrepreneurship Development Programme to establish small scale industries in the sub-plan areas in the State. The amount was withdrawn from the treasury by the Director of Industries in March 1979 in Abstract Contingent Bill form and retained in the form of deposit at call receipt in a bank. Detailed contingent bills in support of drawals in Abstract Contingent Bill required to be submitted within a maximum period of 3 months are still awaited (October 1979). The Department stated (September 1979) that the draft rules to govern the assistance were still under finalisation.

7.5.8. Loans under State-Aid to Industries Act

The following loans were sanctioned by the department under the Bihar and Orissa State-Aid to Industries Act, 1923 during the period covered by Audit:—

Year	Amount (Rupees in lakhs)	Number of cases
1976-77	2.92	30
1977-78	3.92	34
1978-79	2.16	8

The Director of Industries is required to conduct within six months of the close of each financial year, a review of loans to highlight the extent to which the prescribed conditions had been fulfilled, the objectives achieved and, in the case of failures, a concise statement of reasons therefor. No such review was conducted, as could be seen from the record.

The loan ledgers maintained in the Directorate of Industries were found to be incomplete and did not indicate instalments of principal due for repayments and interests paid and in arrears. No statement of Demand, Collection and Balance was prepared. Test check in audit disclosed that in 4 cases loans aggregating Rs. 1.52 lakhs drawn in March 1979 had not been entered in the respective loan ledgers while in 7 other cases loans aggregating Rs. 0.59 lakh drawn in March 1978 had not been disbursed by the Director of Industries to the parties concerned. The department did not, thus, have proper account of the loans provided under the scheme.

7.5.9. Assistance for development of Coir Industry

The following assistance was provided by Government to coir co-operatives during the period covered under audit mainly for construction of godowns and work-sheds:—

Year	Grants/subsidies	Loans
	(Rupees in lakhs)	
1976-77	0.67	0.40
1977-78	0.48	0.45
1978-79	0.82	0.30

Detailed rules to govern the assistance have not been finalised so far (October 1979). According to the conditions in the sanctions, the subsidies for godowns/work-sheds were disbursable in one instalment after completion of the same. Test check, however, disclosed that subsidies of Rs. 0.28 lakh were disbursed in instalments even before construction was completed. There were no records in the department to show the number of godowns/work-sheds actually completed with the subsidies and utilisation certificates were being submitted by the societies concerned in a routine manner without indicating completion of the works. There was, thus, no effective check over proper utilisation of the subsidies.

Sanctions to loans stipulated *inter alia* that the loans were not to be released to the societies who were in default in repayment of earlier loans. It was noticed that in 3 cases loans totalling Rs. 0.21 lakh had been disbursed during 1976-77 and 1978-79 to parties from whom repayments aggregating Rs. 0.39 lakh were overdue against earlier loans paid in 1956-57 to 1974-75.

Test check of the records disclosed the following other points:—

(i) In 6 cases, the prescribed loan bonds and agreements for loans totalling Rs. 1.03 lakhs paid had not been executed; and

(ii) to end of March 1978, the recoveries overdue for realisation in 15 cases amounted to Rs. 1.67 lakhs (principal : Rs. 1 lakh; interest : Rs. 0.67 lakh). The position as at the end of March 1979 had not been worked out up to September 1979.

The points mentioned above were reported to Government in October 1979; their reply is awaited (February 1980).

7.6. Regional Engineering College, Rourkela

7.6.1. Introduction

The institution is managed jointly by the Central Government and Government of Orissa and is administered by the Regional Engineering College Society which is registered under the Societies Registration Act, 1860.

Some of the points noticed during audit of the accounts of the institution conducted in February 1979 under Section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, are mentioned below.

7.6.2. Infructuous investment on Master gas turbine

A firm was paid (June 1965) an advance of Rs. 1.30 lakhs towards 90 per cent cost of a master gas turbine with its accessories intended for

instructional purposes. Check of the consignment received disclosed damages and shortages which were duly reported to the supplier in August 1965 but were not replaced by it. The equipment was erected by the supplier in August 1966 but it could not be commissioned. In May 1967, the supplier took back the self starter motor and high energy box for replacement and repair. Even after repairs, the starter failed to come up to the rated speed. Pleader's notice was served on the supplier in December 1975 against which the party complained regarding non-payment of balance 10 *per cent* cost and expressed (April 1976) inability to proceed further unless the pleader's notice was withdrawn. The equipment received in 1965 has not been put to use. The Management stated (February 1979) that non-commissioning of the turbine did not affect the quality of teaching and that some of the parts of the turbine had been in use for other experiments in the laboratory. The Management also stated (February 1980) that the pleader's notice had since been withdrawn and the firm asked to settle the dispute.

7.6.3. Non-finalisation of contract with State Electricity Board for Power supply

Four transformers were installed within the college premises and consumption of energy through 11 K. V. transmission lines commenced from the year 1966. Even after more than 12 years, the agreement with the Orissa State Electricity Board stipulating the minimum/maximum demand and the tariff rates/minimum charges payable had not been finalised up to February 1979. Consequently, there were frequent disputes and cases of delay in payments leading to avoidable expenditure on surcharges. Scrutiny of the records disclosed payment of surcharges aggregating Rs. 0.83 lakh during 1975-76. On this being pointed out, the Management stated (February 1979) that the State Electricity Board had been requested to exempt the college from levy of surcharge and to refund the amount paid. The Management also added that no written agreement had been executed for want of certain clarifications from the State Electricity Board and that the matter was under process. Further developments are awaited (February 1980).

7.6.4. *Absence of internal check*

Although while placing the grants at the disposal of the college, Government of Orissa stipulated that the accounts of the College were subject to audit by the Internal Audit Organisation under the control of the Director of Technical Education, no internal audit has been conducted since inception. According to the College Management (February 1979), an internal audit wing was decided upon in 1976-77 but it could not function due to engagement on physical verification of stores in the different departments.

The matter was reported to Government in March/September 1979; their reply is awaited (February 1980).

HEALTH AND FAMILY WELFARE DEPARTMENT

7.7. Assistance to institutions for health care

7.7.1. The assistance provided by Government to non-Government institutions in shape of grants during the years 1977-78 and 1978-79 for purposes such as maintenance of dispensary, child welfare centres, etc., was as follows:—

Year		Amount (Rupees in lakhs)
1977-78	..	22.28
1978-79	..	21.45

The records of the sanctioning authorities viz., the Health and Family Welfare Department and the Director of Health Services were audited in August-September 1979 under Section 15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 and important points noticed are mentioned below.

7.7.2. *Absence of watch over position of grants paid and utilisation thereof*

The Financial Rules of Government provide for maintenance by the sanctioning authority of register of grants-in-aid in prescribed form

so as to ensure a watch over the consolidated position of grants paid and of receipt of utilisation certificates thereagainst. The prescribed registers were, however, not maintained by the department. According to the rules and the terms of sanctions, grants paid during a year were to be utilised in full before the close of the financial year and utilisation certificates are required to be submitted to Audit before the end of June of the following year. Despite this, utilisation certificates for grants amounting to Rs. 34.57 lakhs paid up to 1978-79 as detailed below, were still to be received in audit up to the end of September 1979:—

	Year		Amount (Rupees in lakhs)
Up to	1974-75	..	2.71
	1975-76	..	3.76
	1976-77	..	3.94
	1977-78	..	4.64
	1978-79	..	19.52
			<hr/>
		Total ..	34.57
			<hr/>

In the absence of prescribed registers of grants-in-aid, there was no systematic arrangement for review by the department of the position of wanting utilisation certificates.

The department stated (September 1979) that steps would be taken to maintain the register of grants-in-aid.

7.7.3. Excess payment to the Puri municipality

In July 1977, the department sanctioned a grant of Rs. 5.49 lakhs to Puri municipality for public health arrangements at Puri on the occasion of *Naba Kalebar* of Lord Jagannath in 1977-78. The amount sanctioned

was inclusive of an unspent balance of Rs. 0.69 lakh out of grant of Rs. 4 lakhs paid to it in 1969-70 for similar purpose, which continued to be retained by the body. Although the amount payable in cash against the sanction in July 1977 was to be Rs. 4.80 lakhs only, the entire sum of Rs. 5.49 lakhs was drawn by the municipality from the treasury on a bill which was countersigned by the Director of Health Services. Consequently, in addition to the irregular retention by the municipality of unspent balance of Rs. 0.69 lakh for over 8 years, there was an overdrawal to that extent in July 1977. On the excess payment being pointed out during the course of audit, the department directed the municipality (September 1979) to refund the sum to the treasury. Further developments are awaited (November 1979).

The points mentioned above were reported to Government in November 1979; their reply is awaited (February 1980).

URBAN DEVELOPMENT DEPARTMENT

7.8. Bhanjanagar Notified Area Council

7.8.1. Some of the points noticed in audit of the accounts of the Bhanjanagar Notified Area Council for the year 1976-77, which attracted provisions of Section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, are mentioned below.

7.8.2. Unrealistic budgeting

The budget estimate of the body contemplated an expenditure of Rs. 29.00 lakhs for the year 1976-77. The actual expenditure was, however, Rs. 8.27 lakhs only. The shortfall was of the order of about 71 per cent. Although the body provided in the budget Rs. 8.32 lakhs on account of Government grants, it could spend only Rs. 1.99 lakhs from out of Rs. 4.02 lakhs received as grants. Reasons for large variations were not forthcoming.

7.8.3. Resource mobilisation and collection of revenue

As per provisions in the Orissa Municipal Act, 1950, the body is required to prepare new valuation and assessment lists once in five years. The assessment by the body, however, continued to be made on the basis of valuation last made in 1969. Revaluation which was due in 1974 was conducted only in 1977 but even these belated revised assessments have not been given effect to (December 1979). The annual loss to the body due to non-implementation of the revised assessments amounted to Rs. 0.32 lakh approximately. Government attributed (December 1979) the delay in revaluation to shortage of staff and stated that as there were some allegations regarding discrimination in valuation, a stay order was issued in October 1978. In February 1980, Government intimated that the stay order was vacated in May 1979 and that steps were being taken to process the matter further.

7.8.4. Advances outstanding

The Orissa Municipal rules provide that monies shall not be advanced unless there is reason to believe that the work for which the money is required will be completed and paid for within the financial year and that advances shall be regularly and promptly adjusted. Scrutiny of the records disclosed that advances aggregating Rs. 1.08 lakhs were lying unadjusted with various parties at the end of the financial year 1976-77; of these, Rs. 0.39 lakh only had been cleared up to March 1979 leaving behind a balance of Rs. 0.69 lakh outstanding for more than 1 to 16 years as detailed below:—

Year in which advance was paid		Amount outstanding (Rupees in lakhs)
1962-63 to 1972-73	..	0.28
1973-74 to 1975-76	..	0.12
1976-77	..	0.29
		0.69

Reasons for these old pending items have to be reviewed by the Council to facilitate clearance.

7.8.5. Utilisation of assistance for developmental programmes

(i) The Notified Area Council was provided with assistance of Rs. 0.53 lakh by Government between September 1966 and February 1967 in the form of grants (Rs. 0.33 lakh) and loans (Rs. 0.20 lakh) for construction of 12 tenements under the slum clearance scheme. According to the sanctions, the amounts were to be fully utilised by March 1967 and the tenements were to be put to use for occupation by sweepers, etc., on payment of rent. Only 6 tenements were constructed utilising the entire assistance by July 1972 i. e., 5 years beyond the target date. The tenements meant for sweepers were actually let out on hire in January 1974 to the Home Department for use as fire station. No reasons were furnished for delay in completion, increase in cost and non-allotment of the tenements to sweepers. The Council is now reported to have decided to move the Home Department for vacation of the tenements so that tenements can be allotted to sweepers.

(ii) Assistance of Rs. 0.30 lakh (Loan : Rs. 0.15 lakh; grant: Rs. 0.15 lakh) was provided by Government between May 1973 and March 1974 for construction of 6 more tenements for sweepers under the scheme. According to the sanctions, the assistance was to have been fully utilised by March 1974. No part of the assistance was, however, spent up to end of 1977-78. According to the Executive Officer (March 1979), the work since taken up in hand was still in progress; reasons for the delay have not been stated. The purpose of the assistance, thus, remained unfulfilled for over 5 years.

(iii) In July 1970, Government sanctioned a grant of Rs. 0.12 lakh for construction of 4 sweepers quarters with the stipulation that these were to be fully utilised by June 1971. The construction of quarters was commenced in November 1976 and completed in July 1978 i. e., 7 years beyond stipulated period. The delay was attributed to non-availability

of land while a grant of Rs.0.07 lakh paid by the Tribal and Rural Welfare Department between June 1962 and May 1963 for purchase of house site for construction of sweepers quarters was lying unutilised up to March 1979. The quarters were ultimately constructed on lands which were already available with the Notified Area Council even in 1970.

7.8.6. *Non-submission of utilisation certificates*

The grants were required to be utilised within the financial year concerned and utilisation certificates were to be furnished by June of the succeeding financial year. It was, however, noticed during audit (March 1979) that utilisation certificates for Rs. 2.42 lakhs in respect of grants paid up to March 1977 were yet to be submitted (March 1979); the sum included Rs. 0.78 lakh received more than 3 to 5 years back and Rs. 0.07 lakh received more than 15 years back.

LABOUR, EMPLOYMENT AND HOUSING DEPARTMENT

7.9. Financial assistance for housing schemes

7.9.1. *General*

Assistance is provided by Government to bodies and individuals for construction of houses under various housing schemes such as the Low Income Group Housing Scheme (LIGH), Middle Income Group Housing Scheme (MIGH), Subsidised Industrial Housing Scheme (SIH) and Village Housing Project Scheme Programme (VHPS). The assistance provided during the three-year period from 1976-77 to 1978-79 was as follows:—

Year	Amount	
	Loans (Rupees in lakhs)	Grants/subsidy
1976-77	70.35	3.78
1977-78	64.23	4.00
1978-79	2.06.38	4.00

Some of the important points noticed during test check of the records of the Labour, Employment and Housing Department sanctioning the assistance conducted in July-August 1979 under Section 15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, are mentioned below.

7.9.2. The rules of Government provide that no money shall be drawn from the treasury unless the same is required for immediate disbursement. The test check disclosed that contrary to these provisions, the following amounts were drawn in advance of the actual requirements for payment as loans and remained undisbursed for periods ranging from four to fourteen months:—

Particulars of scheme/ party concerned	Amount drawn (Rupees in lakhs)	Date of drawal	Date of disbur- sement
<i>Subsidised Industrial Housing Scheme</i>			
Orient Paper Mills, Brajrajnagar	2.13	30th March 1977	16th November 1977
Kalinga Iron Works, Barbil	1.07	30th March 1977	— (Refunded to treasury on 5th May 1978)
Orissa Weavers' Co- operative Spinning Mills Limited, Sambalpur	2.00	30th March 1978	— (Refunded to treasury on 7th March 1979)
Bhaskar Textile Mills, Jharsuguda	1.90	31st March 1979	} Not disbursed up to date of audit (August 1979)
Jayashree Chemicals Limited, Chatrapur	1.95	31st March 1979	
<i>Village Housing Scheme</i>			
Orissa State Housing Board	75.00	31st March 1979	3rd August 1979

7.9.3. Assistance to the Orissa State Housing Board

The financial rules of Government provide that before a grant is sanctioned to any body, the sanctioning authority shall obtain the audited statement of account of the body, the object being to ensure that the previous assistance has been duly and properly utilised. The department paid to the Housing Board grants aggregating Rs. 9.86 lakhs during the three years ending 1978-79 without observing these provisions; there was also no order exempting the body from submitting the audited statement of accounts. The accounts of the OSHB for the period from 1976-77 onwards had not been audited by any statutory auditor nor were subjected to check by departmental or internal auditors. No system had been evolved (August 1979) either for internal check or for administrative inspection by the departmental authorities. There was, thus, no effective arrangement to ensure that the assistance given was properly utilised.

Check of the records of the body conducted by Audit disclosed the following position:—

Loans amounting to Rs. 71.11 lakhs made available over a period of over 4 years for utilisation in execution of different schemes were lying unutilised as at the end of March 1979 as detailed below:—

Scheme under which loan was provided	Unspent balances	
	Year in which paid to the Board	Amount lying unspent
LIGH ..	1975-76	19.33
	1976-77	5.00
	1977-78	5.00
	1978-79	5.00
MIGH ..	1978-79	4.70

(Rupees in lakhs)

Scheme under which loan was provided	Unspent balances	
	Year in which paid to the Board	Amount lying unspent
		(Rupees in lakhs)
Land Acquisition and Development	1975-76	13·08
	1976-77	8·00
	1977-78	8·00
	1978-79	3·00
Total	..	71·11

According to the OSHB (August 1979), the delay in utilisation was due to non-availability of suitable homestead land. Information on steps taken to acquire the land and the circumstances in which the loans were released to the Board without taking into account the capacity for utilisation have not been indicated.

The matter was reported to Government in October 1979; their reply is awaited (February 1980).

CHAPTER VIII

OUTSTANDING AUDIT OBSERVATIONS AND
INSPECTION REPORTS

8.1. Outstanding audit observations

(a) Audit observations on financial transactions of Government are reported to the departmental authorities concerned so that appropriate action is taken to rectify the defects and omissions. Half-yearly reports of such observations outstanding for more than six months are also forwarded to Government to expedite their settlement. In accordance with the orders of Government (July 1960), committees were set up in all departments, consisting of a representative each of the Finance Department, the department to which the audit observations relate and the Audit office, to review the outstanding observations and formulate necessary measures for their prompt clearance. The inadequate and unsatisfactory results obtained in clearance of audit objections through meetings held at various district headquarters without adequate notice and proper agenda were brought to the notice of Government. The Finance Department issued orders in December 1978 for arranging such meetings with sufficient notice and proper agenda, duly represented by senior officers of the Administrative departments, Finance department and Audit and for subsequent follow-up action. Between April 1978 and November 1979, 27 meetings were held at district, Revenue Divisional Commissioner and state level covering audit observations pertaining to 27 offices relating to 13 departments. The Committee on Public Accounts has also been stressing the need for expeditious settlement of audit observations.

The following table shows the number of audit observations issued up to the end of March 1979 and outstanding at the end of September 1979 as compared with the corresponding position indicated in two preceding Reports:—

	At the end of September		
	1977	1978	1979
Number of observations ..	1,29,630	1,29,650	1,17,922
Amount (In crores of rupees) ..	1,23.43	1,28.62	1,12.59

Year-wise analysis of audit observations issued up to March 1979 which were not settled up to 30th September 1979 is given below:—

Year of issue		Number of items	Amount (In crores of rupees)
1974-75 and earlier years	..	88,820	59.92
1975-76	..	5,158	8.10
1976-77	..	5,275	7.96
1977-78	..	7,969	11.75
1978-79	..	10,700	24.86
	Total	<u>1,17,922</u>	<u>1,12.59</u>

(b) The following departments have comparatively heavy outstanding audit observations:—

Sl. No.	Department	Number	Amount (In crores of rupees)
1.	Irrigation and Power	.. 6,556	30.34
2.	Tribal and Rural Welfare	.. 12,394	12.92
3.	Agriculture and Co-operation	.. 10,274	12.81
4.	Revenue and Excise	.. 16,223	12.56
5.	Home	.. 10,503	7.55
6.	Community Development and Social Welfare	.. 36,253	7.37
7.	Health and Family Welfare	.. 7,322	5.66
8.	Industries	.. 636	4.80

Sl. No.	Department	Number	Amount (In crores of rupees)
9.	Forest, Fisheries and Animal Husbandry	4,139	3.90
10.	Works ..	3,198	3.71
11.	Education and Youth Services ..	3,090	3.13
12.	Rural Development ..	2,071	2.94
13.	Commerce and Transport ..	723	1.70
14.	Urban Development ..	1,211	1.64

(c) The following are some of the major reasons for which audit observations have remained outstanding:—

Sl. No.	Nature of observations	Number	Amount (In crores of rupees)
1.	Detailed contingent bills for lumpsum drawals not received	46,462	42.50
2.	Sanctions to estimates or excess over estimates not received	2,631	22.48
3.	Payees' receipts not received ..	46,671	19.38
4.	Agreements with contractors/ suppliers not received	698	8.21
5.	Sanctions for contingent and miscellaneous expenditure not received	8,362	3.97
6.	Sanctions to reserve stock limit or excess over reserve stock limit not received	47	3.63
7.	Vouchers not received ..	2,282	2.74
8.	Excess payments/short recoveries ..	619	0.04

(d) The facility of drawing amounts as advances on abstract contingent bills by disbursing officers is intended to expedite payments in certain cases but abstract contingent bills are to be followed by detailed contingent bills (containing all particulars of expenditure with supporting documents), which are to be sent to the Audit Officer within three months of the drawal of the advance in respect of works expenditure and within one month in other cases.

In the absence of detailed contingent bills, it is not possible for Audit to know whether the amount has been spent for the purpose or purposes for which the advances were drawn. Rupees 42.50 crores were held under observation as detailed contingent bills had not been received in the Audit Office at the end of September 1979. The non-receipt of detailed contingent bills was brought to the notice of the departments through periodical reminders, quarterly reports to Government and Audit Reports. The departments with comparatively heavy outstandings on this account are mentioned below:—

Sl. No.	Department	Number	Amount (In crores of rupees)
1.	Tribal and Rural Welfare	.. 4,941	9.08
2.	Revenue and Excise	.. 12,102	8.44
3.	Agriculture and Co-operation	.. 4,693	8.12
4.	Home	.. 8,756	4.99
5.	Health and Family Welfare	.. 1,787	3.06
6.	Community Development and Social Welfare	10,046	2.49
7.	Education and Youth Services	.. 1,335	1.79
8.	Industries	.. 227	1.25
9.	Forest, Fisheries and Animal Husbandry	275	1.01

(e) A sizable portion (Rs. 22.12 crores) of the total outstanding is due to non-submission of payees' receipts and vouchers. The departments with comparatively heavy outstandings on this account are:—

Sl. No.	Department	Number	Amount (In crores of rupees)
Non-submission of payees' receipts—			
1.	Community Development and Social Welfare	19,626	2.96
2.	Agriculture and Co-operation ..	3,677	2.60
3.	Health and Family Welfare ..	5,055	2.07
4.	Revenue and Excise ..	1,907	2.06
5.	Forest, Fisheries and Animal Husbandry	2,837	2.05
6.	Industries ..	112	2.02
7.	Tribal and Rural Welfare ..	4,136	1.99
8.	Home ..	1,431	1.80
9.	Education and Youth Services ..	984	0.68
10.	Commerce and Transport ..	361	0.56
Non-submission of vouchers—			
1.	Irrigation and Power ..	876	0.91
2.	Works ..	668	0.68
3.	Rural Development ..	497	0.60
4.	Urban Development ..	229	0.53

(f) Under the rules of Government, no work can be commenced or liabilities incurred until a detailed estimate is sanctioned. In case the expenditure is likely to exceed the sanctioned estimates by more than 5 per cent, a revised estimate is to be sanctioned. Sums aggregating Rs. 22.48 crores (2,631 items) were outstanding on 30th September 1979 due to non-receipt of sanctions to estimates or sanctions regularising the excesses over estimates in respect of works relating to the Irrigation and Power Department. Despite the position being brought to the notice of the departments through periodical reminders, quarterly reports and Audit Reports, clearance has not been substantial.

8.2. Outstanding Inspection Reports

(a) Audit observations on financial irregularities and defects in initial accounts, noticed during local audit and not settled on the spot, are communicated to the heads of offices and higher departmental authorities through audit inspection reports. Important irregularities are also reported to heads of departments and Government. Government have prescribed that first replies to inspection reports should be sent within four weeks.

At the end of September 1979, 9,270 inspection reports issued up to March 1979 contained paragraphs which were not settled as shown below with corresponding figures for the earlier two years:—

	At the end of September		
	1977	1978	1979
Number of inspection reports with paragraphs not settled	9,354	10,310	9,270
Number of paragraphs ..	43,715	49,521	42,131

The year-wise analysis of outstanding inspection reports and paragraphs is given below:—

Year	Number of inspection reports	Number of paragraphs
Up to 1973-74 ..	5,307	17,959
1974-75 ..	753	3,540
1975-76 ..	541	3,078
1976-77 ..	584	3,652
1977-78 ..	873	5,707
1978-79 ..	1,212	8,195
Total ..	9,270	42,131

The following departments had comparatively heavy outstanding inspection reports:—

Department	Number of inspection reports	Number paragraphs
Community Development and Social Welfare	1,755	10,09
Irrigation and Power ..	904	4,45
Agriculture and Co-operation ..	872	3,97
Revenue and Excise ..	1,002	3,95
Works ..	720	3,70
Education and Youth Services ..	808	3,05
Forest, Fisheries and Animal Husbandry ..	660	2,60
Health and Family Welfare ..	469	1,92
Rural Development ..	410	1,86
Urban Development ..	333	1,57
Tribal and Rural Welfare ..	211	1,04
Industries ..	231	97

Of the 9,270 reports outstanding at the end of September 1979, 8,971 reports related to Civil departments and 299 to Commercial departments. These included 1,187 inspection reports, first replies for which had not been received till the end of September 1979.

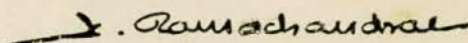
(b) A sample study in audit of the outstanding paragraphs of inspection reports of some of the offices/divisions pertaining to certain

selected departments disclosed the following broad categories of paragraphs pending settlement:—

- (i) Non-recovery of water rates, hire charges, credit sales and house rents (Rs. 1,12.96 lakhs);
- (ii) Outstanding advances, loans and interest due for recovery (Rs. 73.13 lakhs);
- (iii) Non-recovery of cost of materials from contractors and irregular/excess payments to contractors (Rs. 4.84 lakhs);
- (iv) Expenditure without sanction (Rs. 24.68 lakhs);
- (v) Losses, misappropriations, etc., of cash/stores (Rs. 23.74 lakhs);
- (vi) Irregular/excess expenditure (Rs. 16.51 lakhs).

The division/department-wise details are indicated in Appendix XV.

The matter was reported to Government (December 1979); their reply is awaited (February 1980).



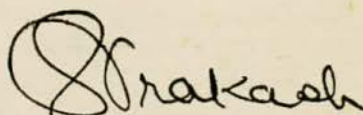
BHUBANESWAR,

The 8th August 1980

(M. RAMACHANDRAN)

Accountant General, Orissa

Countersigned

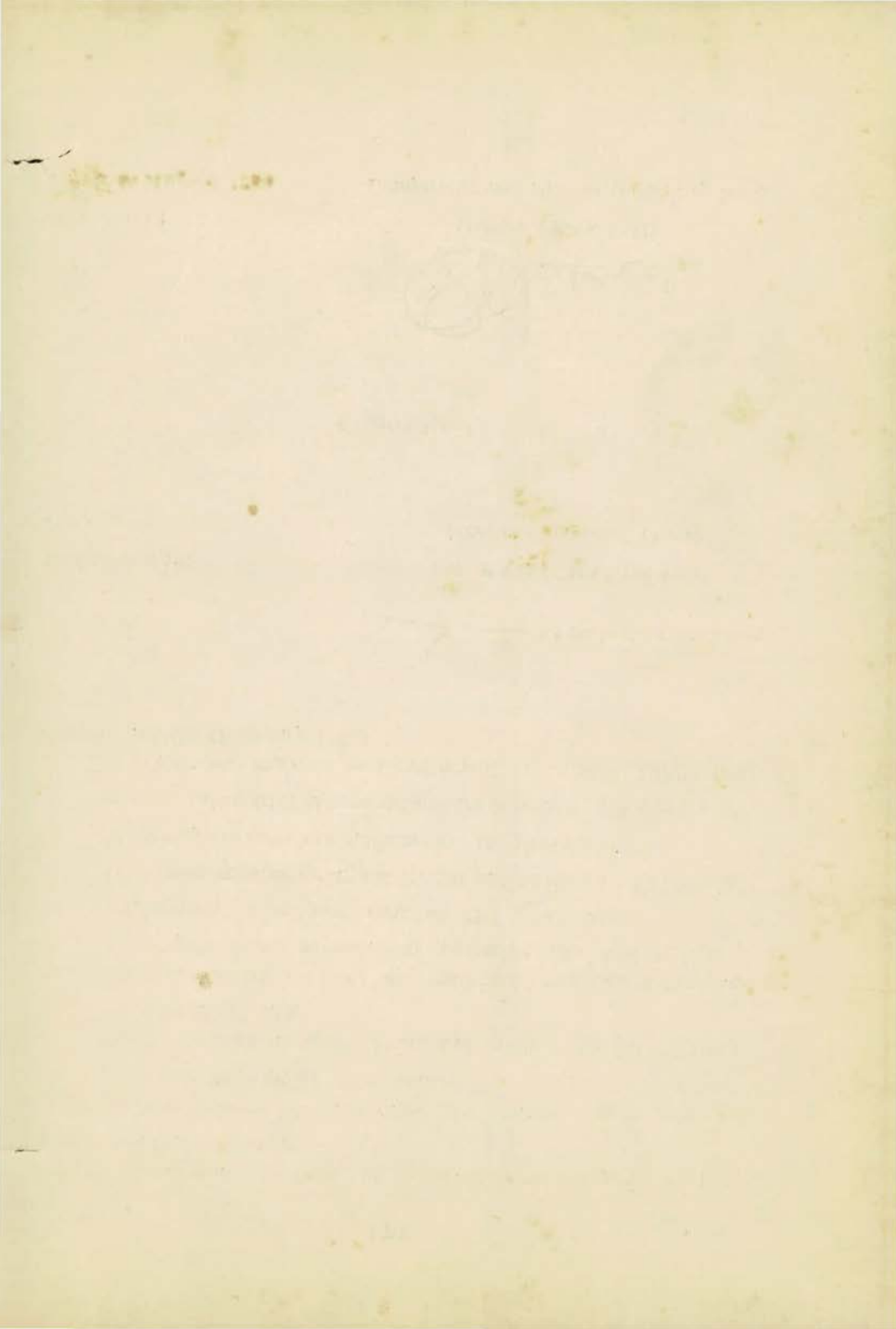


NEW DELHI,

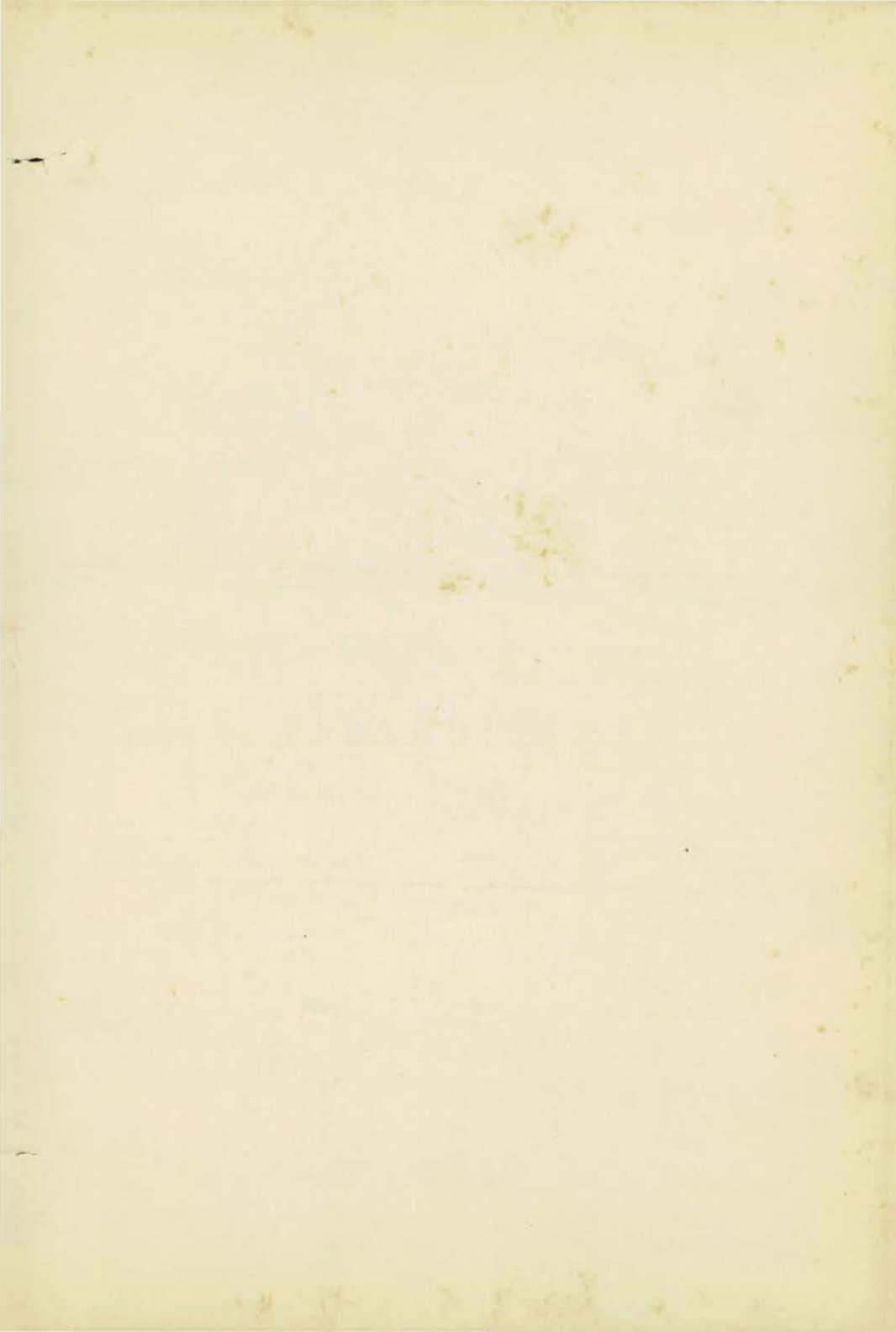
The 18th August 1980

(GIAN PRAKASH)

Comptroller and Auditor General of India



APPENDICES



APPENDIX I

(Reference: Paragraph 1.4, page 5)

Statement showing analysis of variations in expenditure on revenue account during 1978-79 over the previous year

Sector/Major Head of Account	Actuals		Variation	Reasons
	1977-78	1978-79		
(1)	(2)	(3)	(4)	(5)

(In crores of rupees)

A. General Services

Fiscal Services

299—Land Revenue	9.72	10.94	(+)1.22	Mainly due to more expenditure under Survey and Settlement operations and Management of Government Estates
------------------	------	-------	---------	--

Interest payments and servicing of Debt

249—Interest Payments	42.70	45.51	(+)2.81	Mainly due to payment of more interest on loans and advances from Central Government for Non-Plan and State Plan Schemes as well as on increased Provident Fund accumulation
-----------------------	-------	-------	---------	--

Administrative Services

255—Police	16.48	18.14	(+)1.66	Mainly due to more expenditure under Special police and District police
------------	-------	-------	---------	---

APPENDIX I—Contd.

Sector/Major Head of Account	Actuals		Variation	Reasons
	1977-78	1978-79		
(1)	(2)	(3)	(4)	(5)
(In crores of rupees)				
B. Social and Community Services				
280—Medical ..	14.66	17.13	(+)2.47	Mainly due to increased expenditure under Medical Relief, Education and Employees' State Insurance Scheme
282—Public Health Sanitation and Water supply	10.91	14.91	(+)4.00	Mainly due to more expenditure under Prevention and Control of diseases, Sanitation Services and Tribal Areas Sub-Plan
C. Economic Services				
<i>General Economic Services</i>				
298—Co-operation	3.63	5.11	(+)1.48	Mainly due to increased expenditure under Industrial Co-operatives, Consumers' Co-operatives and Tribal Areas Sub-Plan
<i>Agriculture and Allied Services</i>				
305—Agriculture	16.46	21.26	(+)4.80	Mainly due to increased expenditure under Agricultural Education and Tribal Areas Sub-Plan

APPENDIX I—Contd.

Sector/Major Head of Account	Actuals		Variation	Reasons
	1977-78	1978-79		
(1)	(2)	(3)	(4)	(5)
	(In crores of rupees)			
307—Soil and Water Conservation	2.38	4.17	(+)1.79	Mainly due to more expenditure under Soil Conservation Schemes and Tribal Areas Sub-Plan
308—Area Development	1.21	4.42	(+)3.21	Mainly due to more expenditure under Ayacut Development
310—Animal Husbandry	6.02	7.33	(+)1.31	Mainly due to increased expenditure under Veterinary education and training, Investigation and Statistics, Cattle and Poultry development and other expenditure
313—Forest	5.76	8.14	(+)2.38	Mainly due to more expenditure on Education and training, Plantation schemes and Forest produce
314—Community Development	13.09	19.68	(+)6.59	Mainly due to payment of grants to Panchayat Samitis in tornado affected areas and more utilisation of free gift of wheat under grain for works programme for works in rural areas

APPENDIX I—*Concl'd.*

Sector/Major Head of Account	Actuals		Variation	Reasons
	1977-78	1978-79		
(1)	(2)	(3)	(4)	(5)
(In crores of rupees)				
<i>Industry and Minerals</i>				
321—Village and Small Industries	1.79	3.79	(+)2.00	Due to more expenditure under Direction and Administration, Tribal Areas Sub-Plan and other expenditure
<i>Water and Power Development</i>				
332—Multipurpose River Projects	13.13	17.39	(+)4.26	Mainly due to more expenditure on Power Scheme of Balimela Dam Project and Rengali Multipurpose river project
333—Irrigation, Navigation, Drainage and Flood Control Projects	12.81	20.44	(+)7.63	Mainly due to increased expenditure under Delta Irrigation Project, taking up certain new medium irrigation projects and on River embankments undertaken under Flood Control and anti-sea erosion projects
<i>Transport and Communication</i>				
337—Roads and Bridges	8.42	11.58	(+)3.16	Mainly due to increased expenditure under District and other roads

APPENDIX II

(Reference: Paragraph 1.5, page 7)

Statement showing significant variations in capital expenditure during 1978-79 over the previous year under broad sectors

Sectors/Sub-sectors of expenditure	Actuals		Variation	Reasons
	1977-78	1978-79		
	(1)	(2)	(3)	(4)	(5)
	(In crores of rupees)			
General Services	1.07	2.49	(+)1.42	Mainly due to more expenditure under Public Works
Social and Community services	6.41	7.74	(+)1.33	Mainly due to more expenditure under Housing (Rs.2.01 crores) counter balanced by less expenditure mainly under Social Security and Welfare (Rs.0.96 crore)
General Economic Services	4.12	6.41	(+)2.29	Mainly due to more expenditure under Co-operation
Agriculture and Allied Services	7.16	13.14	(+)5.98	Mainly due to more expenditure on Minor Irrigation, Soil Conservation and Area Development (Rs. 5.65 crores)

APPENDIX II—*Concl'd.*

Sectors/Sub-sectors of expenditure	Actuals		Variation	Reasons
	1977-78	1978-79		
	(In crores of rupees)			
(1)	(2)	(3)	(4)	(5)
Water and Power Development	47.05	58.93	(+)11.88	Mainly due to more expenditure on Multipurpose River Projects (Rs.8.67 crores) and Irrigation, Navigation, Drainage and Flood Control Projects (Rs. 3.22 crores)
Transport and communications	8.16	11.36	(+)3.20	Mainly due to more expenditure on Roads and Bridges (Rs. 3.15 crores)
<i>Non-Plan</i>				
Agriculture and Allied Services	0.37	4.03	(+)3.66	Mainly due to more expenditure on Grain Purchase Scheme (Rs. 4.35 crores) counter balanced by less expenditure mainly under Government Trading in <i>Kendu</i> leaves (Rs.1.50 crores) and on purchase of Chemical fertilisers (Rs. 0.82 crore)

APPENDIX III

(Reference: Paragraph 2.4, page 32)

Grants/charged appropriations where savings (more than Rs. 25 lakhs in each case) were more than 10 per cent of the total provision

Sl. No.	Number and name of grant/charged appropriation	Total grant/charged appropriation	Expenditure	Saving	
				Amount	Percentage

(1)	(2)	(3)	(4)	(5)	(6)
-----	-----	-----	-----	-----	-----

(In lakhs of rupees)

Revenue Section

1.	3—Expenditure relating to the Revenue Department	25,83.78	22,32.82	3,50.96	14
2.	5—Expenditure relating to the Finance Department	11,95.48	8,86.60	3,08.88	26
3.	11—Expenditure relating to the Tribal and Rural Welfare Department	13,48.46	10,80.07	2,68.39	20
4.	12—Expenditure relating to the Health and Family Welfare Department	38,38.30	28,11.02	10,27.28	27
5.	16—Expenditure relating to the Planning and Co-ordination Department	1,69.16	1,34.73	34.43	20
6.	18—Expenditure relating to the Community Development and Social Welfare Department	28,95.62	24,53.21	4,42.41	15

APPENDIX III—concl'd.

Sl. No.	Number and name of grant/charged appropriation	Total grant/charged appropriation	Expenditure	Saving	
				Amount	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
(In lakhs of rupees)					
7.	23—Expenditure relating to the Agriculture and Co-operation Department	41,52·09	32,58·65	8,93·44	22
<i>Capital Section</i>					
8.	5—Expenditure relating to the Finance Department	8,51·01	7,04·68	1,46·33	17
9.	6—Expenditure relating to the Commerce Department	2,95·29	29·57	2,65·72	90
10.	7—Expenditure relating to the Works Department	20,03·42	16,79·50	3,23·92	16
11.	9—Expenditure relating to the Food and Civil Supplies Department	52,01·25	13,54·27	38,46·98	74
12.	10—Expenditure relating to the Education and Youth Services Department	84·13	39·23	44·90	53
13.	11—Expenditure relating to the Tribal and Rural Welfare Department	1,44·62	93·30	51·32	35
14.	19—Expenditure relating to the Industries Department	4,94·81	4,31·87	62·94	13
15.	23—Expenditure relating to the Agriculture and Co-operation Department	16,09·51	13,26·64	2,82·87	18
16.	<i>Internal Debt of the State Government</i>	1,37,85·19	77,44·83	60,40·36	43

APPENDIX IV

(Reference : Paragraph 3.1.4(a), page 44)

Details of stage-wise progress made by 5 consolidation circles

Stage of work	Names of circles				
	Aska	Bhuba- neswar	Pipli	Nimapara	Balianta- Balipatna
(1)	(2)	(3)	(4)	(5)	(6)
(In hectares)					
Survey	..	..	..	353	1,051
Preparation of maps, land records under Section 6	3,455	..	..	17,537	..
Publication of records under Section 9(i)	4,736	929	6,108	5,788	11,659
Publication of records under Section 13(i)	6,131	1,643	4,160	635	5,731
Preparation of P. C. S. under Section 17	3,379	2,662	3,051	253	6,309
Publication of P. C. S. under Section 18	3,042	2,799	3,344	..	2,074
Confirmation of P. C. S. under Section 21	1,209	2,438	2,037	..	272
Final publication under Section 22	1,098	2,268	2,010	..	231
Number of camps actually in operation	7	5	13	16	15
Maximum number of camps allowed (taking 1250 hectares per camp)	5	3	5	14	10
Excess number of camps entertained	2	2	8	2	5

APPENDIX V

(Reference : Paragraph 3.1.4(c), page 45)

Engagement of job contract staff in excess of staffing pattern

Name of circle	Number of camps	Categories of posts	Number of persons employed in excess	Extra cost (Rupees in lakhs)
(1)	(2)	(3)	(4)	(5)
Banki ..	8	Amin ..	133	0.42
		Process Server ..	13	0.03
		General Muharrir ..	16	0.05
		Copy Muharrir ..	325	0.85
Balianta-Balipatna	15	Consolidator Grade II	101	0.34
		Amins ..	1,736	5.48
		Chainman ..	838	2.20
		General Muharrir ..	23	0.08
		Copy Muharrir ..	313	0.82
Delang ..	15	Amins ..	231	0.73
		Chainman ..	205	0.54
Angul ..	16	Amins ..	129	0.41
		Muharrir ..	37	0.12
		Orderly Peon ..	33	0.09
		Copyist ..	246	0.64
		Map Muharrir ..	2	0.01

APPENDIX V—*contd.*

Name of circle	Number of camps	Categories of posts	Number of persons employed in excess	Extra cost (Rupees in lakhs)
(1)	(2)	(3)	(4)	(5)
Aska ..	7	General Muharrir ..	24	0·08
		Amins ..	382	1·21
		Tindol ..	16	0·04
		Peon ..	16	0·04
		Peshi Muharrir ..	15	0·04
Basta ..	12	Consolidator Grade II	30	0·10
		Tour Clerk ..	8	0·02
		Amins ..	1,080	3·41
		Chainman ..	352	0·93
		Tindol Grade II ..	98	0·26
Simulia ..	23	Amins ..	45	0·14
Salepur ..	26	Amins ..	321	1·01
		Chainman ..	12	0·03
		General Muharrir ..	56	0·18
		Peon Recess ..	12	0·03
		Peshi Muharrir ..	24	0·06
		Safei Muharrir ..	125	0·33
		Peon ..	19	0·05
Chatia ..	5	Amins ..	402	1·27
		Chainman ..	213	0·56

APPENDIX IV—concl.

Name of circle	Number of camps	Categories of posts	Number of persons employed in excess	Extra cost (Rupees in lakhs)
(1)	(2)	(3)	(4)	(5)
		Process Server	.. 60	0·16
		Orderly Peon	.. 24	0·06
		General Muharrir	.. 20	0·07
		Safei Muharrir	.. 99	0·62
Bhubaneswar	.. 5	Amins	.. 197	0·62
Nimapara	.. 16	Amins	.. 1,128	3·56
		Chainman	.. 420	1·11
		Total	..	<u>28·44</u>

APPENDIX VI

(Reference : Paragraph 3.14, page 70)

Details of Idle expenditure

Sl. No.	Name of office	Particulars	Expenditure on idle establishment	Remarks
			(Rupees in lakhs)	
(1)	(2)	(3)	(4)	(5)
1. Forest, Fisheries and Animal Husbandry Department				
	(i) Deputy Director of Fisheries, Southern Zone, Berhampur.	Of the two vehicles, one vehicle was transferred to the control of the Assistant Director of Fisheries, Kalahandi with effect from 1st October 1973. But the driver was continued to be entertained till another vehicle was allotted to the office in July 1978.	0.18	Expenditure was for the period October 1973 to June 1978. The Deputy Director stated (November 1978) that the Directorate was moved (February 1976) to withdraw one driver and no orders were received.
	(ii) Assistant Director of Fisheries, Phulbani	The vehicle belonging to the office was taken off the road during December 1974. It became unserviceable with effect from	0.12	Expenditure was for the period between January 1975 and January 1976 and between March 1977 and October 1978. The

APPENDIX VI—contd.

Sl. No.	Name of office	Particulars	Expenditure on idle establishment	Remarks
			(Rupees in lakhs)	
(1)	(2)	(3)	(4)	(5)
		February 1977. But the driver was continued to be entertained without any driving work till another vehicle was allotted to the office in October 1978.		Assistant Director stated (November 1978) that the services of the driver were utilised for driving other vehicles whenever required.
	(iii) Project Officer, Intensive Egg and Poultry Project, Laxmisagar, Bhubaneswar	Three vehicles belonging to the office were taken off the road since January 1975, November 1976 and December 1976 respectively. Two drivers continued to be borne on the establishment till May 1979 after which they were transferred to other offices.	0.21	Expenditure was for the period December 1976 to May 1979. The Project Officer stated (January 1979) that the services of the drivers were being utilised in other offices of the department whenever required.
	(iv) Leave Reserve Veterinary Assistant	The vehicle belonging to the office was	0.17	Expenditure was for the period from September

APPENDIX VI—*contd.*

Sl. No.	Name of office	Particulars	Expenditure on idle establishment (Rupees in lakhs)	Remarks
(1)	(2)	(3)	(4)	(5)
	Surgeon, Rural Dairy Farm, Kalyani (Cuttack district)	taken off the road since August 1974 and was found to be beyond economic repairs. The driver was borne on the establishment till February 1979 after which he was transferred to another office.		1974 to February 1979. The Veterinary Assistant Surgeon stated (February 1979) that the services of the driver were utilised in looking after the idle vehicle, occasionally in bringing cattle feed from Angul and in running a diesel pump. The Director, Animal Husbandry and Veterinary Services confirmed the above statement of the Assistant Surgeon in September 1979.
2. Agriculture and Co-operation Department				
(i)	District Agricultural Officer, Kendrapara (Cuttack district)	The departmental truck was taken off the road since July 1975. Further repair being uneconomical, the	0.28	The expenditure was for the period July 1975 to October 1978. Services of the driver and cleaner were

APPENDIX VI—*contd.*

Sl. No.	Name of office	Particulars	Expenditure on idle establishment	Remarks
			(Rupees in lakhs)	
(1)	(2)	(3)	(4)	(5)
		vehicle was disposed of by public auction in March 1978. The driver and cleaner of the vehicle continued to be borne on the establishment even after disposal of the vehicle.		transferred to another office with effect from 13th December 1978.
(ii)	Farm Superintendent, Deras (Puri district)	Two vehicles (a pick-up and a tractor) belonging to the office were taken off the road since September 1974 and November 1975 respectively. But two drivers continued to be borne on the establishment. The pick-up was disposed of by public auction.	0.38	Expenditure was for the period October 1974/December 1975 to August 1979. The Farm Superintendent stated (January 1979) that the Directorate was moved several times between July 1977 and August 1978 to utilise the services of the drivers elsewhere but no orders were received

APPENDIX VI—*contd.*

Sl. No.	Name of office	Particulars	Expenditure on idle establishment	Remarks
(Rupees in lakhs)				
(1)	(2)	(3)	(4)	(5)
				(September 1979). He also stated that the services of the tractor driver were utilised in shift system in driving the other two tractors (for which two drivers were already on the roll) and other miscellaneous work.
(iii)	Assistant Registrar, Co-operative Societies, Rayagada (Koraput district)	The vehicle belonging to the office was taken off the road since October 1975 and was disposed of by auction in May 1979. The driver of the vehicle was entertained even after disposal of the vehicle.	0.13	Expenditure was for the period between October 1975 and June 1976 and between February 1977 and June 1979. The office was provided with another vehicle for the period between June 1976 and January 1977. The Assistant Registrar stated (September 1979)

APPENDIX VI—contd.

Sl. No.	Name of office	Particulars	Expenditure on idle establishment (Rupees in lakhs)	Remarks
(1)	(2)	(3)	(4)	(5)
3. Revenue and Excise Department				
	Superintendent of Excise, Puri	The departmental van was taken off the road from April 1975 and was disposed of by public auction in October 1978. The driver of the vehicle continued to be entertained even after disposal of the vehicle.	0.16	Expenditure was for the period April 1975 to January 1979. The Superintendent of Excise, Puri stated (February 1979) that services of the driver were being utilised in detection cases and that the Excise Commissioner would be appraised of the position.
4. Education and Youth Services Department				
	Inspector of Schools, Baripada. (Mayurbhanj district)	One driver was entertained although the vehicle owned by the office was	0.12	Expenditure was for the period from February 1975 to September 1977.

APPENDIX VI—concl.

Sl. No.	Name of office	Particulars	Expenditure on idle establishment	Remarks
(Rupees in lakhs)				
(1)	(2)	(3)	(4)	(5)
		taken off the road for the period January 1975 to September 1977.		The Inspector of Schools stated (January 1979) that the Directorate was moved as early as in February 1975 for sanction of funds for repair of the vehicle or to utilise the services of the driver elsewhere. Funds were available only in 1977-78 and the vehicle could be repaired in October 1977. The Director of Public Instruction (Schools) stated (August 1979) that due to financial stringency no funds could be provided till 1977-78.

APPENDIX

(Reference: Paragraph

Misappropriations, losses, etc., reported up to 31st March 1979

Sl. No.	Name of the Department	Cases in which criminal/departmental proceedings have not been instituted due to non-receipt of detailed reports from Subordinate authorities		Cases in which departmental action were started but have not been finalised	
		Number	Amount (Rupees in lakhs)	Number	Amount (Rupees in lakhs)
(1)	(2)	(3)	(4)	(5)	(6)
1.	Revenue, Excise and Prohibition ..	14	1.14	46	4.82
2.	Forest, Fisheries and Animal Husbandry	115	12.64	42	5.24
3.	Agriculture and Co-operation ..	30	3.09	37	2.66
4.	Health and Family Welfare ..	17	3.04	20	4.38
5.	Education and Youth Services ..	10	1.34	18	3.65
6.	Community Development and Social Welfare	11	5.44	12	1.50
7.	Tribal and Rural Welfare ..	4	0.33	20	1.65
8.	Industries ..	2	0.07	17	0.87
9.	Home ..	11	1.08	5	0.96
10.	Commerce and Transport ..	5	0.13	6	1.09
11.	Finance ..	4	0.97	8	1.31
12.	Food and Civil Supplies ..	1	0.09	3	0.14
13.	Information and Public Relations ..	2	0.12	4	0.32
14.	Law ..	1	0.01	4	0.07

VII

3.15, Page 71)

pending finalisation at the end of September 1979

Cases in which criminal cases were finalised but execution/certificate cases for recovery of the amount are pending		Cases awaiting Government orders for recovery or write off		Cases in Court of law		Total	
Number	Amount (Rupees in lakhs)	Number	Amount (Rupees in lakhs)	Number	Amount (Rupees in lakhs)	Number	Amount (Rupees in lakhs)
(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
34	4.51	11	0.52	21	2.45	126	13.44
1	0.11	14	0.97	7	0.65	179	19.61
2	0.09	10	3.49	14	1.76	93	11.09
..	..	2	0.04	6	1.35	45	8.81
..	..	4	1.14	7	2.85	39	8.98
5	0.95	2	0.23	6	0.66	36	8.78
3	0.06	5	0.31	6	3.80	38	6.15
..	..	..	..	4	0.37	23	1.31
..	..	1	0.07	7	0.58	24	2.69
1	0.14	4	0.07	..	..	16	1.43
..	..	2	0.03	5	2.83	19	5.14
2	2.52	1	0.04	1	0.31	8	3.10
..	..	..	..	..	..	6	0.44
..	..	..	..	1	1.69	6	1.77

(Reference : Paragraph

Misappropriations, losses, etc., reported up to 31st March 1979

Sl. No.	Name of the Department	Cases in which criminal/departmental proceedings have not been instituted due to non-receipt of detailed report from Sub-ordinate authorities		Cases in which departmental action were started but have not been finalised	
		Number	Amount (Rupees in lakhs)	Number	Amount (Rupees in lakhs)
(1)	(2)	(3)	(4)	(5)	(6)
15.	Labour, Employment and Housing ..	1	0.04	3	0.37
16.	Mining and Geology ..	..	..	..	..
17.	Political and Services ..	..	..	..	..
18.	Tourism and Cultural Affairs ..	..	..	..	..
19.	Planning and Co-ordination ..	..	..	1	0.02
20.	Orissa Legislative Assembly ..	1	0.02	..	..
21.	Irrigation and Power ..	62	20.27	67	19.64
22.	Works ..	63	10.64	73	5.12
23.	Urban Development ..	4	0.02	60	10.79
24.	Rural Development ..	..	..	42	1.40
Total		..	358	488	66.00

VII—Concl.

3.15, Page 71)

pending finalisation at the end of September 1979

Case in which criminal cases were finalised but execution/certificate cases for recovery of the amount are pending		Cases awaiting Government orders for recovery or write off		Cases in Court of law		Total	
Number	Amount (Rupees in lakhs)	Number	Amount (Rupees in lakhs)	Number	Amount (Rupees in lakhs)	Number	Amount (Rupees in lakhs)
(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
..	..	..	..	1	0.16	5	0.57
..	..	3	0.06	..	..	3	0.06
..	..	1	0.31	1	0.93	2	1.24
..	..	1	0.16	..	..	1	0.16
..	..	..	..	..	..	1	0.02
..	..	..	..	..	..	1	0.02
6	0.13	15	11.05	9	0.18	159	51.27
4	0.06	3	12.80	..	..	143	28.62
..	..	2	0.03	3	0.18	69	11.02
..	..	3	0.20	3	0.06	48	1.66
58	8.57	84	31.52	102	20.81	1,090	1,87.38

APPENDIX VIII

(Reference : Paragraph 4.18, page 107)

Details of cases of non-acceptance of tenders within prescribed period

Name of division	Name of work	Date when original tender was opened	Date when acceptance/decision was communicated	Amount of original tender	Amount as per contract later entered into	Extra liability
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(Rupees in lakhs)						
Rural Development Department						
1. R. E. Division, Koraput	Excavation of reach VI of left canal of Mandiaguda M. I. P. (R. D. 22,500 to tail including C. D. works, minors and sub-minors)	8th August 1978	5th February 1979	5.56	6.27 (other than lowest)	0.71
2. R. E. Division (South), Sambalpur	Construction of idle length of canal of Kerandijore M. I. P. (R. D. 00 to R. D. 4,100)	27th May 1977	5th January 1978	4.87	5.84 (on fresh tender)	0.97
Works Department						
3. Roads and Buildings Division, Keonjhar	Construction of 50 bedded Central Hospital at Joda (Phase I and II)	4th April 1975	23 rd September 1975	6.69	7.08	
				11.01	11.68	
				17.70	18.76	1.06
					(Other than lowest)	
				Total	..	2.74

APPENDIX IX

(Reference paragraph 5.1, page 108)

Synopsis of important stores and stock accounts for 1978-79

Sl. No.	Name of the department	Nature of stores	Opening balance	Receipt	Issues	Closing balance
(1)	(2)	(3)	(4)	(5)	(6)	(7)

(In lakhs of rupees)

A—Public Works Department

IRRIGATION AND POWER
DEPARTMENT

1.	Delta Irrigation project, stage I and stage II	Building materials, small stores, miscellaneous stores, fuel, spares etc.	16.95	69.31	61.29	24.97
2.	Salandi Irrigation Project	Ditto	(—)7.07	..	..	(—)7.07(a)
3.	Hirakud Dam Project					
	Stage I ..	Ditto	2,03.51	1.15	4.66	2,00.00
	Stage II ..	Ditto	(—)3.40	..	..	(—)3.40(b)
4.	Rengali Multipurpose Project	Ditto	2,90.38	3,34.87	2,40.49	3,84.76
5.	Balimela Dam Project—					
	Dam and Appurtenant works	Ditto	2,15.52	78.62	92.54	2,01.60
	Power Schemes ..	Ditto	(—)16.29	23.52	30.35	(—)23.12(c)

(a) *Minus* balance is under regularisation by the department.(b) *Minus* balance is due to excess adjustment of stock issue of defunct Chiplima division; regularisation is awaited (November 1979).(c) Reasons for *minus* balances are awaited from controlling officer.

APPENDIX IX—Concl'd.

Sl. No.	Name of the department	Nature of stores	Opening balance	Receipt	Issues	Closing balance
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6.	Poteru Irrigation Project	Building materials, small stores, miscellaneous stores, fuel, spares, etc	1,69·07	122·46	6·55	2,84·98
7.	Upper Kolab Project	Ditto	83·78	2,10·25	31·69	2,62·34
8.	Upper Indravati Project	Ditto	..	34·95	3·37	31·58
9.	Mahanadi-Birupa Barrage Project	Ditto	..	0·11	0·02	0·09

B—Civil Departments

REVENUE AND EXCISE DEPARTMENT

10.	Judicial Stamps ..	..	6,51·05	2,67·57	1,38·18	7,80·44
11.	Non-judicial stamps..		23,58·67	8,29·43	5,86·63	26,01·47
12.	Medicinal Opium— (In Kilograms)					
	(i) In Central depot	..	210·092	900·000	619·800	493·027(d)
	(ii) With district Excise Offices	..	20·469(e)	619·800	616·370	23·899

INFORMATION AND PUBLIC RELATIONS DEPARTMENT

13.	Central stores, Bhubaneswar	Van and equipments, photographic materials, community receivers, film production, sales schemes, etc.	27·70	13·30	12·02	28·98
-----	-----------------------------	---	-------	-------	-------	-------

(d) Includes 2·735 Kgs. net increase in course of processing operation.

(e) Excludes 0·766 Kg. being the discrepancy in figure of Puri district which is reported to be under reconciliation by the Superintendent of Excise.

APPENDIX X

(Reference: Paragraph 5.7, page 112)

Details of discrepancies, shortages and losses in stock

Name of division	Discrepancies	Shortages	Losses	Total
(In lakhs of rupees)				
WORKS DEPARTMENT				
Roads and Buildings wing				
1. Dhenkanal Roads and Buildings	..	8.17	0.03	8.20
2. Parlakhemundi Roads and Buildings	2.43	2.78	..	5.21
IRRIGATION AND POWER DEPARTMENT				
Irrigation wing				
3. Power House Equipment Division, Rengali	5.65	0.25	..	5.90
4. Mundali Division ..	0.45	3.40	..	3.85
5. Upper Kolab Division Civil	15.24	0.61	0.07	15.92
URBAN DEVELOPMENT DEPARTMENT				
Public Health Wing ..				
6. Puri P. H. Division ..	21.74	..	..	21.74
Total ..	45.51	15.21	0.10	60.82

APPENDIX XI

(Reference: Paragraph 6.1, page 116)

Summary of the financial results of the working of the departmentally managed Government undertakings as disclosed by the latest available *pro forma* accounts

Sl. No.	Name of the undertaking	Year of account	Government Capital	Mean Capital	Free Revenue	Block assets	Depreciation	Profit (+)/Loss(-)	Percentage of return on mean capital	Remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)

(Rupees in lakhs)

INDUSTRIES DEPARTMENT

1.	Government Leather Industry-cum-Tannery, Titilagarh	1975-76	20.58	16.43	..	5.89	2.62	(-)3.04
----	---	---------	-------	-------	----	------	------	---------	----	----

APPENDIX XII

(Reference: Paragraph 6.2.3, page 119)

Details of storage-wise shortages which exceeded 10 per cent

Storage		Year	Percentage
Cuttack I	..	1974	15.80
		1978	13.63
Sambalpur	..	1974	14.23
		1975	12.80
		1976	19.29
		1978	10.46
Bhubaneswar	..	1974	12.81
		1975	11.24
		1976	13.51
		1977	12.17
Par lakhemundi	..	1977	18.75
Bolangir	..	1974	17.89
		1975	13.16
		1976	27.21
		1977	11.22
Kuarmunda	..	1974	17.73
		1975	18.55
		1978	12.03
Similiguda	..	1974	30.90
		1975	16.74
		1976	11.90
Cuttack II	..	1975	10.71
		1976	10.80
		1978	10.09

APPENDIX XIII

(Reference: Paragraph 7.2.4, page 131)

Statement of amounts drawn in advance of requirements and kept in the suspense accounts of intermediary Co-operative Banks pending release in favour of ultimate beneficiaries

Amount (Rupees in lakhs)	Month	Purpose for which drawn	Remarks
(a) With the Orissa State Co-operative Bank			
10.00	March 1976	Construction of storage godowns in LAMPS	Detailed programme had not been drawn up
171.83	March 1977	Share capital assistance to Co-operative Credit Institutions	Names of societies which were to receive the assistance had not been finalised
45.00	March 1977	Subsidies for dug wells and pump sets	The amount was drawn in March 1977 and kept under Revenue Deposits and later withdrawn from Revenue Deposits in July 1977
13.60	October 1977 March 1978	Subsidies for construction of godowns by LAMPS	
7.55	March 1978	Subsidies for construction of godowns in Co-operative societies	
10.25	March 1978	Loans for the above	Loan bonds were yet to be obtained from the beneficiaries

APPENDIX XIII—*contd.*

Amount (Rupees in lakhs)	Month	Purpose for which drawn	Remarks
2.02	March 1978	Subsidies for comple- tion and repairs of godowns	
1.40	March 1978	Loans for godowns in Service Co-operative Societies	
13.38	March 1978	Loans for mandi level godowns in LAMPS	
6.69	March 1978	Subsidies for the above	
0.25	March 1978	Loans for completion of godowns in Regional Co-opera- tive Marketing Societies	
0.25	March 1978	Subsidies for the above	
5.00	March 1978	Share capital assistance to Co-operative societies	
5.00	March 1978	Subsidies for godown in Regional Co- operative Marketing Societies	
0.26	March 1978	Subsidies for purchase and distribution of rape seed oil	
4.79	March 1978	Subsidies for dug wells	

 297.27

APPENDIX XIII—*concl.*

Amount (Rupees in lakhs)	Month	Purpose for which drawn	Remarks
(b) With Orissa State Co-operative Land Development Bank			
0.74	March 1977	Grants for develop- ment and cultivation of ceiling surplus lands	
22.60	March 1978	Grants and loans made available by the Agriculture Depart- ment before finalisa- tion of list of bene- ficiaries	
<hr/> 23.34			
<hr/> 320.61			

APPENDIX XIV

(Reference : paragraph 7.2.7, page 135)

Details of cases of assistance for construction of godowns

1. As per sanction of subsidy for Rs. 10 lakhs accorded (March 1976) by Tribal and Rural Welfare Department for construction of godowns by 220 large size multipurpose co-operative societies (LAMPS), the Registrar of Co-operative Societies, Orissa drew the amount on 30th March 1976 and kept it with Orissa State Co-operative Bank (OSCB) in the suspense accounts. The amount was released to 48 LAMPS in December 1976 (Rs. 7.33 lakhs to 32 LAMPS) and March 1977 (Rs. 2.67 lakhs to 16 LAMPS) before any detailed scheme and the amount of assistance for each godown were decided, with the condition that the assistance provided would be withdrawn if the proposal for construction of godowns was not approved by National Co-operative Development Corporation (NCDC). In March 1977, NCDC approved the construction of one godown each in 30 LAMPS at a cost of Rs. 0.20 lakh each (central share of assistance—loan: Rs. 0.05 lakh). On the basis of sanction accorded (November 1977) by Government, Central assistance of Rs. 4.50 lakhs (loan: Rs. 3. lakhs, subsidy: Rs. 1.50 lakhs) was drawn by the Registrar in March 1978 and given (April 1978) to the Assistant Registrars for disbursement to 30 LAMPS. These 30 and other 18 LAMPS had already received (March 1977) Rs. 10 lakhs towards the State share of subsidy (as against Rs. 1.50 lakhs admissible only to 30 LAMPS as per the approved plan of NCDC). No action had been taken to recover the excess payment of subsidy of Rs. 8.50 lakhs from 48 LAMPS (Rs. 5.38 lakhs from 30 LAMPS and Rs. 3.12 lakhs from 18 LAMPS). Government stated (December 1979) that in one case the land for godown was yet to be acquired and that field officers concerned had been instructed to complete the other 29 godowns urgently.

2. Tribal and Rural Welfare Department accorded (June 1977) sanction of subsidy of Rs. 13.60 lakhs for construction of godowns by LAMPS. The Registrar withdrew the amount in October 1977 (Rs. 4.53

APPENDIX XIV—Contd.

lakhs) and February 1978 (Rs. 9.07 lakhs) and kept it in the suspense account of OSCB pending formulation of the scheme for utilisation. Government approved (March 1978) the utilisation of the amount for meeting the State share of subsidy towards construction of 83 mandi level godowns by LAMPS at Rs. 64,500 (Central share—loan: Rs. 32,250; subsidy: Rs. 16,125; State share—subsidy: Rs. 16,125) each as per the scheme approved by NCDC in March 1977 (total cost: Rs. 53.53 lakhs). The Registrar drew (March 1978) further amount of Rs. 20.08 lakhs (sanctioned by Government in March 1979) towards Central share of assistance (loan: Rs. 13.39 lakhs; subsidy: Rs. 6.69 lakhs) and kept it with the above bank in its suspense account; of the aggregate amount of Rs. 33.68 lakhs kept in the suspense account of the bank, only Rs. 24.41 lakhs (Central share for 83 LAMPS—loan: Rs. 13.39 lakhs; subsidy: Rs. 6.69 lakhs; State share for 27 LAMPS—subsidy: Rs. 4.33 lakhs) had been released between July and September 1978. Government stated (December 1979) that land required for construction of godowns had been acquired in 52 cases and the field officers had been instructed to complete the godowns urgently.

3. NCDC approved (March 1976) construction of 32 mandi level godowns at a cost of Rs. 0.50 lakh each and 68 rural godowns at Rs. 0.20 lakh each, involving financial assistance of Rs. 29.60 lakhs (Central share—loan : Rs. 14.80 lakhs; subsidy : Rs. 7.40 lakhs ; State share—subsidy : Rs. 7.40 lakhs). Out of the two instalments, the second instalment of assistance was payable after acquisition of land and execution of work up to plinth level within 3 months (completion to be achieved within 6 months). The first instalment of Rs. 14.80 lakhs (loan : Rs. 7.40 lakhs and subsidy : Rs. 7.40 lakhs) being disbursed in March 1976, godowns were to be completed by September 1976 but the second instalment was drawn only for 42 godowns between November 1977 and March 1978 of which only 3 godowns (2 *mandi* level and one rural) had been completed up to January 1979. Government stated (December 1979) that 12 godowns

APPENDIX XIV—*Concl'd.*

had since been completed and 39 others were under different stages of construction while 49 others were still to be taken up for construction.

4. During 1976-77, NCDC approved construction of 28 marketing godowns, 116 rural godowns and one buffer godown at a total cost of Rs. 43.20 lakhs (Central assistance-loan : Rs. 21.60 lakhs; subsidy : Rs. 10.80 lakhs ; State share-subsidy : Rs. 10.80 lakhs). The first instalment of assistance of Rs. 21.60 lakhs for all the godowns was drawn on 31st March 1977 (Rs. 11.15 lakhs) and November 1977 (Rs. 10.45 lakhs). Rupees 11.15 lakhs were kept with the OSCB in its suspense account and released to the societies between October 1977 and January 1978. Government stated (December 1979) that 8 godowns had since been completed, 43 others were under different stages of construction while 94 others were still to be taken up.

5. During 1977-78, construction of 38 marketing godowns (at Rs. 0.50 lakh each) and 110 rural godowns (at Rs. 0.20 lakh each) was approved (March 1978) by NCDC and the sum of Rs. 17.80 lakhs sanctioned by Government was drawn (March 1978) by the Registrar and placed (March 1978) at the disposal of the OSCB in its suspense accounts and released to the Societies between May 1978 and May 1979. Second instalment of the assistance had not been sanctioned so far (December 1979). Government stated (December 1979) that 2 godowns had since been completed and 17 others were under different stages of construction while 129 others were yet to be taken up.

APPENDIX XV

(Reference : Paragraph 8.2(b), Page 173)

Statement showing important financial irregularities etc., pointed out in inspection reports

URBAN DEVELOPMENT DEPARTMENT

(Public Health Engineering)

Money value
(In lakhs of
rupees)**Sambalpur P. H./Rourkela P. H./Berhampur P. H.**

- | | |
|--|-------|
| (i) Non-realisation of outstanding dues towards hire charges of vehicles, share of maintenance cost of water supply from local bodies, water charges from Government Corporations and house rent | 31.54 |
| (ii) Entertainment of work charged staff during 1975-76 to 1977-78 without sanction | 24.68 |
| (iii) Infructuous expenditure on sinking of tube wells | 6.53 |

Bolangir P. H./Cuttack P. H./Bhubaneswar P. H. Construction/Berhampur P. H.

- | | |
|---|-------|
| (iv) Shortages and discrepancies of stores as per stores verification reports and handing over charge reports | 13.81 |
| (v) Non-adjustment of advance paid to different firms between 1959-60 and 1977-78 for supply of materials | 5.26 |

Bhubaneswar P. H. Construction/Rourkela P. H. / Bolangir P. H./Cuttack P. H./C. E. P. H.

- | | |
|---|------|
| (vi) Non-recovery of the cost of materials issued to contractors despite completion/abandonment of work long back | 3.17 |
|---|------|

APPENDIX XV—*Contd.*

	Money value (In lakhs of rupees)
Sambalpur P. H./C. E. P. H.	
(vii) Extra expenditure due to purchase of materials not immediately required from open markets in excess of D. G. S. and D. rate contract price requiring regularisation	1.60
Bhubaneswar P. H. Construction/Sambalpur P. H./Cuttack P. H./C. E. P. H.	
(viii) Losses and misappropriation of cash, stores, etc.	1.61
Sambalpur P. H. /Berhampur P. H.	
(ix) Excess/inadmissible payments to contractors and suppliers remaining unrecovered	0.64
Bhubaneswar P. H. Construction/Bolangir P. H./Berhampur P. H.	
(x) Outstanding advances against labour co-operative societies for over 8 to 12 years	0.29
Bhubaneswar P. H. Construction	
(xi) Irregular payment for defective materials to be recovered or regularised	0.19
Cuttack Public Health	
(xii) Late payment of energy charges during March 1976 to December 1978 and loss of rebate requiring regularisation	0.42
Rourkela Public Health	
(xiii) Unadjusted temporary advances paid to sub-divisional officers/section officers during 1964 to 1974 due to non-submission of accounts by them	0.06

APPENDIX XV—Contd.

AGRICULTURE AND CO-OPERATION DEPARTMENT

	Period of accounts	Money value (In lakhs of rupees)
District Agriculture Officer, Puri/ Cuttack/Sambalpur		
(i) Outstanding credit sale of farm produce, seeds, etc.	Between January 1966 and March 1977	8.98
District Agriculture Officer, Cuttack/ Sambalpur		
(ii) Non recovery/adjustment of outstanding loans and advances	Between July 1974 and December 1978	7.18
(iii) Loss due to damage, etc., of left over stock	Between January 1970 and March 1977	4.42
District Agriculture Officer, Puri/ Sambalpur		
(iv) Sale of seeds at reduced rates for consumption purpose resulting in loss to Government	Between July 1968 and August 1978	3.24
(v) Non-recovery of hire charges of jeep, pump and tractor from private parties	Between April 1965 and June 1976	2.13
(vi) Non-recovery of house rent and service taxes	Between November 1969 and August 1977	0.25
District Agriculture Officer, Cuttack/ Sambalpur/Puri		
(vii) Under valuation, excess/shortage and discrepancy in stock and other accounts requiring regularisation	Between June 1966 and November 1974	1.09

 27.29

APPENDIX XV—Contd.

Money value
(In lakhs of
rupees)

HEALTH AND FAMILY WELFARE DEPARTMENT

**S. C. B. Medical College, Cuttack/C. D. M. O., Kalahandi/
Koraput**

- | | |
|--|------|
| (i) Loss due to theft/shortage of articles viz., medicines, books, petrol, etc. and cash and for the excess payment to firms | 0.22 |
|--|------|

S. C. B. Medical College, Cuttack/C. D. M. O., Koraput

- | | |
|---|------|
| (ii) Outstanding advance remaining unrecovered and non-realisation of service tax | 0.71 |
|---|------|

0.93

INDUSTRIES DEPARTMENT

District Industries Centre, Cuttack

- | | |
|---|------|
| (i) Non-recovery of interest on loans from industrial units | 3.02 |
|---|------|

District Industries Centre, Puri/Cuttack/Director of Textiles

- | | |
|---|-------|
| (ii) Non-recovery of loans and advances given to goldsmiths and co-operative societies and contractors etc. | 37.09 |
|---|-------|

District Industries Centre, Cuttack

- | | |
|--|------|
| (iii) Non-submission of utilisation certificates for the utilisation of loans/grants | 2.42 |
|--|------|

Director of Textiles, Orissa

- | | |
|---|------|
| (iv) Irregular drawal and disbursement of subsidies payable to co-operative societies | 0.89 |
|---|------|

APPENDIX XV—Contd.

	Money value (In lakhs of rupees)
District Industries Centre, Puri	
(v) Non-realisation of outstanding rents of sheds of Industrial Estates	5.75
(vi) Non-recovery of state-aid loans (Rs. 2.10 lakhs) and interest (Rs. 0.67 lakh)	2.77
(vii) Avoidable expenditure on account of payment to project industries officers for industries not functioning	0.75
(viii) Non-recovery of loans paid towards installation of machinery, etc.	0.53
	<hr/> 53.22 <hr/>

REVENUE AND EXCISE DEPARTMENT

Collectorate, Sambalpur

(i) Non-realisation of outstanding water rate from cultivators	93.33
--	-------

Collectorate, Cuttack/Sambalpur

(ii) Outstanding advance against Government servants/private parties	20.35
--	-------

Collectorate, Cuttack

(iii) Irregular and excess expenditure on labour intensive work	3.44
---	------

Collectorate, Koraput/Cuttack

(iv) Non-realisation of house rent from the occupants and hire charges of vehicles	0.19
--	------

 1,17.31

APPENDIX XV—*Concl.*

	Money value (In lakhs of rupees)
COMMUNITY DEVELOPMENT AND SOCIAL WELFARE DEPARTMENT	
(i) Non-realisation of house rent from the occupants of Government quarters (139 Panchayat Samitis)	1·72
(ii) Loss due to theft, shortage and damage of stores and other articles (20 Panchayat Samitis)	1·39
(iii) Misappropriation/defalcation of Government money (19 Panchayat Samitis).	1·20
(iv) Non-recovery of excess payments to executants including cost of materials issued to them (38 Panchayat Samitis)	0·84
(v) Non-realisation of hire charges of Government vehicles used for private purpose (89 Panchayat Samitis)	0·61
	<hr/> 5·76 <hr/>

