



GOVERNMENT OF MADHYA PRADESH

AUDIT REPORT

1963

GWALIOR
GOVERNMENT REGIONAL PRESS
1963

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1963

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PREFATORY REMARKS

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

- (i) certain points of interest arising from the Finance Accounts for the year 1961-62; and
- (ii) matters relating to certain statutory and autonomous bodies, the accounts of which are audited by the Indian Audit and Accounts Department.

2. The financial irregularities, losses, etc., commented upon in the Report relate to cases which came to the notice of Audit during the year 1961-62 as well as those which had come to notice in earlier years but could not be dealt with in previous Audit Reports; matters relating to the period subsequent to 1961-62 have also been included wherever considered necessary.

CHAPTER I

GENERAL

REVENUE

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

	(Rs. crores)								
	Revenue			Expenditure			Surplus (+) Deficit (-)		
	Budget	Actuals	Variations	Budget	Actuals	Variations	Budget estimates	Actuals	
<i>Revenue Account.—</i>									
1957-58	..	50.70	52.19 (+)1.49	54.37	50.38 (-)3.99	(-)3.67 (+)1.81			
1958-59	..	56.17	60.62 (+)4.45	55.07	54.91 (-)0.16	(+)1.10 (+)5.71			
1959-60	..	59.37	64.33 (+)4.96	58.44	58.76 (+)0.32	(+)0.93 (+)5.57			
1960-61	..	64.67	72.15 (+)7.48	65.30	66.09 (+)0.79	(-)0.63 (+)6.06			
1961-62	..	73.80	73.31 (+)4.51	80.27	80.50 (+)0.23	(-)6.47 (-)2.19			
<i>Capital Account—</i>									
1957-58	21.61	18.08 (-)3.53	..	..
1958-59	18.12	23.91 (+)5.79	..	..
1959-60	20.14	20.35 (+)0.21	..	..
1960-61	22.13	22.11 (-)0.02	..	..
1961-62	23.09	15.77 (-)7.32	..	..

In each year the revenue receipts have been substantially in excess of the budget estimates; the expenditure met from revenue which fell short of the budget estimates by nearly Rs. 4 crores in 1957-58 has more closely approximated to the budget estimates in subsequent years.

In the Capital Account, the actuals were nearly Rs. 3½ crores less than the budget estimates in 1957-58 and nearly Rs. 6 crores more than the budget estimates in 1958-59, in the subsequent two years the actuals closely approximated to the estimates. In 1961-62 there was a shortfall of Rs. 7.32 crores, representing 31.7 per cent of the budget provision. Out of this a saving of Rs. 3.91 crores occurred under the provision for 'Schemes of Government Trading'; only a small portion of the provision made for the purchase of food-grains under the price support scheme was utilised owing to rise in prices. Less expenditure under 'Multipurpose River Schemes' and 'Civil Works' accounted for the rest of the savings.

Revenue Receipts

2. The revenue receipts during the year 1961-62 showed an increase of 8.5 per cent over that in 1960-61 and 50.0 per cent over that in 1957-58. The increase is analysed below:—

	1957-58	1960-61	1961-62	(Rs. crores) Increase(+) Decrease(-) since 1957-58
(1) Revenue raised by the State Government—				
(a) Taxes, duties and other principal heads of revenue.	28.00	37.14	39.61	(+)11.61
(b) Receipts under interest, Social and Developmental Services, Irrigation and Civil Works, Road Transports, etc.	5.64	8.17	10.44	(+)4.80
(c) Extraordinary receipts	2.48	0.80	..	(-)2.48
(2) State's share of divisible Central taxes	7.84	10.75	11.64	(+)3.80
(3) Grants-in-aid received from the Central Government—				
(a) Statutory Grants	4.47	5.20	3.94	(-)0.53
(b) Other grants-in-aid	3.76	10.09	12.68	(+)8.92
Total	52.19	72.15	78.31	(+)26.12

The total amount received as State's share of the Central taxes and grants-in-aid, statutory or otherwise, from the Central Government was Rs. 28.26 crores. This represented 36.1 per cent of the total revenue receipts.

The increase in the revenue raised by the State Government was mainly from the following sources:—

Head of account	1957-58	1960-61	1961-62	Increase since 1957-58	Remarks
	(Rs. crores)				
Sales Tax	5.02	7.20	8.03	3.04	Partly due to revision of rates and mainly owing to larger turnover of taxable goods besides rise in prices.
State Excise Duties	4.32	5.02	5.71	1.39	Mainly normal growth.
Other Taxes and Duties	0.67	1.62	2.56	1.89	Mainly due to yield from a new tax on passengers travelling by stage coaches, introduced with effect from 1st February, 1961 (Rs. 0.65 crore) and normal growth of revenue (about Rs. 1.00 crore).
Forest	6.83	9.93	10.38	3.55	Due mainly to increase in prices and partly to bringing former Zamindari forests under systematic management.
Interest	0.81	2.00	4.90	4.09	Mainly due to recovery of arrears of interest of Rs. 3.83 crores for 1956-57 to 1960-61 from the Madhya Pradesh Electricity Board.

Extraordinary receipts up to 1960-61 comprised amounts transferred to revenue from certain specific and earmarked funds inherited from erstwhile States, which are considered to have outlived their original purpose. There were no such transfers during 1961-62.

Arrears of Revenue

3. According to the figures furnished by some of the departments, the arrears in collection of revenue as on 31st March 1962 amounted to Rs. 7.50 crores as shown below:—

Nature of receipt	Arrears as on 31st March 1962	Average annual revenue during 1959-60 to 1961-62	Percentage of arrears to the total average revenue
	(Rs. crores)		
Ordinary Land Revenue	3.34	7.84	42.6
Sales Tax	1.11	7.10	15.6
Forest Revenue	2.46	9.81	25.1
Irrigation	0.43	0.69	62.3
House Rent	0.16	0.49	32.6

Of the total arrears of Rs. 6.91 crores in respect of Sales Tax, Land Revenue and Forests, Rs. 1.77 crores pertain to the period up to 1956-57 and Rs. 0.46 crore were reported to be bad and doubtful. Details are given below:—

Nature of receipt	Pertaining to period up to 1956-57		Bad and Doubtful Debts (Rs. crores)
	Amount (Rs. crores)	Date of oldest item	
Sales Tax	0.75	1947-48	0.25
Land Revenue	0.53	1931-32	0.13
Forests	0.49	1911-12	0.08

In March 1962, Government invested Sales Tax Officers with the powers to recover arrears of sales tax as arrears of land revenue and it is expected that this step will lead to a more expeditious recovery of arrears.

Government stated in September 1962 that, although the rules require that a certain percentage of cases of land revenue should be checked by Collectors and the Commissioners, the increase in their work load consequent on developmental activities had, in practice, rendered it impossible for them to exercise such check.

Expenditure on Revenue Account

4. The expenditure on revenue account during the year 1961-62 showed an increase of 21.8 per cent over that in 1960-61 and 59.8 per cent over that in 1957-58.

The increase is analysed below:—

	1957-58	1930-61	1931-62	Increase since 1957-58	
				Amount	Percentage
	(Rs. crores)				
Collection of Taxes, Duties and Other Principal Revenues.	5.38	6.51	7.65	2.27	42.2
Administrative Services.. ..	10.41	11.78	13.69	3.28	31.5
Social and Developmental Services ..	24.05	33.26	42.18	18.13	75.4
Other Services—					
Debt Services	2.35	4.41	5.00	2.65	112.7
Civil Works	3.38	4.57	5.50	2.12	62.7
Irrigation	0.45	0.50	0.54	0.09	20.0
Miscellaneous	4.36	5.06	5.94	1.58	36.0
Total ..	50.38	66.09	80.50	30.12	59.8

The main increase in the group 'Collection of Taxes, Duties and Other Principal Revenues' occurred under 'Forests' (Rs. 1.80 crores) where the expenditure went up by 89 per cent from Rs. 2.02 crores in 1957-58 to Rs. 3.82 crores in 1961-62; the major part of the increase occurred under 'Conservancy and Works'.

In the 'Administrative Services' the expenditure under 'Police' increased from Rs. 5.45 crores in 1957-58 to Rs. 7.66 crores in 1961-62. This increase (Rs. 2.21 crores) was partly due to expansion of the police force to provide better coverage.

Under 'Social and Developmental Services' the main increases occurred under 'Education' (Rs. 7.86 crores) and 'Public Health' (Rs. 4.59 crores). Arrear adjustment in 1961-62 of the cost of equipment and materials received for the National Malaria Eradication Programme in 1954-55 to 1959-60 (Rs. 2.42 crores) accounted for part of the increase under 'Public Health'.

One of the factors for increased expenditure under all the above-mentioned groups was the payment of arrears of pay and allowances during 1961-62, consequent on the revision of scales of pay sanctioned in December 1959 with retrospective effect from 1st April 1958/1st November 1956 and a further revision sanctioned in February 1961 with retrospective effect from 1st July 1960 (about Rs. 4.50 crores).

EXPENDITURE OUTSIDE THE REVENUE ACCOUNT

Expenditure

5. (a) The following table indicates (i) the amount of expenditure on Capital Account during 1931-62, (ii) expenditure during the five years from 1957-58 and (iii) progressive capital outlay up to the end of 1961-62:—

(Rs. crores)

Heads of account	During 1961-62	During 1957-58 to 1961-62	Progressive total up to 1961-62
Capital Expenditure on :			
(i) Compensation to landholders, etc., on the abolition of the Zamindari System.	1.10	9.34	12.99
(ii) Social and Developmental Services—			
(a) Improvement of Public Health	0.48	2.03	3.66
(b) Agricultural Improvement and Research	0.88	1.45	7.14
(c) Industrial Development	1.86	5.79	8.33
(iii) Multipurpose River Schemes, Irrigation Works and Electricity Schemes—			
(a) Multipurpose River Schemes	3.92	26.95	34.60
(b) Irrigation Works (Commercial and Non-Commercial).	4.39	17.27	23.33
(c) Electricity Schemes .. .. .	..	(-)4.21*	..
(iv) Public Works (including Roads) Schemes and Miscellaneous Public Improvements.	7.10	33.39	46.58
(v) Madhya Bharat Roadways	0.09	0.66	1.15
(vi) Rail-Road Co-ordination Scheme .. .. .	..	..	0.10
(vii) Schemes of Government Trading	(-)4.04	7.61	4.98
(viii) Forests .. .. .	..	..	0.21
(ix) Miscellaneous	(-)0.01	(-)0.04	2.45
Total	15.77	100.24	145.52

The expenditure on industrial development represents investments in Government companies, Joint-Stock Companies and Co-operative institutions. The amount received by way of dividends, etc., from these investments during the year 1961-62 was Rs 8.67 lakhs (1% on the investment) as against Rs. 6.53 lakhs in 1960-61 (1%).

The *minus* expenditure of Rs. 4.04 crores under 'Schemes of Government Trading' in 1931-62 was mainly due to larger net receipts from trading in food-grains as a result of nominal purchase on the one hand, and sale of stocks carried over on the other hand. This scheme resulted in a loss of Rs. 1.21 crores in 1957-58 to 1961-62 according to the *pro forma* accounts prepared by the Department, a summary of which is given in Appendix 1, (page 95). The question

*Represents write-back of Capital Expenditure on Electricity concerns, treated as loan to the Madhya Pradesh Electricity Board, with the transfer of control of those concerns to the Board in 1957-58.

of write off of this loss of Rs. 1.21 crores as also the earlier losses of Rs. 0.58 crore, from Capital to Revenue, is under consideration of Government.

In addition to the Capital Expenditure mentioned above, the amounts disbursed by Government as 'Loans and Advances' is also classified as expenditure outside the revenue account. A net amount of Rs. 11.43 crores (payments *minus* recoveries) was paid as loans and advances during 1961-62 and an amount of Rs. 37.51 crores during the period of five years from 1957-58 to 1961-62.

Resources

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

	(Rs. crores)	
	1961-62	1957-58 to 1961-62
I. Net additions to—		
(i) Market loans	5.05	16.17
(ii) Loans from the Central Government	18.84	89.07
(iii) Loans from other sources and Unfunded Debt	1.08	6.60
(iv) Floating Debt	0.80	0.52
II. Miscellaneous (mainly excess of Deposits, etc., received by Government over repayments on that account).	(-)0.57	(-)6.50
III. Decrease in Cash Balance and Investments	4.19	14.93
IV. Revenue Surplus	(-)2.19	16.96
Total	27.20	137.75

Administrative Accounts

6. The annual administrative accounts of the commercial irrigation works in the State have not been prepared for past many years. Government have dispensed with the preparation of the accounts for and up to 1958-59; accounts for 1959-60 onwards could not be prepared up to now due to non-receipt of the required data from the Chief Engineer (Irrigation). It is not, therefore, known whether the works are in fact remunerative.

DEBT POSITION

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

Outstanding Debt

8. The total debt outstanding at the end of each of the five years ending 1961-62 was as shown below:—

	(Rs. crores)				
	31-3-1958	31-3-1959	31-3-1960	31-3-1961	31-3-1962
Market Loans	7.89	9.74	15.03	19.56	24.61
Ways and Means Advances from the Reserve Bank of India.	1.93	3.80	0.11	..	0.3)
Loans from the Central Government	62.67	81.19	93.36	115.36	134.20
Other Loans (from Life Insurance Corporation, etc.).	1.03	3.97	4.47	3.83	4.34
Unfunded Debt	3.74	4.19	4.62	5.15	5.77
Total	77.32	102.89	122.59	143.95	169.72

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

	(Rs. crores)		
	Receipts during the year	Repay- ments during the year	Net in- crease during the year
(i) Market Loans	5.05	..	5.05
(ii) Ways and Means Advances from the Reserve Bank of India.	10.57	9.77	0.80
(iii) Loans from the Central Government	25.56	6.72	18.84
(iv) Other Loans (from Life Insurance Corporation, etc.)	0.69	0.23	0.46
(v) Unfunded Debt	1.13	0.51	0.62
Total	43.00	17.23	25.77

Ordinary Ways and Means Advances drawn from the Reserve Bank of India to the full limit of Rs. 0.80 crore were not repaid during the year having regard to the cash balance position at the end of March.

Interest Charges

10. Interest payments on account of debt are analysed below:—

	(Rs. crores)		
	1957-58	1960-61	1961-62
(i) Interest paid by State Government	1.88	4.29	4.44
(ii) (a) Interest received on Loans and Advances	0.81	1.81	4.67
(b) Interest received on Investment of Cash Balance	0.04	0.16	0.21
(c) Recovery from the Government of Maharashtra of their share of interest paid on the loans taken prior to reorganisation of States.	..	0.10	0.10
(d) Capitalisation of interest paid on loans from the Central Government for financing the Chambal Project.	..	0.38	..

The total interest charges during 1961-62 amounted to Rs. 4.4 crores (7.2 per cent of the total revenues excluding grants from the Government of India). The total interest charges were more than offset by interest receipts and adjustments indicated at (ii) above.

This result is mainly due to recovery during the year of arrears of interest for the year 1956-57 to 1960-61, amounting to Rs. 3.83 crores from the Madhya Pradesh Electricity Board.

Arrangements for Amortisation

11. The following arrangements have been made for the amortisation of market loans. These are in accordance with the announcements made at the time of the floating of the loans:—

- (a) *Depreciation Fund.*—A sum equal to 1½ per cent of the total nominal amount of the loans is set apart to form a Depreciation Fund for purchasing securities of the loans for cancellation. No securities were purchased for cancellation during the year.

- (b) *Sinking Fund*.—In addition to the annual contributions to the respective Depreciation Funds, an annual contribution is made to the Sinking Fund for the amortisation of the loans at such rates as the Government may decide from time to time to be necessary.

During 1931-62, sums of Rs. 33.29 lakhs and Rs. 38.20 lakhs were appropriated from revenue to the Depreciation Fund and Sinking Fund respectively. The total balance in these Funds on 31st March 1962 was Rs. 298.76 lakhs, out of which Rs. 152.60 lakhs stood invested in Government securities—Madhya Pradesh Government (Rs. 37.03 lakhs), Union Government (Rs. 65.79 lakhs), Orissa Government (Rs. 43.17 lakhs) and Bihar Government (Rs. 6.61 lakhs). The balance of Rs. 146.16 lakhs was merged in the general cash balance of the State.

Loans from the Central Government

12. The broad details of the loans from the Central Government, which form the largest single component of the Public Debt, are given below:—

Purpose for which loan is taken (1)	(Rs. crores) Outstandings on	
	31-3-1961 (2)	31-3-1962 (3)
Share of Small Savings Collections	9.29	11.68
Agricultural production and allied schemes	16.81	18.49
Industrial Development	1.99	2.32
Community Development, Co-operation and National Extension Services	5.77	6.43
Miscellaneous Development purposes	35.84	45.45
Major Irrigation and Multipurpose River Projects	27.88	31.29
Housing Schemes	3.85	4.30
Rehabilitation of Displaced persons	2.55	2.25
Water Supply and Drainage Schemes	3.05	3.74
Other Loans	8.33	8.25
Total	115.36	134.20

Arrangements for the amortisation of the following loans from the Central Government have been made:

- (a) The Consolidated Debt taken over by the former Madhya Pradesh State on the introduction of the Provincial Autonomy (Rs. 0.73 crore); and
- (b) The Industrial Housing Loan (Rs. 0.02 crore).

The Government of Madhya Pradesh did not consider it necessary to make any arrangements for the amortisation of the remaining loans taken from the Central Government. The Government are of the view that except where it

may be obligatory to do so, provision for the amortisation of debt out of revenue should be made only where sufficient revenue resources are available for purposes of amortisation.

13. It is not possible for Audit to verify from the records submitted to it whether these loans have, as a matter of fact, been utilised for the purpose intended, as the accounting heads provided for in the State Budget are not susceptible of correlation with the heads of development fixed by Planning Commission. The utilisation of the loans is, therefore, verified on the basis of the certificates furnished by the Government.

In respect of loans totalling Rs. 61.67 crores, taken from Central Government during the period 1st November 1956 to 31st March 1962 for specific purposes.

- (i) Utilisation certificates for Rs. 2.08 crores had not been furnished to Audit up to April 1963.
- (ii) Loans totalling Rs. 35.77 lakhs drawn up to 1960-61 had remained unutilised up to 30th April 1963. Details are given below:—

Particulars of loans			
Period of drawal	Amount	Purpose	
	(Rs. lakhs)		
1956-57 to 1960-61	.. 13.05	Hostels for educational institutions.	
1958-59 to 1960-61	.. 21.95	Development of cottage, small scale, silk and handloom industries.	
1961-62	.. .. 1.77	Housing of displaced persons.	

- (iii) Of the amounts certified to have been properly utilised, an amount of Rs. 40.86 lakhs, in all, had actually remained unutilised and was refunded to the Central Government in subsequent years, after a lapse of one to four years, as detailed below:—

Category of Loan	(Rs. lakhs)					
	Extent of delay in refund			Total		
	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years			
(1)]	(2)	(3)	(4)	(5)		
Agricultural production..	.. .. 2.34	22.23	0.22	24.79	
Industrial Development	.. .. 3.75	2.05	..	5.80	
Rehabilitation of displaced persons	.. .. 0.10	1.05	4.25	5.40	
Housing Schemes	.. .. 2.58	2.29	..	4.87	
Total	.. .. 8.77	27.62	4.47	40.86	

It would seem that in these cases the utilisation certificates had originally been issued as a matter of course without verification of facts.

Delay in Repayment of Loans

14. (i) The State Government have not paid interest charges and instalments of principal amounting to Rs. 5.22 crores, as detailed below, to the Central Government:—

Purpose of the Loan	Year in which drawn	Amount of arrears on 31-3-1962 (Rs. crores)			Reasons for non-payment
		Interest	Principal	Total	
(a) Rehabilitation of displaced persons.	1948-49 to 1961-62	0.11	0.08	0.19	The payments have been limited to the actual recoveries from the displaced persons pending Central Government's decision on State Government's request for modification in the terms of the loans even in respect of loans granted after 1-4-1957.
(b) Agricultural (Food) Production.	Pro- 1953-54 to 1955-56	0.30	1.90	2.20	Decision of the Central Government on State Government's request made in December 1960 for the grant of a fresh loan to enable them to make repayment is awaited.
(c) Chambal Multipurpose River Valley Project.	1954-55 to 1960-61	2.83	..	2.83	It has been stated that payment has not been made as the "Ways and Means" position of the Government does not permit such huge liability.
Total ..		3.24	1.98	5.22	

(ii) In addition, the payment of interest and/or instalments of principal is in arrears in the following cases:

- (a) In respect of loans amounting to Rs. 0.23 crore drawn for development of handloom and other industries during 1958-59 to 1960-61, the payment of interest and repayment of principal could not be made, as the break-up of the loans utilised on the different schemes, which bear different terms and conditions, has not been indicated by the State Government.
- (b) In the case of loans of Rs. 2.54 crores for 'Miscellaneous Development Purposes' granted to the former States of Vindhya Pradesh and Bhopal, interest is being paid at an *ad hoc* rate of 3% per annum but no repayment of the principal could be made pending finalisation of the terms and conditions by the Government of India.

Reserve Funds

15. There was a balance of Rs. 6.29 crores in Reserve Funds for special purposes, of which there are 17.

There have been no transactions since its inception in 1952-53 in the Fund for Development Schemes of Vindhya Pradesh region, which had a balance of Rs. 0.20 crore on 31st March 1962. There have also been no transactions since 1958-59 in the two Depreciation Reserve Funds for electric undertakings in the Madhya Bharat and Bhopal regions, which had a total balance of Rs. 0.52 crore on 31st March 1962. The question of the closure of these three Funds is under consideration of Government.

There has been no appropriation since 1951-52 to the two Funds inherited from erstwhile States of Gwalior and Holkar, which had a balance of Rs. 3.02 crores on 31st March 1962. There have also been no drawals from these two Funds, except for some minor amounts, since 1st November 1956, for the purposes for which the Funds were originally constituted by the erstwhile States many years ago. However, the Government transferred Rs. 8.22 crores from these Funds to Revenue, in the Second Five-Year Plan period, to finance expenditure on Plan schemes within the Revenue account.

The scheme of the Village Development Fund, which was constituted in the old Madhya Pradesh in 1953-54 for the development of villages on a contributory basis, provided that Rs. 20 lakhs (approximately 5 per cent of the total land revenue) would be credited to the Fund every year irrespective of whether the budget is surplus or deficit. No contributions have, however, been made to the Fund since 1957-58 as the balance in it, which was Rs. 0.32 crore on 31st March 1962, was considered to be adequate.

Loans and Advances given by State Government

16. The total loans and advances given by the State Government and outstanding on 31st March 1962 amounted to Rs. 68.44 crores. The principal classes of loans granted by Government are indicated below:—

	(Rs. crores)
State Electricity Board	40.52
Advances to Cultivators	13.18
Loans to Municipalities and other local bodies	4.04
Loans under Community Development Programme	2.69
Loans to the Housing Board	2.36
Loans to Co-operative Societies	1.29
Housing loans other than to the Board	1.10
Miscellaneous	3.26

* Excludes Rs. 11.35 crores allocable to Maharashtra Electricity Board.

The balance of Rs. 40.52 crores outstanding against the State Electricity Board is composed of the following :

- (i) Loans amounting to Rs. 8.46 crores given to the Board up to 1st April 1957 when it was functioning only in the Mahakoshal region.
- (ii) An amount of Rs. 4.83 crores representing the Capital Expenditure of the electricity concerns, which were run by Government in the other regions and were taken over by the Board with effect from 1st June 1957; the amount of Capital Expenditure incurred up to 1st June 1957, to be treated as a loan to the Board, has not yet been finally determined by Government.
- (iii) Loans totalling Rs. 27.23 crores granted after 1st June 1957.

The Government have not prescribed the terms of repayments of the following loans to the Board:—

Purpose	Period in which granted	Amount (Rs. crores)
Scheme for utilisation of electricity for lift irrigation	1955-56	0.54
Rural electrification in Community Project Areas	October 1956 to March 1962.	0.68
Provision of street lighting in Tatia Tope Nagar, Bhopal	1961-62	0.03

Recoveries in Arrears

17. In respect of the following loans and advances, the detailed accounts of which are maintained by the Accountant General, the amounts overdue at the end of 1961-62 are indicated below:—

	(Rs. lakhs)	
	Principal	Interest
(1) Loans to Municipalities and other Local Bodies	3.23	6.99
(2) State Electricity Board .. ..	..	145.95
(3) Loans to Housing Board	6.34	14.74

As regards some loans amounting to Rs. 14.39 crores the detailed accounts of which are maintained by departmental officers, the amount of recoveries in arrears as furnished by the departments are given below:—

Loan	(Rs. lakhs)	
	Principal	Interest
(1) Loans to Agricultural Associations and Co-operative Regional Marketing Societies for construction of godowns	0.22	0.18
(2) Loans to Co-operative Societies for construction of rural godowns	0.09	0.08
(3) Loans to large-sized Primary Credit Societies	0.29	0.17
(4) Loans to Muslim Wakf Board	0.27	0.06
(5) Loans for the purchase of oil-seeds through Co-operative Societies for oil ghanis.	0.06	..
(6) Loans to Biaora Housing Co-operative Society	0.03	..
(7) Advances to Cultivators	373.63	Not available
(8) Loans under State aid to Industries Act.. ..	16.81	2.51
Total ..	391.40	3.00

*Information relates to 25 districts only.

†Information relates to 26 districts only.

(Out of a total of 43 districts).

A test check of the detailed records maintained by Assistant Director of Industries, Bhopal disclosed that no proper watch was kept over the manner of utilisation of the loans under State Aid to Industries Act and adequate steps for recovery of loans were not being taken. In 17 cases of loans amounting to Rs. 17,400 disbursed during March 1956 to September 1959, even the first instalment was not recovered till March 1962.

Acceptance of Balances

18. In a large number of cases, the officers administering the loans and advances have not yet accepted the balance outstanding recovery in their jurisdiction as communicated to them by Audit.

The following are some of the illustrative cases in which the verification and acceptance of balances involving large amounts have been delayed for several years.

Head of Account	Number of acceptances awaited	Year from which acceptances are awaited	Amount (Rs. crores)
Advances to Cultivators	49	1956-57	13.18
Loans under State Aid to Industries Act	1	1956-57	0.70
Loans for financing Community Development Projects | .. .. .	43	1956-57	2.08
Loans for National Extension Service Schemes | .. .. .	43	1956-57	0.61
Loans under Low Income Group Housing Scheme	1	1957-58	2.23
Loans to Industrial Housing Board	1	1957-58	0.51
Loans for rural electrification in Community Project areas	1	1958-59	0.68

The State Government are considering provision of additional staff for the purpose of bringing the accounts of advances to cultivators up-to-date.

GRANTS-IN-AID

19. A total amount of Rs. 7.77 crores was paid during 1961-62 as grants-in-aid to Local Bodies (Rs. 3.83 crores) and private institutions/ individuals (Rs. 3.94 crores). Sanction of excessive grants, irregular payment, delay in utilisation and non-refund of unutilised amount by the grantees were noticed in a number of cases. Utilisation certificates were not furnished by Departmental Officers in as many as 8,403 cases involving an amount of Rs. 1.06 crores as on 31st October 1962. Similarly, certificates in respect of the previous years from 1957-58 to 1960-61 in 10,514 cases involving a total amount of Rs. 2.18 crores have not been furnished.

CHAPTER II

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

APPROPRIATION AUDIT

Summary

20. (i) The table given below compares the total of the expenditure met from the Consolidated Fund of Madhya Pradesh in the year ended 31st March 1962 with the total amount of final (Original *plus* Supplementary) grants/appropriations therefor. As in the schedules to the relevant Appropriation Acts, the figures are for gross expenditure, and exclude all credits and recoveries which are otherwise taken as reduction of expenditure:—

				(Rs. crores)		
				Voted grants	Charged appropriations	Total
Original grants/Appropriations	..	..	..	1,41.80	34.26	1,76.06
Supplementary (September 1961 and March 1962)	..	..	..	11.42	0.73	12.15
			Total	1,53.22	34.99	1,88.21
Actual Expenditure	..	..	..	1,29.61	22.51	1,52.12
Savings	..	..	..	23.61	12.48	36.09

The overall saving of Rs. 36.09 crores was made up of savings in 62 grants/appropriations aggregating Rs. 38.95 crores and excesses in 15 grants/appropriations aggregating Rs. 2.86 crores.

The overall saving of Rs. 36.09 crores was equal to 19.2 per cent of the total amount of final grants/appropriations.

(ii) As the following figures show, the overall savings have been increasing since 1959-60:—

				Overall savings	Percent- age of total supple- mentary provision	Percent- age of total final grant/ appropria- tion
				(Rs. crores)	%	%
1959-60	..	..	..	1.95	6.9	1.4
1960-61	..	..	..	13.79	153.1	8.8
1961-62	..	..	..	36.09	297.1	19.2

These figures are indicative of an increasing tendency towards overestimation of the requirements.

Supplementary grants/appropriations

21. Excluding cases of token provisions, supplementary provision was obtained in 57 grants/appropriations and amounted to Rs. 12.15 crores.

As the analysis given in Appendix 2 (pages 96-98) shows—

- (i) (a) The supplementary provision of Rs. 2,91.20 lakhs in 16 grants/ appropriation proved entirely unnecessary as the expenditure did not even come up to the original grant.
- (b) The supplementary provision of Rs. 3,40.53 lakhs in 10 other grants/appropriation was found to be excessive; in each of these grants/appropriation, only less than 2/3rd of the supplementary provision was utilised, savings being equal to more than 1/3rd.
- (ii) (a) In the case of 1 charged appropriation—Education—in which an expenditure Rs. 0.03 lakh was incurred, no supplementary provision was obtained though there was no original appropriation.
- (b) In the case of 1 grant (Stationery and Printing) and 1 charged appropriation (Payment of compensation to land holders, etc.) no supplementary provision was obtained though the expenditure exceeded the original grant/appropriation by Rs. 23.50 lakhs.
- (c) Further, the supplementary grant of Rs. 48.69 lakhs obtained in 5 other grants was exceeded by Rs. 2,01.62 lakhs; the excess, over and above the supplementary grant, was more than the amount of supplementary grant in 3 cases and more than 1/3rd of the supplementary grant in 2 cases.

In a number of cases mentioned in (i)(a) above, the supplementary provision was obtained in March 1962; in some of these cases, some examples of which are given below, large amounts were surrendered to Government on account of anticipated savings in the same month. This shows that the departments concerned did not have a clear idea of their requirements even in March:—

S. No.	Grant	Original grant	Supplementary provision (amount and month in which obtained)		(Rs. lakhs)	
					Actual expenditure in March 1962	Amount surrendered in March 1962
1.	22—Agriculture	2,58.33	September 1961	1.85	2,29.62	22.39
			March 1962 ..	6.48		
2.	28—Community Development Projects, National Extension Service and Local Development Works.	5,47.08	September 1961	8.00	5,23.57	67.98
			March 1962 ..	37.61		
3.	41—Capital Outlay on Improvement of Public Health.	63.66	September 1961	2.14	54.61	39.55
			March 1962 ..	27.72		
4.	45—Capital Account of Civil Works.	9,56.27	September 1961	7.58	6,64.87	2,94.38
			March 1962 ..	53.85		

*Excludes 3 cases in which the amounts involved are comparatively small.

@Excludes 2 cases in which the amounts involved are comparatively small.

In the case of 2—Forest and Miscellaneous out of 16 grants/appropriation referred to in (i)(a) above, the supplementary provision proved entirely unnecessary in each of the 3 preceding years also.

Savings in grants/appropriations

22. (i) The total savings of Rs. 38.95 crores in 62 grants/appropriations were equal to 28.5 per cent of the total amount of the affected grants/appropriations. Full particulars of some of these cases are given in Appendix 3 (pages 99-101).

(ii) In 32 grants/appropriations the savings exceeded 10 per cent of the final amount granted/appropriated, and in 18 of these the savings ranged between 21 and 100 per cent. In the case of some of these grants/appropriations, savings have occurred year after year; a saving of over 10 per cent occurred in all the three preceding years also in 8 grants—"Scientific Departments", "Co-operation", "Industries", "Miscellaneous", "Capital Outlay on Improvement of Public Health", "Capital Account of Civil Works", "Commutated Value of Pensions", and "Loans and Advances".

(iii) The savings in the 62 grants/appropriations may be analysed, as follows, by the services and purposes for which the amounts were granted/appropriated:—

	No. of grants/appropriations	Final grant/provision (Rs. crores)	Savings (Rs. crores)	%
Collection of taxes, etc., and Administrative services.	18	7.13	0.73	10.2
Social and Developmental services	16	22.36	2.94	13.1
Works	6	23.57	6.71	28.5
Forest	1	3.97	0.16	4.0
Debt services	2	7.25	2.12	29.2
State trading	2	17.54	10.35	59.0
Loans and Advances	1	18.09	3.55	19.6
Public Debt	1	27.00	10.28	38.1
Other services	15	9.75	2.11	21.6

The main reasons for the larger savings, where available, are briefly given below:—

On the savings of Rs. 10.35 crores under "State Trading", an amount of Rs. 9.25 crores accrued as a result of the purchase of only nominal quantities of food grains as a measure of price support in view of the rise in prices.

The savings of Rs. 10.28 crores in the Public Debt was mainly in regard to the amounts repaid in respect of ways and means advances and was due to (i) less ways and means advances taken during the year than anticipated (Rs. 9.43 crores) and (ii) delay in repayment of certain ways and means advances (Rs. 0.80 crore) owing to the weak cash balance position in the last week of March

Excludes 10 cases where the amount of provision was comparatively small.

1962. A saving of Rs. 1.84 crores in Debt Services resulted from non-payment of overdue interest charges on loans taken from the Central Government for financing the Chambal Multipurpose Project. The Government of India who had been approached in the matter declined to give a further loan to meet this expenditure; the State Government did not find it possible to make this payment from its own resources. The non-payment of these charges also resulted in the non-utilisation of the provision made for the capitalisation of interest charges by including them in works expenditure.

A saving of Rs. 1.50 crores in other services was due to non-implementation of the recommendations of the Local Government Committee due to delay in the enactment of legislation for the establishment of Panchayat Raj.

As in previous years, the bulk of the other savings, particularly those in Social and Developmental services and Works, occurred largely as a result of delay at different stages (administrative approval of the work, sanction of the scheme, appointment of staff, procurement of equipment and material) in planning and execution of works and Development Schemes. Some examples are given in paragraph 24.

Excess over grants/appropriations

23. The total excess of Rs. 2.86 crores in 15 grants/appropriations, during 1961-62, was equal to 5.6 % of the total amount of grants/appropriations therefor as shown below :—

	No. of grants/ appropriations	Excess (Rs. Crores)	Percentage of total provision
Voted Grants	10	2.86	5.6
Charged Appropriations	5	(Excess amounted to Rs. 13,204)	..
	<u>15</u>	<u>2.86</u>	<u>5.6</u>

The excesses, details of which are given in Appendix 4 (pages 102-105), require regularisation under Article 205 of the Constitution. Reasons for the excesses have been indicated, in brief, below each grant/appropriation, where necessary and available.

The following features in respect of the 10 voted grants in which excess occurred are worth notice :

(i) The excess in 6—"Education", "Public Health", "Civil Works", "Stationery and Printing", "Police" and "Irrigation Works"—was more than Rs.10 lakhs each.

(ii) In 4 out of the 6 grants mentioned above, the whole or part of the excess was due to total final provision obtained being less than the amount of revised estimate of expenditure.

The details are shown below :—

Particulars of grant	(Rs. crores)		
	Revised estimates	Total grant	Total expenditure
10—Irrigation Works	2.64	2.60	2.78
19—Education	18.43	17.10	18.20
21—Public Health	7.21	6.37	7.15
27—Miscellaneous Departments .. .. .	..	2.89	2.90
29—Civil Works .. .. .	..	10.15	10.39
34—Stationery and Printing	1.03	0.99	1.23

(iii) Explanations for variations in 1961-62 as also earlier years have not been furnished in the case of any or majority of the affected group heads under Irrigation, Civil Works and Education.

(iv) Excesses occurred for the fourth time during the four years ending 1961-62 under "Irrigation Works" and "Police", for the third time under "Jails", "Education" and "Civil Works" and for the second time under "Commissioners and District Administration", "Public Health" and "Stationery and Printing."

The Public Accounts Committee observed in para 16 of their Fifth Report (1962) "The apparently deep-rooted conviction that excesses will be regularised as a matter of course is perhaps responsible for departments concerned being less vigilant about them."

Savings/excesses in individual group-heads

24. Within each grant/appropriation there were savings in some group-heads and excesses in others. Particulars of large savings/excesses in individual group heads (other than those which have been specifically mentioned elsewhere) together with reasons therefor, where available, are given below.

It is noteworthy that most of large savings occurred in Plan Schemes and the large excesses in Non-Plan items of expenditure:—

(Rs. lakhs)

S. No.	Grant No.	Scheme	Total Grant	Actual expenditure	Saving	Reference to page in the Appropriation Accounts
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I—SAVINGS IN 'NON-PLAN' EXPENDITURE

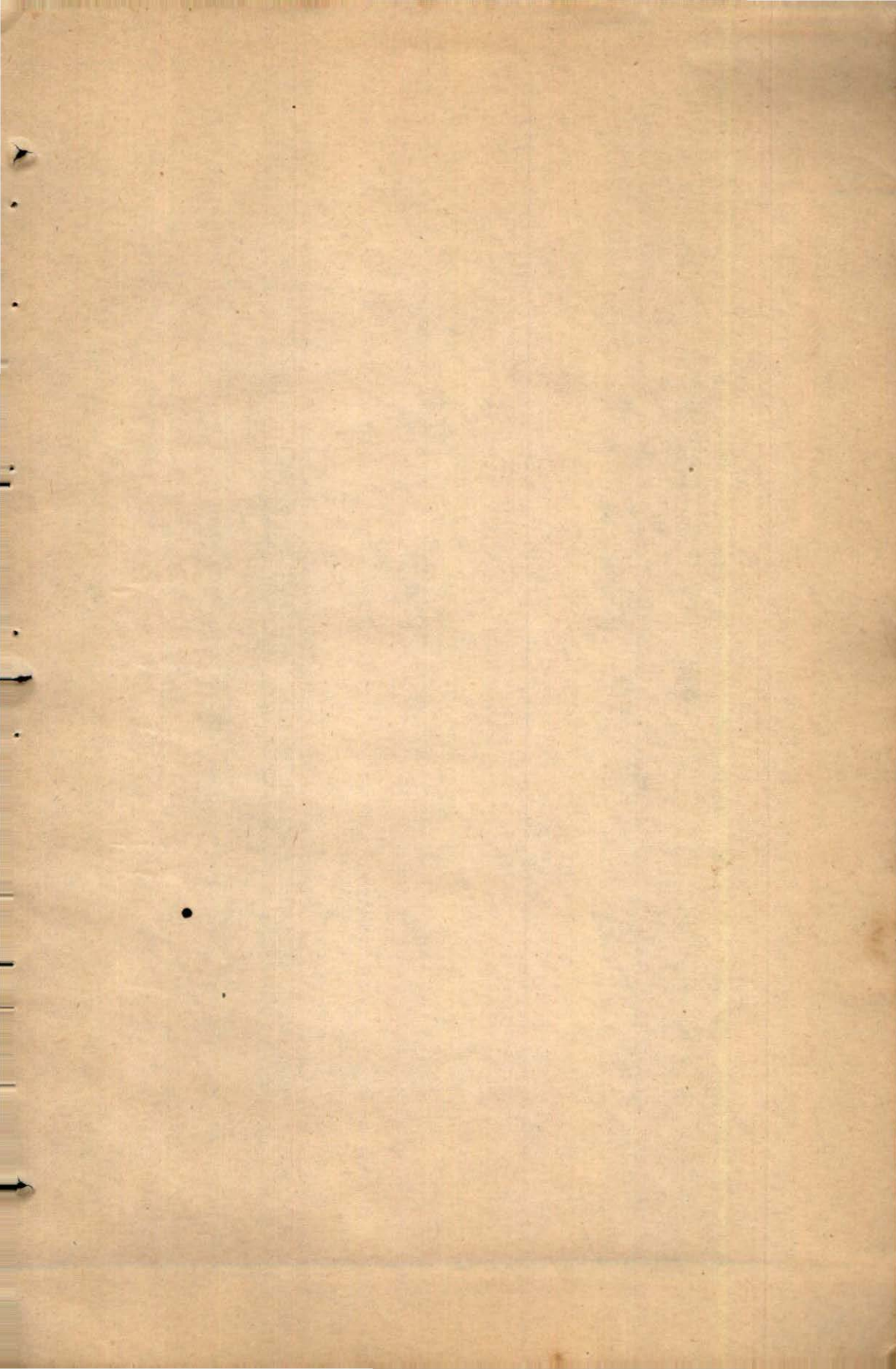
Social and Developmental Services

1	27—Miscellaneous Departments.	F.6.6— Technical Training Institute.	4.35	0.01	4.34	73
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Sanction for the Scheme was not accorded till 7th March 1962.

2	23—Community Development.	C.1—Water Supply	49.50	16.59	50.23	80
		C.4—Roads and Buildings including small bridges and culverts.	40.00	22.63		

Mainly due to non-utilisation of provision for grants-in-aid stated to be owing to reduced allocation made by Government of India.



(Rs. lakhs)

S. No.	Grant No.	Scheme	Total Grant	Actual expenditure	Saving	Reference to page in the Appropriation Accounts
<i>Works</i>						
3.	29—Civil Works	A.17—Works—Miscellaneous Departments.	33.80	25.56	8.24	85
Delay in (i) administrative approval for two works (Rs. 5.57 lakhs), and (ii) in selection of site and acquisition of land, etc. (Rs. 2.67 lakhs).						
4.	29—Civil Works	B.Original Works—Communications.	40.66	..	40.66	85
Non-finalisation of designs for some bridges and non-completion of essential preliminaries (Rs.14.76 lakhs) and transfer of provision made erroneously under 'Non-plan' to 'Plan'.						
<i>Other Services</i>						
5.	43—Capital Outlay on Industrial Development.	A.1—Investment in share capital of village Service Co-operative Societies.	25.00	12.75	12.75	113
Reserve Bank of India declined to give loan to Government for investment in share capital of 452 (out of 952 cases recommended) Agricultural Co-operative Societies owing to discrepancies, which had escaped departmental scrutiny, in the statements furnished by the Societies.						
II—SAVINGS IN 'PLAN' EXPENDITURE						
<i>Social and Developmental Services</i>						
6.	19—Education	C.1(7)—Universal, Free and compulsory primary Education.	51.75	15.24	36.51	44
Belated implementation of the Scheme.						
7.	19—Education	E.7—Works	65.36	37.70	27.66	44
Non-utilisation of funds by certain Collectors for construction of primary school buildings and lady teachers quarters, overestimate of eligible claimants for building and equipment grants.						
8.	20—Medical	B.42—Strengthening and improvement of District Headquarters Hospitals.	19.11	9.57	9.54	47
Mainly delay in procurement of X-Ray equipment for Raipur (Rs.3.00 lakhs), ambulances (Rs.2.66 lakhs) and vacant posts (Rs. 1.31 lakhs).						
9.	21—Public Health	F.1—Original Works Rural Water Supply Scheme.	29.85	8.37	21.48	51
Mainly due to delay in (i) administrative approval for the Scheme, finalisation of the villages to be covered by the Scheme and securing matching contribution from the villages (Rs.12.52 lakhs) and (ii) indenting for Air Compressors (Rs. 6.00 lakhs).						
10.	22—Agriculture	*N—Grants-in-aid Contributions, etc.	37.60	19.24	18.36	58
Overestimate of likely demand for construction of new wells and repairs to old wells (Rs.4.15 lakhs) and fertilisers (Rs.2.29 lakhs), and delay in procurement of improved seeds (Rs. 8.91 lakhs).						
11.	25—Industries and Supplies.	B.2—(1)(1) etc.—Small Scales Industries (24-Schemes).	24.17	9.67	14.50	67
Of the 24 Schemes, 7 schemes were not started at all, and expenditure on 10 schemes was below 40% of the provision in each case due to vacant posts and delay in procurement of material.						

*The expenditure under this group-head fell short of total grant in the preceding years also by Rs.10.57 lakhs in 1959-60 and Rs. 13.41 lakhs in 1960-61.

(Rs. lakhs)

S. No.	Grant No.	Scheme	Total Grant	Actual expenditure	Saving	Reference to page in the Appropriation Accounts
12.	26—Labour and Employment.	A.6(2)(b)—Expansion of existing Industrial Training Institute.	15.00	6.54	8.46	69
The scheme of expansion had not been sanctioned by Government even till the close of the year.						
13.	28—Community Development.	A.2—Project/Block Headquarters.	1,16.80	94.16	22.64	80
Vacant posts (Rs.37.14 lakhs), slow progress of works due to dearth of technical staff (Rs.6.63 lakhs), offset by excess under contingencies (Rs. 13.20 lakhs, etc.).						
<i>Loans and Advances</i>						
14.	50—Loans and Advances.	A.4(4)—Advances to Cultivators.	4,63.01	2,11.37	2,51.64	133
Mainly (i) delay in procurement and distribution of improved seeds (Rs.92.65 lakhs) and fertilisers (Rs.35.33 lakhs) to cultivators, (ii) fact that electricity was not available in certain places being over-looked in making provision for loans for electric pumping sets (Rs.11.52 lakhs), (iii) delay in adjustment of loans granted.						
15.	50—Loans and Advances.	A.8(1) Loans to M.P. Electricity Board.	9,59.00	9,13.23	55.77	133
Grant of less loan to the Board based on revised allocation of plan expenditure.						
<i>Works</i>						
16.	11—Public Works Establishment and Tools and Plant.	B—Tools and Plant (Buildings and Roads).	18.70	5.26	13.44	24
The bulk of the savings (Rs.8.72 lakhs) was due to delay in procurement of Tools and Plants for buildings and roads schemes.						
17.	44—Capital Outlay on Multipurpose River Schemes.	B—1.Works (Chambal Project).	2,39.51	1,81.47	58.04	114
Mainly delay in finalisation of designs of works; slow progress of works by two large contractors, frequent breakdown of machinery and non-availability of spares were additional causes.						
18.	44—Capital Outlay on Multipurpose River Schemes.	II—Tawa Project	1,15.00	42.30	72.70	115
Delay in procurement of machinery and tools and plant from Suppliers/Chambal Project (Rs.57.14 lakhs) and vacant posts (Rs.11.00 lakhs).						
19.	45—Capital Account of Civil Works.	A.2—General Administration Department—Buildings.	1,85.20	1,23.68	61.52	119
Delay in (i) finalisation of tender and (ii) in procurement of cement and sewage and water supply materials for the Bhopal Capital Project counterbalanced by excess for which reasons have not been furnished by the Department.						
20.	45—Capital Account of Civil Works.	A—Original Works—Buildings—A. 6 Education.	2,29.56	1,06.17	1,23.39	120
Mainly delay in administrative approval for the works.						

(Rs. lakhs)

S. No.	Grant No.	Scheme	Total Grant	Actual expenditure	Saving	Reference to page in the Appropriation Accounts
21.	45—Capital Account on Civil Works.	B—Original Works—Communications.	1,85.73	1,57.90	27.83	120
	Bulk (Rs.18.07 lakhs) was due to delay in administrative approval for some works.					
	<i>State Trading</i>					
22.	49—Schemes of Govt. Trading.	*C.1—Seeds purchased through Agriculture Department.	1,23.51	67.57	55.94	127
	Delay in procurement of requisite quantity of improved seeds (through Agriculture Department, only 5.62 lakhs maunds were procured against 9.90 lakhs maunds required.					
	<i>Other Services</i>					
23.	5—Forest	C—10—Forest Protection.	7.89	0.52	7.37	14
	Delay in Government sanction for the Scheme (Rs. 6.37 lakhs) and in appointment of staff after sanction of the Scheme (Rs.0.50 lakh).					
24.	41—Capital Outlay on Improvement of Public Health.	D—Grants-in-aid, Contributions, etc.	41.95	12.89	29.06	108
	Incorrect provision (Rs.6.08 lakhs), shortfall in expenditure on works, and consequent reduction in subsidy for Subsidised Industrial Housing Scheme (Rs.10.00 lakhs), delay in obtaining municipal share and consequent delay in release of grants-in-aid to them, for Water Supply Schemes (Rs.7.38 lakhs).					

S. No.	Grant No.	Scheme	Total Grant	Actual Expenditure	Excess	Reference to page in the Appropriation Accounts
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III—EXCESSES UNDER 'NON-PLAN' EXPENDITURE

<i>Administrative Services</i>						
1.	17—Police	B.1(ii)—District Police.	5,85.77	6,13.13	27.36	36
	Provision for additional expenditure resulting from revision of scales of pay proved inadequate.					
<i>Social and Developmental Services</i>						
2.	19—Education	C.1(i)—Government Ordinary Primary Schools.	2,95.04	3,79.38	84.34	42
3.	19—Education	B.1(3)—Boys and Girls High and Indian English Middle Schools.	2,02.67	2,30.81	28.14	41
4.	21—Public Health	F.5—Suspense	20.00	1,25.31	1,05.31	49
<i>Works</i>						
5.	11—Public Works Establishment and Tools and Plant.	B—Tools and Plants (Buildings and Roads).	25.00	33.46	8.46	24
6.	29—Civil Works	F—Suspense	4,92.99	5,22.65	29.66	84
7.	29—Civil Works	D—Repairs	3,67.87	3,93.09	25.22	83
<i>Other Services</i>						
8.	35—Miscellaneous	H.I—Social Welfare	46.95	54.38	7.43	97
	Provision for additional cost resulting from revision of scales of pay proved inadequate.					

* There were large savings of Rs.50.23 lakhs and Rs.23.66 lakhs under this scheme in the preceding two years also due to the same reason.

CONTROL OVER EXPENDITURE

25. The object of control over expenditure is to secure as close an approximation as possible between the actual expenditure and the final grant/appropriation under each sub-head of grant/appropriation; this is done⁷

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

Cases where the total expenditure against a grant or appropriation as a whole has exceeded the sanctioned amounts and require regularisation by Legislature have been brought out in paragraph 23 above.

Cases where the additional funds provided in the course of the year by supplementary grants or appropriations proved unnecessary have been indicated in paragraph 21.

Savings occurring within a grant/appropriation are required to be surrendered as soon as the possibility of such savings is envisaged without waiting till the end of the year. Out of the total savings in grants and appropriations amounting to Rs. 38.95 crores, a sum of Rs. 33.42 crores was surrendered by the Controlling Officers concerned. Surrenders were, however, mostly made at the close of the year. The amount surrendered in March 1962 amounted to Rs. 28.61 crores, *i. e.*, 85.6 per cent of the total amount surrendered during the year. This would show that the departments concerned did not have a correct appreciation of the trends of expenditure right up to the end of the financial year.

In the case of Public Health, Miscellaneous Departments, and Civil Works, the amounts surrendered by the Controlling Officers were not actually available for surrender, there being excess under the grant. In the case of Public Health, the surrender was made in spite of audit having drawn the attention of the Controlling officer in October 1961, and January 1962 to the likely excess in the grant.

On the other hand, even after taking into account surrenders made during the year, there remained unsurrendered savings to the extent of more than 10 per cent, amounting to Rs. 3,26.27 lakhs in the case of 9 Grants/Appropriations mentioned in Appendix 5 (page 106). Of these 9 grants and appropriations, the expenditure fell short by more than 10% of the final modified provision in the preceding year also in the case of 4 Grants/Appropriations (S. Nos. 3, 4, 7 and 8 in Appendix 5).

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

WITHDRAWAL OF FUNDS WITH A VIEW TO UTILISING THE BUDGETORY
ALLOTMENTS OF FUNDS

26. As in previous years, there were a number of cases in 1961-62 in which money was drawn from the treasury towards the close of the year in advance of the date on which it was required to be expended. Particulars of 10 such cases, which are illustrative, are given in Appendix 6 pages (107-108.) In some cases money was drawn even when it could have been definitely known that there was no likelihood of the amounts drawn being disbursed before the end of March 1962, e. g., when the sanction for the construction of buildings or orders for supply of material were issued only in the middle or end of March 1962 (S. Nos. 1 and 5), or the conditions attached to the disbursement of the grant/loan had not been satisfied (S. Nos. 2, 4 and 7). Again, in some cases, the whole or bulk of the amount drawn in March 1962 was refunded after some time (S. Nos. 6 and 10).

Drawal of money in advance of requirements is an irregularity which is against the financial rules and is in contravention of the annual Appropriation Act which authorises withdrawals from the Consolidated Fund of the State of amounts required for expenditure during the financial year to which the Act relates. It may also, in some cases, be attendant with the risk of loss to Government.

NON-EXPLANATION OF SAVINGS/EXCESSES

27. The information required for framing the explanations for variations in the case of 60 group-heads which formed 23 per cent of the number of group-heads in respect of which variations had to be explained in the Appropriation Accounts was not received from the Controlling Officers in time or was incomplete as shown below:—

Grants Nos.	Department	No. of group heads.	Percentage of total number of group heads for which explanations were called for.
10, 11, 39 and 40	.. Public Works (Irrigation)	13	5
11, 29 and 45 ..	.. Public Works (B. and R.)	8	3
19 .. ..	.. Education ..	22	8
	Others ..	17	7

In regard to 'Irrigation', explanations for variations have not been furnished at any time after the reorganisation of States (1956-57). In the case of 'Civil Works' explanations were not furnished at all for 1956-57 to 1960-61. In the case of 'Education' also explanations were not furnished at all for 1958-59 and in respect of majority of group-heads for 1956-57; 1957-58 and 1959-60 to 1960-61.

The failure has occurred in spite of the fact that the occurrence of such delays has been commented upon in successive Audit Reports and was also brought to the notice of the Government during the year. The result of such delays in the submission of material for the Appropriation Accounts is that the report furnished to the Legislature is incomplete in certain essential respects.

CHAPTER III

CIVIL DEPARTMENTS

MACHINE TRACTOR-CUM-FOLLOW-UP CULTIVATION SCHEME

28. The land reclamation and development programme in the State includes ploughing, bunding, etc., of cultivators' fields, at their cost, by the State Machine Tractor Organisation which is a part of the department of Agriculture.

During the period of five years ending with 1960-61 an expenditure of Rs. 1,24.17 lakhs was incurred in connection with ploughing and bunding over an area of 2.28 lakhs acres as against the target of 2.73 lakhs acres at a cost of Rs. 1,07.85 lakhs as originally envisaged.

Similarly for summer cultivation an expenditure of Rs. 17.34 lakhs was incurred, the area covered being 50,000 acres as against 70,000 acres expected to be covered at a cost of Rs. 9.00 lakhs.

The increased costs of operation in spite of the shortfall in the acreage covered has been generally explained as due to:

- (i) Low availability factor of machinery due to frequent break-downs and want of spare parts.
- (ii) Inadequate utilisation of the tractors, etc., in working order owing to non-availability of compact blocks, lack of proper supervisory and operating personnel, etc.

Out of 87 tractors in the Bhopal Tractor Station, 26 have been lying out of order for a number of years. Similarly 5 out of 28 tractors in the Gwalior Station have been out of commission for many years. The other tractors in these stations could not work up to the target of 1,000 hours per year (which was fixed after allowing for interruptions in work due to rains, etc.), as shown below:—

			Bhopal	Gwalior
1956-57	..	..	420	696
1957-58	..	..	400	860
1958-59	..	..	466	759
1959-60	..	..	546	960
1960-61	..	..	573	714

The Scheme which was approved by the Government in 1952 envisaged that it is to be run on 'no profit and no loss' basis and an amount equivalent to the amount of expenditure should be recovered from the owners of the land. The actual cost was found to be more than the rates of recovery which had been fixed by the integrating units before commencement of the Second Plan. The rates

have, however, not been revised in any case. As a result, the Department has not been able to run the scheme on a no profit no loss basis as originally intended; the loss on the scheme from 1st November 1956 to 30th June 1961 amounted to over Rs. 49 lakhs as shown below. Details are in Appendix 7 (page 109).

Region					Amount of loss (Rs. lakhs)
Mahakoshal .. .. .	..	..	..	..	26.67
Madhya Bharat .. .. .	..	..	..	..	20.59
Vindhya Pradesh .. .. .	..	..	..	..	1.79*
Bhopal .. .. .	..	..	..	..	<i>Pro-forma</i> Accounts not yet prepared by the department.
Total ..					49.05

The question of revision of rates has been under consideration of Government since November, 1957. In October 1962 Government stated that "the rates of recovery are usually fixed by Government after taking into account the cost of operations as well as the paying capacity of the cultivators *vis-a-vis* the benefits to be obtained by the cultivators from these operations. As the cost of operations is generally higher than the paying capacity of the average cultivator, Government are likely to sustain some loss in taking up these operations even if the existing rates are revised and uniform rates are fixed. The loss is thus inevitable". The fact that Government intend to give a subsidy to cultivators in this case has, however, not been brought to the notice of the Legislature.

Even at the concessional rates in force on 31st March 1962, an amount of Rs. 48.19 lakhs, pertaining to the period up to 30th June 1961, was pending recovery on the 31st July 1962, and of this, Rs. 11.12 lakhs related to the period 1948-49 to 1955-56.

DISTRIBUTION OF TOWN COMPOST

29. The Department of Agriculture have undertaken to distribute urban manure (town compost) to cultivators near 7 towns and they have 22 trucks for this purpose.

The trucks are required to be operated on a 'no profit no loss' basis as seen from the proposals submitted by the Agricultural Engineer to Government in February 1961 and on which basis Government sanctioned uniform rates of hire charges in August 1962. It was, however, observed in local audit that 4 centres, which had a total of 16 trucks incurred a loss as shown below:—

Centre	No. of trucks	Loss in operation (in Rs.)				Total Rs.
		1958-59	1959-60	1960-61	1961-62	
1. Gwalior ..	6	14,410	15,340	11,523	13,011	54,284
2. Indore ..	8	Not available.	23,777	19,380	32,486	75,643
3. Bilaspur ..	1	1,949	942	Truck idle.	Truck idle.	2,891
4. Raipur ..	1	7,945	2,972	4,141	7,172	22,230

*Figures up to 30th June 1960. Proforma accounts from 1st July 1960 to 30th June 1961 has not been compiled.

The Department have stated that ordinarily there is little demand for compost in January-March when the crops are standing and generally trucks cannot operate on *kachha* roads in July-November when there is demand. The trucks are used more or less fully only in November to January and again in April to June.

The charges levied varied from place to place up to the 7th August 1962 when Government fixed uniform rates of Rs. 1.50 and Rs. 2.00 per mile for 3 ton and 5 ton trucks respectively on the basis that a truck would cover 15,000 miles per year. Actually, the average truck mileage during 1961-62 was only 3,539* miles, the maximum mileage done by an individual truck being 7,206 miles.

EXCESS PRINTING OF MAGAZINES

30. The Department of Industries issue a monthly magazine known as *Udyog Patrika*. The Department of Social Welfare also issue a monthly magazine known as *Samaj Sewa*. The magazines are intended for sale at 0.19 nP. and 0.50 nP. respectively per copy.

The table below shows the particulars of receipts and expenditure on this account. The figures relate to 1958-59 to 1961-62:—

	Udyog Patrika (Industries)		Samaj Sewa (Social Welfare)	
	No. of copies	Value Rs.	No. of copies	Value Rs.
Printed	63,550	6,429	1,05,000	52,500
Sold	9,415	1,163	63,418	34,209
Remaining unsold	54,135	5,266	36,582	18,291
Distributed free	40,614	4,076	11,817	5,908
Balance on hand	13,521	1,190	24,765	12,383

The number of copies printed were thus much in excess of the circulation. The value of unsold stock amounted to Rs. 5,266 in the case of the former and Rs. 18,291 in the case of latter.

INFRACTUOUS EXPENDITURE ON PURCHASE OF EQUIPMENT

31. In the following 2 cases an expenditure of Rs. 2.46 lakhs on purchase of equipment is likely to become infructuous:

(i) *Pumping sets for Community Development Projects*

It was found in December 1954 that all the 45 Farida pumping sets, purchased through the Director General, Supplies and Disposals at a cost of Rs. 1.42 lakhs in March-April 1954, for Community Development Projects by the erstwhile State of Bhopal were not in working order. A complaint regarding the defects in these sets was, however, made to the Director General, Supplies and Disposals only in November 1961 and he pointed out that no action was possible thereon at that late stage. The firm which supplied these sets is also stated to have gone under liquidation.

*Based on the available data in respect of 4 centres referred to above.

The decision taken in December 1959 for disposing of these pumps by auction was implemented only in April 1962. Of the 44 sets put up for auction (the remaining one set was stated to be in working order) bids were received for only two sets, for a total of Rs. 3,100. Government stated in July 1962 that the bid for these two sets was not accepted in view of the low price offered and that action was under way for disposing of all the 44 pumping sets by inviting tenders. The trend of events suggests that the bulk of the expenditure of Rs. 1.42 lakhs is likely to become infructuous.

(ii) *Defective electronic equipment for Police Department*

The Government of India have laid down that, ordinarily, all wireless user departments should procure their requirements of electronic equipments from Bharat Electronics, Ltd., which is a Central Government Company. In May 1957, the State Government forwarded particulars of the requirement of their Radio Police Organisation, including 15 HF (battery operated) trans-receivers 25/40 watts sets, to the Director of Co-ordination, Police Wireless, Government of India, who was to co-ordinate the requirements of all the States and place orders on Bharat Electronics. On 14th December 1957, the Director of Co-ordination sent to the State Government technical specifications and other details of the type of equipments proposed to be purchased from Bharat Electronics and stated that only 12 HF (battery operated) trans-receiver sets could be obtained against 15 asked for. The State Government conveyed their agreement in December 1957, though the testing of a proto-type model by the State Police Radio Organisation had showed that it had certain technical drawbacks and was not likely to give satisfactory service. The agreement was on the understanding that the bulk of the supply would be made by March 1958. No supply was, however, received even in 1958-59.

Nine sets, received in April 1959, were accepted by the State Police on the basis of packing notes. Tests conducted in the following month, however, showed that each of the sets was defective. The suppliers gave an assurance in June 1959 that the defects would be removed. The sets have, however, not yet been put in working order. The 3 remaining sets were offered by the suppliers in December 1959, but were not accepted by the State Police, as they were also found to be defective. In February 1960, Bharat Electronics, Ltd. disowned responsibility for all the twelve defective sets on the ground that they had imported the sets and 'acted purely in the capacity of a selling agent'.

The State Government made advance payment of 90 per cent of the sale value of 12 sets to Bharat Electronics in March 1958. The suppliers have a justed full cost (Rs. 0.78 lakh) of 9 sets already supplied against the advance payment. They have also retained the balance amount of Rs. 0.26 lakh towards a part payment of the remaining 3 sets which are still with them.

OTHER CASES OF INFRUCTUOUS EXPENDITURE

32. (i) *Expenditure on drivers, etc., of vehicles not in use*

It was observed in local audit that in 8 cases in the Education, Medical, Forest and Agriculture departments the infructuous expenditure on staff meant

for operation and maintenance of the departmental vehicles incurred over long periods during which the vehicles remained out of use amounted to Rs. 41,557. Particulars of 2 typical cases are given below.

Details of the other cases are given in Appendix 8 (pages 110-111)

(a) *Rewa Medical District*

A mobile dispensary van was used only once in the period of about 3½ years from March 1956 to August 1959, as no doctor had been posted for the mobile dispensary. The District Medical Officer approached the Director of Health Services for posting of a Doctor only in August 1957, *i.e.*, after a lapse of about 1½ years, and the Doctor joined only in September 1959 by which time another 2 years had gone by. The van was not utilised again for a period of about 10 months in February to November 1960 (except on 9 occasions) as the tyres were very old. During these periods covering about 4½ years, the expenditure on the compounder, the driver and the cleaner of the mobile dispensary van amounted to Rs. 12,315. The van is stated to be in use from December 1960.

(b) *Rewa Education Division*

A Land Rover of the Divisional Superintendent of Education, Rewa, was transferred to the Land Records Department in May 1956, but the driver of the vehicle has continued to be retained on the establishment of the former upto now (August 1962) even after the matter was reported to Government after local audit in March 1962. The Divisional Superintendent explained that up to about mid 1960, the driver was utilised for vehicles allotted to his division for social education work; it was, however, seen that separate staff had been provided for those vehicles. The expenditure as a result of the retention of the driver amounted to Rs. 7,822 (up to August 1962).

(ii) *Construction of Ranipura Tank*

The construction of the Ranipura Tank in Khargone District was completed in 1957-58 at a cost of Rs. 42,900, of which an amount of Rs. 19,500 was contributed as grant-in-aid by the Community Development Department, the balance representing the people's contribution.

The tank, which was designed to irrigate an area of 125 acres, was constructed under the technical guidance and supervision of an Assistant Engineer of the Public Works (Irrigation) Department. It has, however, been a total failure from the very beginning. Subsequent investigation by the Irrigation Department has shown that site of the tank was not suitable; "it was located at the foot of the hills, with a thoroughly pervious bed both in the basin and in the seat of the dam with very nominal catchment and without any proper basin".

Government stated in January 1963 that "if people are to be trained to be 'builders of future' the works have to be entrusted even at certain risks to the people themselves through their representative agencies. Where, therefore, the works are executed by people on grant-in-aid basis, expenditure in a few cases is bound to be infructuous". Government have not offered any comments on the responsibility of the Irrigation Department for the selection of an unsuitable site.

NON-UTILISATION OF EQUIPMENT, ETC.

33. (i) *Junior Technical School, Khandwa*

Electrical equipment costing Rs. 1.04 lakhs was purchased in this institution from October 1956 onwards without requisitioning the requisite type of electric power for running the equipment. Consequently, it could not be brought into use up to May 1962 when local audit was conducted.

(ii) *T. B. Hospital, Bhopal*

An additional ward designed to accommodate 41 indoor patients was completed in February 1961 at a cost of Rs. 0.69 lakh (Building Rs. 0.50 lakh and equipment Rs. 0.19 lakh). The ward had, however, not been brought into use up to date of local audit in October 1962 due to want of nursing staff; the hospital had only 18 nurses against 40 required (including 4 for the additional ward).

EXCESS PAYMENTS

34. In the following 2 cases the payments made exceeded the contracted amount by Rs. 1.11 lakhs in all. Government dues amounting to Rs. 0.17 lakh were also not recovered. An amount of Rs. 0.20 lakh only is susceptible of recovery in the usual course.

(i) *Purchase of food grains*

The annual contract for supply of food grains to the Central Jail, Indore, which has been held by the same contractor since 1958-59 contains the following provisions:

Clause 13.—The cost of all materials supplied during a month will be payable at the rates prevalent on the last day of the month at the Agricultural Production Centre, Sanyogitaganj or Malharganj after deducting the commission.

Clause 14.—Supplier agrees to abide by the existing rules in force issued by the Agriculture Production Centre. It will be the responsibility of the supplier to obtain and furnish to Jail authorities through a letter, the "Mandi" Committee rates.

Clause 15.—The Department will have the right to verify the correctness of the rates furnished by "Mandi" Committee and the decision of the Department will be final.

It was noticed during local audit in April 1962, that payment for all supplies had been made on the basis of the rates intimated by "Mandi" Committee in letters brought by the Contractor, although these were much higher than the "Mandi rates appearing in Government gazettes and local Hindi dailies; the Superintendent of Jails took no steps to verify the rates independently. The excess payment made for wheat and *juar*, on the basis of rates supplied by the "Mandi" Committee instead of on the basis of those appearing in the Government Gazette, in 1960-61 and 1961-62 alone amounted to about Rs. 40,000.

(ii) *Compensation for Jagirs*

It was observed during the audit of payments of compensation to Jagirdars under the Madhya Bharat Abolition of Jagirs Act (Samvat 2008) that in 63 cases overpayments totalling Rs. 71,816 had been made and that in 9 of these cases

Government dues amounting to Rs. 16,534 had not been recovered. Out of this, only a sum of Rs. 20,257 is susceptible of recovery from the final instalment of compensation due to be paid in December 1962 to March 1963 leaving a sum of Rs. 68,093 to be recovered through other means, if possible.

The overpayments have occurred largely due to (i) the non-adjustment of excess payments made in interim and 'ad hoc' instalments sanctioned under Sections 16 and 8 of the Madhya Bharat Abolition of Jagirs Act, (ii) the non-recovery of advances made to Devasthani Jagirs in March 1956, (iii) double payment (iv) failure to order recovery of overpayments made in the first two instalments when sanctions were later issued for the third and fourth instalments (and balance of the first two instalments), and (v) the non-recovery of difference in sanctioned amounts where revised sanctions for lower amounts had been issued.

MISAPPROPRIATION OF GOVERNMENT MONEY

35. In the two cases mentioned below sums amounting to Rs. 54,954 were misappropriated by Government servants :

(i) Tahsil office

Local audit of the accounts of a Tahsil in Chhattarpur District conducted in November 1961 brought to notice a defalcation of Rs. 14,003 during October, 1953 to August 1959. The *modus operandi* of the defalcation was falsification of totals, interpolation of entries, incorrect carrying forward of amounts and incorrect entries of expenditure in the Cash Book. The defalcation was apparently rendered possible by the failure of the supervisory officials to exercise the prescribed checks.

The case was reported to Government in March 1962 for further departmental investigation. Audit was informed in June 1962 that a criminal suit against the Nazir who had since been dismissed from service would be filed shortly and that charges were being framed against the supervisory officials. The departmental investigation was, however, not completed nor were proceedings in Court initiated up to December 1962.

(ii) High Court Bench

A misappropriation of Rs. 9,000 in the office of the Deputy Registrar of a Bench of the High Court, in July 1961 came to notice during local audit in February 1962. The case was reported to the Registrar, High Court, and Government. It has since been reported after further investigation that additional amounts totalling Rs. 31,951 had been misappropriated during the period from May 1956 to February 1962.

Two senior subordinates of the office have been arrested by the Police and the case regarding part of the amount misappropriated has been committed to the Court of Sessions.

OTHER CASES OF WRITES OFF OF LOSSES

36. In 292 cases losses amounting to Rs. 3.50 lakhs were written off by competent authorities during the year under report; in 60 cases the loss exceeded

Rs. 1,000. Brief particulars of some of these cases are given in Appendix 9 (pages 112—113).

DELAY IN THE SUBMISSION OF COMPLETE ACCOUNTS BY TREASURIES

37. Delay in the submission of accounts by Treasuries to Audit, which has been commented upon in successive Audit Reports, continues to persist; in 1961-62, on an average, the accounts of 85% of the Treasuries were received after the due date by 1 to 15 days in the case of 73%, 16 to 30 days in the case of 8% and over 30 to 117 days in the case of 4%. The transactions of 12% of the treasuries whose accounts were received more than 15 days late could not generally be included in the accounts of the respective months. This resulted in 10% to 27% of the average monthly transactions of Rs. 32.50 crores at all the treasuries, being included in the accounts of a subsequent month instead of the accounts of the month to which they pertained. The accounts of a month did not, therefore, reflect the true state of affairs.

The accounts of Jabalpur, Bilaspur, Sidhi and Balaghat treasuries for 11, 6, 5 and 5 months respectively in 1961-62 had to be included in subsequent month's accounts.

In para 3 of the Fifth Report (1962) the Public Accounts Committee observed as follows in this connection:

".....Numerous instructions issued by the Government appear to have gone uncared for. The Committee feel that all this is due to the fact that no action is taken against defaulting officers and that, unless the Government proceed firmly even in one case setting it as an example to others, the situation is not likely to improve. The Committee, therefore, recommend that control over treasuries..... should be tightened up and strict action taken against the officials whose negligence renders such delays possible so that timely submission in complete form of the necessary accounts to Audit may be ensured".

A proposal, made to Government in October 1961 for the creation of a Directorate of Accounts and Treasuries as in some other States, to improve the working of the treasuries, is stated to be under consideration of Government.

CHAPTER IV

WORKS EXPENDITURE

NON-OBSERVANCE OF BASIC RULES APPLICABLE TO WORKS EXPENDITURE

38. Immature Schemes

The normal rule in the Engineering Department is that no new scheme of expenditure may be included in the budget unless it is complete and finally approved. Nevertheless, the budget estimates for 1961-62, included a provision of Rs. 13.82 lakhs for 30 schemes (24 Buildings and Roads and 6 Irrigation) which could not be taken up as the schemes had not been fully worked out or sanctioned by competent authority.

The position regarding progress of these works at the end of September 1962 is shown below (where a work falls under more than one category, it has been shown under both):—

	Number of works	
	Buildings and Roads	Irrigation
(i) Administrative approval not obtained	4	5
(ii) Alignment not finalised for roads/site not selected for bridges, etc.	3	2
(iii) Designs not approved for bridges, etc.	3	6
(iv) Detailed estimates not sanctioned	12	6
(v) Tenders not accepted	5	6

It will be seen that in the case of some of these even the essential preliminaries had not been completed 6 months after the end of the year. Some of these works had been included in the budget of the previous year (s) also, but no expenditure was incurred thereon. The details are given below:—

Included in budget for year	Number of works		
	Buildings and Roads	Irrigation	Total
1960-61	6	4	10
1959-60	5	1	9
1958-59	3	2	5

Detailed/Revised estimates

Under the rules no new work may be commenced or any liability incurred thereon till

- (i) a fully detailed estimate has been sanctioned, and
- (ii) funds have been allotted.

The rules also lay down that a revised estimate must be submitted when the sanctioned estimate is likely to be exceeded by more than 5%.

As the table below shows, the Engineering Departments had spent Rs. 47.22 crores up to 31st March 1962 on 20,537 works without sanction of detailed estimates or in excess of sanctioned estimates:—

Expenditure incurred	No. of works	Progressive expenditure / excess up to 31st March 1962	
		(Rs. crores)	
(a) Without sanction of detailed estimate	14,722	35.95	
(b) In excess of sanctioned detailed estimate	5,815	11.27	
Total	20,537	47.22	

These include 176 works costing more than Rs. 5 lakhs each on which a total expenditure of Rs. 24.39 crores had been incurred either without estimates or in excess of sanctioned estimates up to 31st March 1962. It will be seen from the following analysis that a number of these works had been started over 5 years ago [Departmentwise details are given in Appendix 10 (page 114)]:—

Period in which work was started	Without sanction of detailed estimate		In excess of sanctioned estimate	
	No. of works	Progressive expenditure up to 31st March 1962 (Rs. crores)	No. of works	Progressive excess up to 31st March 1962 (Rs. crores)
Up to 1956-57 (Pre-reorganisation)	44	10.18	30	2.12
1956-57 (Post-reorganisation) to 1960-61	56	4.23	23	7.07
1961-62	7	0.09	16	0.70
Total	107	14.50	69	9.89

The works which are being executed without a detailed estimate include construction of Engineering College, Jabalpur (Rs. 58.50 lakhs) and Datla Tank Project (Rs. 31.73 lakhs) both of which were started prior to reorganisation of States in November 1956; the figures in brackets show the expenditure incurred up to March 1962.

The expenditure has exceeded the amount of sanctioned detailed estimates by more than 10% in the case of, among others, Gagan Talao (Rs. 16.94 lakhs, 194%) and Establishment of Medical College, Jabalpur (Rs. 86.77 lakhs, 193%); figures given in brackets show actual excess and percentage of excess over sanctioned estimate. In the case of the first work excess occurred in 1957-58 and in the second case it occurred in 1958-59.

Defective budgeting

Expenditure amounting to Rs. 13.00 lakhs was incurred during the year on 27 works in progress (24 Buildings and Roads and 3 Irrigation) costing more than Rs. 5 lakhs, although no budget provision had been made therefor. Failure to provide funds for these works, all of which were in progress at the end of the previous year, constituted a defect in budgeting. In the case of some of these works as shown below expenditure had been incurred in previous year (s) also without any budget provision:—

Year in which expenditure incurred without budget provision	Buildings and Roads	Irrigation	Total
1960-61.. .. .	6	1	7
1959-60.. .. .	5	1	6
1958-59.. .. .	2	1	3

INFRACTUOUS EXPENDITURE

39. (i) *Sampana Irrigation Tank*

In April 1961, a major slip occurred in a length of 330 feet on the upstream side of the 4,100 feet long earth dam of the Sampana Irrigation Tank which had been constructed in January 1954-June 1956, at a cost of Rs. 20.66 lakhs without preparation of a detailed estimate. The original cost of the soil, rock and chips that rolled down with the slip has been estimated at Rs. 35,000; in addition an expenditure of Rs. 4.89 lakhs has been incurred for repairing the slipped portion of the dam. Strengthening of the dam elsewhere is stated to be under correspondence with the Central Water and Power Commission.

The dam had been constructed to one of the type designs of earth dams approved by Government. The type design selected was the one considered to be most suitable for the type of soil available at site; the selection, as to the suitability of soil, was done by visual observations and was not supported by reliable soil data.

The Committee of Enquiry appointed by Government in August 1961 reported in October 1961 that the failure of the upstream slope "was due to adoption of a type design which is inadequate for the soil used in the construction of the dam" but noted that "features such as judicious selection of proper material, compaction control carried out by establishment of field laboratory, provision of adequate and proper filters, provision of a rock toe" which "would greatly aid in maintaining to some extent the stability of slopes which have not been designed on the basis of soil data" were "not provided in the reach where the slide occurred".

As regards apportionment of responsibility for the slip, the Committee came to the conclusion that "no individual officer could be blamed" in the absence of a design office and soil laboratory, the officers had to depend on type designs approved by Government, but observed that "it appears that the concerned officers seem to have paid more regard to the type designs and did not apply their minds to modification of the design".

(ii) Other irrigation tanks

(a) The undernoted 3 Irrigation schemes, were abandoned, after a net expenditure of Rs. 0.79 lakh had been incurred on them, as on detailed investigation, they were found to be technically not feasible and/or uneconomic. In each case the work had been started without preparation of detailed estimate:—

S.No.	Name of work with name of district.	Original cost/acreage	Revised cost/acreage	Year in which work was started/abandoned.	Expenditure incurred	Reasons for abandonment
					Rs.	
1.	Saraitola Tank Project (Raigarh).	Rs. 8.43 lakhs 1,835 acres = Rs.459 per acre.	Rs. 17.50 lakhs 2,380 acres = Rs.739 per acre.	1956-57 1959-60	52,260	The area to be irrigated had an average annual rainfall of 50" and was not a scarcity area at all. The scheme was also found to be technically unfeasible and uneconomical. Finally, the tank bed would have submerged 204 acres of cultivated land and 700 acres of coalfields.
2.	Sahaspur Lohara Tank (Durg).	Rs.12.21 lakhs 4,960 acres = Rs.246 per acre.	Rs.33.31 lakhs 6,592 acres = Rs. 506 per acre.	1955-56 1959-60	14,096	The scheme was found to be technically unfeasible and costly.
3.	Amrua Tank (Raipur).	Rs. 10.79 lakhs * acres = Rs.* per acre.	Rs. * lakhs * acres = Rs.* per acre.	1955-56 1958-59	12,438	A good portion of the command area of the project would be submerged by another (Jonk) project. The scheme was also found to be otherwise technically unfeasible and uneconomical.

(b) Work on two irrigation tanks in the Bind Canal Remodelling Division in the ravine area of the former Madhya Bharat region, the construction of which had been commenced in 1955-56, was abandoned in January 1960, after incurring a total expenditure of Rs. 0.18 lakh. Details are given below:—

Name of the tank	Estimated cost	Date of sanction of detailed estimate	Expenditure up to 4th April 1962
	Rs.		Rs.
Dhoreta Tank	51,756	14-4-1955	2,641
Jhundpura Tank	96,977	7-2-1956	14,913

*Not available.

The work was stopped, as the Chief Engineer considered that the construction of the tanks should more appropriately be regarded as soil conservation work, which should be dealt with by the Agriculture Department. The Agriculture Department had not been consulted before the work was stopped. Nor has the Agriculture Department taken over the works up to the date of local inspection in April 1962 though over two years had gone by. The Irrigation Department have also not obtained sanction of the Government during this period to the abandonment of the incomplete tanks and for the write off of the infructuous expenditure of Rs. 0.18 lakh incurred thereon.

UNNECESSARY LOCKING UP OF CAPITAL AND CONSEQUENT DELAY IN ACCRUAL OF BENEFITS

40. It was observed in local audit that in the following cases of schemes of protected water supply or sanitation or slum clearance or minor irrigation inadequate preliminary surveys had resulted in unnecessary locking up of funds to the extent of Rs. 18.01 lakhs and delay in accrual of the intended benefits; in some cases there was also infructuous expenditure totalling Rs. 1.38 lakhs:

(i) *Water Supply to Shahdol town.*—A scheme for the supply of protected water to Shahdol town at a cost of Rs. 7 lakhs was sanctioned by Government in April 1959 and was due to be completed by March 1961. The scheme envisaged *Murna nalla* as the source of supply of water, although the Public Health Engineering Department, who are executing the scheme on behalf of the Municipality, was not sure whether the estimated requirement of 0.625 million gallons per day could be drawn from the *nalla*. No expenditure has been incurred on the head works at the *nalla* (anicut, infiltration gallery, etc.) up to now (February 1963). Two tube wells bored by the department in 1960-61, at sites selected by a water diviner, to augment the water supply available in the *nalla* proved to be unsuccessful resulting in an infructuous expenditure of Rs. 0.45 lakh. The department is now investigating alternate sources of supply (February 1963). While the head works are still to be constructed, the service reservoir and the distribution system have been completed at a cost of Rs. 5.31 lakhs.

(ii) *Water Supply to Bijawar.*—A scheme for the supply of piped water to residents of Bijawar in Chhatarpur District was completed by the Public Health Engineering Department in March 1958 at a cost of Rs. 0.43 lakh. On completion, the installation was to be handed over to the Gram Panchayat for maintenance. It had not, however, been taken over by the Gram Panchayat till even September 1962 on the ground that (a) every house had a well and, therefore, the demand for the piped water was poor and (b) the Panchayat did not have sufficient means for operation and maintenance of the installation.

(iii) *Rural sanitation.*—A stock of latrine equipment worth Rs. 1.14 lakhs acquired some years ago by the Public Health Engineering Department in the Vindhya Pradesh region for sale on demand to development blocks and free

distribution to the rural population in areas covered by National Sanitation Programme was still lying unused in September 1962. Details are given below:—

Nature of equipment	Name of Public Health Engineering Division.	Total cost of equipment (Rs. lakhs)	When acquired	Cost of the stock still on hand (Rs. lakhs)
Rings, plates and water seals	Rewa	0.71	Prior to March 1957.	0.57
Latrine seats	Chhatarpur..	0.71	Prior to September 1958.	0.57

It has been explained by the department that the low demand was due to lack of sanitary consciousness as well as apathy to change the age old habits and customs of villagers.

(iv) *Slum clearance.*—With a view to rehousing slum dwellers, Government have been developing open plots with certain minimum facilities (such as earthen platform for building hut, a latrine, bathing platform, taps). Each such plot, along with building material worth about Rs. 150, is intended to be allotted to a slum dweller who is required to build a hut of the prescribed pattern on the earthen platform as also an enclosure for the bathing platform on self help basis. The allottee is required to pay a monthly rent of Rs. 3 only.

688 open plots in Indore were developed by the Housing Department at a cost of Rs. 6.82 lakhs in November 1955—December 1957. Of these 238 plots have not even been allotted to any one up to November 1962; 323 were in different stages of construction and only the remaining 127 had been completed.

Another 400 plots in Indore were developed by the Housing Department during April 1958 to December 1959 at a cost of Rs. 4.43 lakhs. None of the plots had even been allotted to anyone till November 1962; in fact even the rules for allotment of the plots had not been approved (November 1962).

In the meanwhile, an expenditure of Rs. 0.93 lakh has been incurred by Housing Department on maintenance and repairs of the unallotted plots up to November 1962.

(v) (a) *Minor Irrigation.*—In the case of the following minor irrigation works, the construction of canals could not be taken up even up to February 1963, though the head works were completed long ago, with the result that water available at head works could not be passed down to the cultivators' fields:—

Name of work	District	Area to be irrigated in acres.	Head works		Cost (Rs. lakhs)
			Date of commencement	Date of completion	
Warla Pick-up Weir	Khargone	500 (now reduced to 150).	January 1955	July 1956	0.44
Bhilaya Tank	Vidisha	550 (now reduced to 230).	January 1957	June 1958	2.58

Warla Pick-up Weir

Detailed survey of the canals was started, only after the head works were completed. The revised estimate prepared in October 1956 after the survey, put the cost of the canals at Rs. 0.53 lakh against original estimate of Rs. 0.19 lakh. This estimate was under correspondence for nearly five years between the Executive Engineer and the Superintending Engineer. The estimated cost of the canals was further revised in July 1961 to Rs. 0.97 lakh on the basis of revised schedule of rates. The irrigation potential was, however, reduced to about 150 acres against 500 acres originally expected to be irrigated. In April 1962 the Superintending Engineer observed that the cost of construction of canals would be exorbitant and that the most economic proposal would be to create a pool behind the pick-up weir and then to pump the water to a good cultivated area just adjacent to pick-up weir but at much higher levels so that the work already done could be put to some use. The final decision is still awaited (February 1963).

Bhilaya Tank

No survey of the canal system of Bhilaya Tank, which was to be provided to irrigate 230 acres was done up to March 1960. The Superintending Engineer then found that, while the sluice had been provided on the right flank, the major area of irrigation was on the left flank. This would go to increase the cost of the project. The designs of the canal system are reported to be under scrutiny (July 1962) in the Executive Engineer's Office.

(b) The Irrigation potential of the undernoted minor works in the Seoni Irrigation Division has not been utilised at all up to 1961-62 :—

Name of work	Cost Rs. lakhs.	Year of completion.	Area intended to be irrigated in acres.
Karuvai Anicut	0.16	1952	300
Manegam Tank, Singhanpuri Tank and Bothia Regulator.	1.16	1960	264

It was explained that non-utilisation was due to the fact that, while the works were designed to supply water for *kharif* crops, most of the crops to which they could supply water were under *rabi* cultivation and the cultivators have refused to take water for *rabi*.

LOW UTILISATION OF EARTHMOVING MACHINERY IN CHAMBAL PROJECT

41. It was observed that in the working season July 1961 to June 1962 the machines (scrapers, graders, tractors, tippers, draglines, etc.) were used for earth work in the Canal Circle of Chambal Multipurpose River Valley Scheme only to the extent of 23% of their normal capacity; on an average each of the 104 machines worked for only 651 hours as against 2,850 hours for which they were scheduled to work after allowing for interruptions in work due to rains, etc. The machines remained idle for the remaining 77% of the time, largely due to their being out of order, against the All India average of 48% in 1953-54 according to the Report of Construction Plant and Machinery Committee appointed by Government of India in September 1953. Delay in the repair of machines has been explained as due mainly to non-availability of the required spare parts in the Stores due in some cases to difficulty

in obtaining foreign exchange; on the other hand, the project authorities had a large overstock of some parts for these machines; the value of parts purchased up to 1959-60 and not used up to 1961-62 amounted to over Rs. 14 lakhs.

AVOIDABLE EXPENDITURE

42. (i) Avoidable expenditure in acquisition of land

In the following 2 cases the Irrigation Department incurred expenditure to the extent of Rs. 0.82 lakh in the shape of payment of interest/damages to land-owners as a result of delay in acquisition proceeding for the land.

(a) In June 1957, Irrigation Division, Jabalpur, assumed possession of 1136 acres of land valued at Rs. 2.47 lakhs which along with some Government land got submerged by the Sirmur Tank. Although the construction of the tank was started in November 1955 and the tank started filling from June 1957, proposals for acquisition of the land were sent to the Collector only in September, 1959; the Land Acquisition Officer gave his award in March 1961. As the land was taken possession of before starting the acquisition proceedings, in addition to the compensation, the land-holders were awarded interest at 6 % per annum from the date on which the land was taken possession of (1st June 1957) till 31st March 1961 amounting to Rs. 0.57 lakh.

(b) The Lower Mahanadi Irrigation Division, Raipur, took possession of 57 acres of land in 1958 long before submission of the proposals for acquisition of the land in November 1959. The awards were given in July/August 1961. In view of possession being taken before the acquisition, apart from compensation for the land, the land-owners were granted damages amounting Rs. 0.17 lakh at the rate of Rs. 100 per acre per annum for 3 years and interest charges amounting to Rs. 0.08 lakh for the delay in payment of compensation at the rate of 6 per cent per annum for a period of 3 years.

(ii) Avoidable expenditure resulting from irregularities in dealing with tenders

It was observed in local audit of Public Works Divisions that delay or administrative errors in dealing with tenders, or delay in completion of essential preliminaries to enable the contractor to take up work, in the 5 cases mentioned below may have resulted in avoidable expenditure of about Rs. 3.93 lakhs apart from delaying the execution of the works.

Delay in acceptance

(a) The following tenders were received on 2nd April 1959 for the work of construction of the high level bridge over the Chhoti Mahanadi River on Katni-Barhi Road in the Buildings and Roads Division, Jabalpur:—

					(Rs. lakhs)	
					Based on Government design	Based on contractor's design
Firm A ..	..	..	..	..	..	10.66
Firm B ..	..	..	..	..	19.80	15.50
Firm C ..	..	..	..	..	20.52	..

The Executive Engineer forwarded the tenders to the Superintending Engineer on 4th April 1960. The Superintending Engineer detained the tenders for over three months, although the lowest tender of Firm A was open for only two months. He forwarded the tender papers to the Chief Engineer only on 11th July 1960 after receipt of Firm A's letter dated 30th June 1960 pointing out that their offer expired on 2nd June 1960 and stating that in view of new commitments they would no longer be in a position to undertake this work.

The Superintending Engineer recommended that all the tenders be rejected. The Chief Engineer, however, invited Firm A in the end of July 1960 to send a representative for a discussion of the design submitted by them with a view to consideration of the tender, but they declined to do so.

On reinvitation of tenders, only Firm B, whose quotation was second lowest on the first invitation, tendered and they quoted Rs. 13.25 lakhs for their own design which was not substantially different from that originally submitted by Firm A. The contract was awarded to this firm after some modification of the design, and negotiations as regards rates, for Rs. 13.60 lakhs.

The amount payable under the contract to Firm B is thus Rs. 3.04 lakhs more than that asked by Firm A. In addition to the facilities asked for by Firm A, the Firm was given following further facilities :—

(i) facility for recovery of security deposit from running bills (for which Firm A had offered a reduction of Rs. 10,000) in relaxation of the rules; and

(ii) advance of Rs. 10,000 secured against machinery brought to site.

The Chief Engineer stated in November, 1962 that—

(i) As Firm A did not come for discussion, the probable cost of modifications required in their designs could not be worked out. It was not, therefore, possible to specify the exact amount of extra cost which the delay in the acceptance of tender might have entailed.

(ii) The tender notice prescribed that the offer should be kept open for six months. The period of two months for which Firm A had kept their offer open was not at all sufficient to scrutinise the design, get the defects, etc., rectified by the tenderer, and take a decision especially when it is to be taken by Government.

(iii) Action regarding fixation of responsibility was being taken.

(b) The lowest tender for Rs. 1.78 lakhs for the construction of 17 Head Constables' quarters and 20 single Constables' quarters, estimated to cost Rs. 1.84 lakhs, in the Buildings and Roads Construction Division No. I, Jabalpur, received in March 1961, was accepted on 24th November 1961 after expiry of the period for which it was open; the tenderer had, however, withdrawn his offer on 21st October 1961 after it expired. The contract was then awarded to another contractor in July 1962 at an approximate cost of Rs. 1.88 lakhs, after reinviting tenders in February 1962; this resulted in an avoidable expenditure of Rs. 9,660.

The case was reported to the Chief Engineer in May 1962.

Administrative delays, etc.

(c) The following were the two lowest tenders received in March 1959, for collection of road metal for two reaches of Umaria-Shahdol Road in the Shahdol (Buildings and Roads) Division :—

					(Rs. Lakhs)
Contractor 'A'	..	..	..	Lowest	.. 1.18
Contractor 'B'	..	..	..	Second lowest	.. 1.24

The Executive Engineer recommended acceptance of the lowest tender although the tenderer had not submitted an Income Tax clearance certificate as required by the Tender Notice. The Superintending Engineer asked the tenderer in May 1959 to submit the Income Tax clearance certificate. The tenderer did not submit the required certificate until the expiry of currency of the tender on 17th June 1959. The Superintending Engineer rejected all the tenders on 2nd August 1959 and ordered a fresh call.

The lowest rates accepted in January 1960 for both the reaches amounted to Rs. 1.57 lakhs. A saving of Rs. 0.39 lakh would have occurred if the lowest tender received on the earlier occasion had been accepted subject to the production of an Income Tax clearance certificate by a specified date as had been done in two other cases; acceptance of offer of even second lowest tenderer who had fulfilled the condition on that occasion would have resulted in a saving of Rs. 0.33 lakh.

Delay in the completion of essential preliminaries

(d) Tenders for the construction of 100 bedded hostel building for the Polytechnic, Ujjain were invited by the Buildings and Roads Division, Ujjain, in January 1960 though no funds had been provided for the work. The lowest tender for Rs. 2.47 lakhs was accepted in March 1960 but, pending provision of funds by the Education Department, the contractor was not informed of the acceptance and the work order was not issued to him even upto June 1960 when he withdrew his offer on expiry of the period for which it was open. Tenders were reinvited in September 1960 and the contract awarded to the lowest tenderer for Rs. 2.68 lakhs in December 1960. This resulted in an additional expenditure of Rs. 21,197.

(e) Work orders for the construction of culverts in the main road in the New T. T. Nagar, Bhopal, in the Construction Division No. 1, Bhopal, estimated to cost Rs. 0.48 lakh and Rs. 0.49 lakh were issued to the contractors on 25th January 1960 and 30th January 1960. The works were, however, stopped by the Department on 4th February 1960 as the alignment of the road and its width had not been finalised. The contractors were asked to restart the work in the end of May 1960, but they refused to carry out the work on the ground that the period in which the work had to be completed according to the work order was over in one case and nearly over in another case. The work was then taken up departmentally in October 1960 and is still in progress; the extra cost incurred up to October 1962 was Rs. 19,164.

Unauthorised financial aid to contractors

43. (i) The contract for the erection of 132 KV transmission line from Gandhisagar Power House to Ujjain, in Chambal Hydel Project, provided that the clearance between line conductors and ground should be not less than 20 ft., when the line passes over rough country and, where necessary for this purpose, the contractor will undertake rock cutting. It was, however, observed in local audit that, in the case of two spans, the Project authorities had undertaken cutting in hard rock at their own cost amounting to Rs. 14,430 in June-October 1960. The case was reported to Government in February 1962 and their reply is awaited (February 1963).

(ii) It was observed in local inspection of Buildings and Roads Division, Shajapur, in June 1962 that Government had incurred extra expenditure amounting to Rs. 58,884 up to March 1962 due to payment of longer 'lead' in connection with collection of boulder and metal for the construction of miles 1 to 4, 5 to 7 and 8 to 10 of Akodia-Sundersi Road, contracts for which had been let out in 1961.

For collection of material for miles 1 to 4 the Executive Engineer amended the tender notice after it had been approved by the Superintending Engineer to provide that the material would be collected from more distant quarries on the ground that sufficient material was not available from the Rani Barod quarry specified in the estimates. In the case of miles 5 to 7, the contract documents provided for collection of material from Rani Barod quarry, but later on in November 1960, on a representation from the contractor the Executive Engineer authorised collection of material from more distant quarries. The Superintending Engineer who inspected Rani Barod quarry in April 1962, however, found that "it has very good material and it should not be difficult to obtain quarried soling and metal from this quarry". The payment of longer lead resulted in extra expenditure to Government amounting to Rs. 49,939 in the case of miles 1 to 4 and of Rs. 4,747 in the case of miles 5 to 7.

In the case of miles 8 to 10, the Executive Engineer allowed the material to be quarried from a distant quarry even though the Superintending Engineer found, after inspection in April 1962, that "a nearer quarry containing good material was available". In this case the extra expenditure amounted to Rs. 4,198.

Admitting the extra expenditure involved in these contracts, Government, to whom the case was reported in August 1962, stated in April 1963 that "Action is being taken against the defaulting Executive Engineer".

(iii) The contracts for (a) Construction of Gang Huts at Dhamdusar, (b) Lining of R. B. Channel Reach I, Dohad and (c) Lining of R. B. Channel Reach II, Dohad, in Irrigation Division VI, Bhopal, stipulated that rates were inclusive of all lead, lift, carriage of materials and water, and that nothing will be paid to contractors on account of these. It was, however, noticed during the local inspection of the Division in September 1961, that lead charges totalling Rs. 20,945 were paid to the contractors for the carriage of sand, metal, timber,

etc., up to October 1960 in one case and in April 1961 in the other two cases, when the final bills were paid. An amount of Rs. 17,907 has since been recovered in December 1961; the balance amount of Rs. 3,038 has not been recovered as yet (August 1962).

Details of the action taken against the officials responsible for the additional payment are awaited (April 1963) from the Chief Engineer to whom the case was reported in December 1961 and February 1962.

OVERPAYMENTS OR SHORT RECOVERIES

Construction of spillway of Satak Dam Project (Borad Project Division)

44. (i) The rates for construction of spillway of Satak Dam Project in Borad Project Division, Indore, estimated to cost Rs. 10.84 lakhs, contract for which was awarded in the year 1955, were inclusive of all lead and lifts. It was observed in local audit that in spite of this provision the contractor was paid separately for lead (Rs. 4,151) and lift (Rs. 80,771). Although the claim of the contractor for lead and lift charges was rejected by the Government in May 1959, the Divisional Engineer continued to make payments therefor under instructions from his Superintending Engineer; of the total amount of Rs. 84,922 excess paid to the contractor, Rs. 54,752 was paid after the rejection of the contractor's claim by Government. The final bill of the contractor was paid in June 1960 and his entire security deposit of Rs. 96,095 refunded in September 1959 (Rs. 2,470) and between June and November 1960 (Rs. 93,625).

The Chief Engineer (Irrigation) directed the Superintending Engineer, in May 1962, to recover the amount overpaid to the contractor. No recovery has, however, been effected so far (February 1963).

Construction of Parvati Aqueduct (Chambal Multipurpose River Project)

(ii) The agreement for the work of construction of Parvati Aqueduct in the Chambal Multipurpose River Valley Project, entered into in March 1955, provided that the cost of cement supplied by the project authorities to the contractor would be recovered at the controlled rate, F.O.R. Baran railway station, prevailing on 22nd December 1954. In the absence of authentic information regarding the controlled rate, recovery was initially made at the rate of Rs. 84 per ton, which was obtained by the contractor from the manufacturers. It was ascertained in August 1959 that the controlled rate on 22nd December 1954 was Rs. 89 per ton. The project authorities, however, continued to effect recovery at the rate of Rs. 84 per ton, even though their attention was drawn to the matter by audit in June 1960. The total amount short recovered up to the date of completion of the work in April 1961 was estimated to be Rs. 43,324. Of this, the project authorities recovered a sum of Rs. 10,000 provisionally in March 1961; the balance of Rs. 33,324 still remains to be recovered.

The short recovery on account of the cost of cement was brought to the notice of Government in February 1962, and their reply is awaited (April 1963).

DELAY IN PAYMENT OF FINAL BILLS OF CONTRACTORS

45. It was observed in local inspection of Public Works Divisions that in some divisions there were usually delays either in measuring work done or in making payments after the measurements had been taken.

In Gwalior circle of the Buildings and Roads branch of the Public Works Department, as many as 68 final bills of contractors, for works completed in 1954-55 to 1961-62 were pending on 30th September 1962 as shown below:—

Division	Year in which work was completed and number of outstanding final bills					
	1954-55 to 1956-57	1957-58	1958-59	1959-60	1960-61	1961-62
	No.	No.	No.	No.	No.	No.
Gwalior .. ..	..	2	1	3	2	4
Bhind .. ..	..	1	..	..	..	3
Morena .. ..	..	..	3	4	8	17
Shivpuri	2	2	..	1	3	6
Guna	1	..	1	2	1	1
Total	3	5	5	10	14	31

The delay in payment of these final bills is analysed below (where a bill was delayed for more than one cause, it has been shown against each of the entries concerned):—

	No. of bills
(i) Delay in taking measurements	14
(ii) Delay in checking measurements by the Assistant Engineer/Executive Engineer.	4
(iii) Non-finalisation of lead statements	10
(iv) Non-sanctioning of extra items	15
(v) Late preparation of bills	19
(vi) Delay in scrutiny of the bills and settlement of the objections raised by Divisional Office.	29

An analysis of two typical cases of final bills outstanding in the Gwalior Division (Buildings and Roads) is given below:—

Name of work	Central Technical Institute, Gwalior	Arts-cum-Music College, Gwalior
Probable value of the contract	Rs. 4.60 lakhs	Rs. 2.41 lakhs
Probable amount of final bill	Rs. (—)10,276	Rs. 18,778
Date of completion of work	June 1959	August 1960
Date of final measurements	August 1959	July 1961.
Date of check measurements by Assistant Engineer.	August 1962	March 1962
Date of submission of final bill by Sub-Divisional Officer to Executive Engineer.	November 1959	March 1962
Proposals for rates of extra (new) items not included in Agreement/Schedule of rates submitted by Executive Engineer to Superintending Engineer for sanction.	September 1960	Not yet submitted.
Superintending Engineer sanctioned rates for extra (new) items.	May 1962 in respect of bulk of items. Rates for some items yet to be sanctioned.	..

The delay was due to delay in obtaining sanction for extra (new) items in the case of first work, and in measurement and obtaining sanction for extra items in the case of item 2.

Payments made to contractors on running bills are intermediate payments subject to the final settlement of the running account on the completion of the contract for the work. Normally, therefore, some amount would be payable to the contractor on final settlement. It will be seen, however, that the final bill, for the first work is likely to involve a recovery from, instead of payment to, the contractor. It was, therefore, all the more necessary that this final bill should be settled without delay. Nevertheless, more than 3½ years have gone by since the work was completed.

PURCHASE/ISSUE OF STORES FOR WORKS IN ADVANCE OF REQUIREMENTS

46. As in previous years, a number of cases in which the stores were purchased for, or issued to, works in advance of requirements, though these are strictly prohibited by rules, were observed in 1961-62. Some examples pertaining to the scheme of 'Construction of Medical College' in the Jabalpur Construction Division No. II are given below:—

(a) *Outpatients Department.*—225 fans, costing Rs. 0.38 lakh, were ordered in September 1960 before even the receipt of tenders for the structural portion of the works in November 1960; the fans would have been required only by about the end of 1962 even if the original tender had been accepted. The fans were paid for after receipt in February 1961 (125) and July 1961 (100); the tender for the structural portion was accepted (after reinvitation of tenders twice) in September 1962. Again, Mild Steel bars worth Rs. 5.04 lakhs were issued to the work in February-March 1961 (Rs. 3.08 lakhs) and February 1962 (Rs. 1.96 lakhs), long before the tender for the work was accepted; the bars were not moved out of the stores till actually required much later.

(b) *Nurses' quarters.*—Mild Steel bars worth Rs. 0.35 lakh were issued to the work in February 1961, before even the tender was received in March 1961. The tender was accepted in November 1961, and the bars were not actually required till the following winter.

LARGE ACCUMULATION OF BALANCES UNDER MISCELLANEOUS PUBLIC WORKS ADVANCES

47. On 31st March 1962, an amount of Rs. 2.68 crores recoverable by works departments from outsiders was still outstanding in "Miscellaneous Public Works Advances" account and of this Rs. 1.07* crores related to 1958-59 and earlier years. The broad details of the outstandings are given below:—

	(Rs. crores)
(1) Expenditure incurred on works for outsiders in excess of deposit received ..	0.83
(2) (a) Sales on credit	} 1.80
(b) Certain types of losses, retrenchment and errors pending investigation..	
(c) Other miscellaneous items including amounts due from contractors on closed accounts.	
Total ..	2.68

*Data from 18 Divisions awaited (February, 1963).

The following remarks relate to some of the items included in the above amounts:

(i) *Deposit Works*

Rs. 0.80 crore related to Water Supply and Drainage Schemes undertaken by the Public Health Engineering Department on behalf of local bodies. There has been delay in deposit of the (instalment of) estimated cost by the local bodies. For instance, the Katni Municipality has deposited only Rs. 0.50 lakh against its share of Rs. 3.10 lakhs to end of 31st March 1962; similarly, the Bilaspur Municipality has deposited only Rs. 2.00 lakhs, although the share payable by it to end of 31st March 1962 was Rs. 3.42 lakhs.

In certain other cases the Public Health Engineering Department has been incurring excess expenditure arising from changes in design, rise in prices, etc., in anticipation of sanction to the revised estimate, and the deposit of necessary additional amount by the local body concerned, e.g. the Neem ch Water Supply Scheme is now expected to cost Rs. 76 lakhs against the original estimate (and deposit) of Rs. 41.00 lakhs; the Public Health Engineering Department spent Rs. 23.16 lakhs in excess of the original estimate (and deposit) up to 31st March 1962.

(ii) *Other outstanding*

In the following cases the Buildings and Roads Divisions at Bhopal made payments which were not payable by Government:—

Division	(Rs. lakhs)	Date of payment	Remarks
Construction Division II	0.52	February 1961 to March 1962.	The amounts were paid to the Municipality on account of Octroi charges, although Government materials are exempted from Octroi duty under the Municipal Rules. The amount has not so far been recovered from the Municipality.
Construction Division III	0.32		
Construction Division II	0.25	December 1957	Electric consumption charges were paid by Government on behalf of the occupants of Government quarters at Bairagarh. recovery from the occupants is yet to be effected.
Construction Division III	0.45	November 1960 to July 1962.	This was paid to the Electricity Board for street lighting in T. T. Nagar in which new Government quarters are situated although street lighting is the responsibility of the Municipality.

Monthly reconciliation of (Public Works) departmental and treasury figures

48. Public Works divisions and treasuries are required to reconcile their records monthly to make sure that there is no difference between their figures in respect of the amounts remitted into, and cheques drawn on, treasuries by the divisions, and to take immediate steps to rectify discrepancies, if any, detected in the reconciliation. Ordinarily, therefore, there should be no difference between the divisional and treasury figures in the case of amounts remitted by

the divisions into treasuries; the difference in the case of cheques should be limited to the cheques issued by a division in a month which are not presented to the treasury for encashment in the same month. In fact, however there are large differences and a considerable proportion of these relates to transactions which took place many years ago. The position at the end of February 1963 was as below:—

Year in which transactions occurred	I. Remittance into treasuries		II. Cheques drawn on treasuries	
	No. of items	Amount (Rs. lakhs)	No. of items	Amount (Rs. lakhs)
Up to 1956-57.. ..	530	(+)5.20	131	(+)4.33
1957-58 to 1960-61	824	(-)3.84	675	(+)7.21
1961-62	109	(+)0.05	80	(+)16.63
Total	1,463	(+)1.41	886	(+)28.17

Unless the differences are settled, it cannot be certified that amounts shown by the divisions as having been credited into the treasuries were actually credited or those amounts shown by the treasuries as disbursed on behalf of the divisions were actually authorised by cheques issued by the divisional officers.

There is considerable delay in effecting the monthly reconciliation. The Irrigation Division V, Bhopal, Construction Division II, Raipur, and Irrigation (Maintenance) Division, Hoshangabad, had not reconciled their transactions with the concerned treasuries for some months of 1961-62 up to even December 1962. The delay in the reconciliation is due mainly to delay in the issue of consolidated receipts or remittances into the treasuries and certificate of issue of cheques, by treasuries to the divisional officers. There has been recurring delay in the issue of these in the case of Jabalpur, Shahdol, Durg, Raigarh, Chhindwara, Narsinghpur, Hoshangabad, Balaghat and Khandwa treasuries. Such delay may delay detection of misappropriation of receipts by a division and/or encashment of forged cheques by the treasuries.

There is also general laxity on the part of divisions in rectification of the differences detected in the course of reconciliation. The difference in the amount of remittance into treasuries exceeds Rs. 1 lakh in each of the three divisions (Public Health Engineering Division, Chhindwara; Irrigation Division, Guna and Hiran Irrigation Division, Jabalpur). The largest difference in respect of cheques in a division was Rs. 18.40 lakhs and existed in Irrigation (Maintenance) Division, Hoshangabad.

CHAPTER V

STORES AND STOCK ACCOUNTS

SYNOPSIS OF IMPORTANT ACCOUNTS

49. A synopsis of the important Stores and Stock Accounts (excluding those relating to Government Commercial and Quasi-Commercial Departments Undertakings, etc.) is given below:—

S. No.	Department	Description of stores	Opening balance (as on 1-4-61).	Receipts (during 1961-62)	Issues (during 1961-62)	(Rs. lakhs) Closing balance (as on 31-3-62)
<i>A—Works Departments</i>						
1.	Buildings and Roads	Priced Stores ..	1,67.63	3,03.86	2,71.11	2,00.38
2.	Irrigation	.. Do.	60.95	81.96	77.77	65.14
3.	Chambal Project	.. Do.	1,11.56	1,51.75	1,82.74	80.57
4.	Major Projects	.. Do.	1.47	13.42	10.36	4.53
5.	Public Health Engineering.	Do.	13.61	16.60	9.16	21.05
6.	Housing	.. Do.	0.50	1.61	1.70	0.41
<i>B—Civil Departments</i>						
			(a)	(b)		(c)
7.	Separate Revenue ..	Stamps	6,11.43	2,30.57	1,86.19	6,55.81

(a) Excludes the transactions of Balaghat Treasury which has not submitted its monthly returns showing the receipt and issue of stamps since October 1961.

(b) Opening balance on the 1st April 1961 differs from the closing balance as on the 31st March 1961 by Rs. 1,32.19 lakhs due to—

(i) inclusion of balance in respect of Madhya Bharat Stores (Rs. 1,2.55 lakhs) and certain categories of stamps in six treasuries, which were left out from closing balance due to non-receipt of store accounts but have since been received (Rs. 1.90 lakhs); and

(ii) Increase in opening balance of Sarguja Treasury (Rs. 0.49 lakh) and reduction in opening balance of the Raipur and Hoshangabad Treasuries (Rs. 2.73 lakhs and Rs. 0.02 lakh respectively) which are under reconciliation.

(c) Stock of Stamps in 5 out of 43 treasuries was not verified during 1961-62 though Government orders require it.

STORES AND STOCK ACCOUNTS

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8. Forest	Departmental Stores— Plant, machinery, etc.	16.16	3.78	1.78	18.16
		Other Stores ..	1,78.96 (d)	3,38.57	2,76.73	2,40.80
9. Medical ..	..	Departmental Stores—				
		Instruments and accessories.	10.97 (e)	17.25	21.39	6.83
		Other Stores	80.47 (f)	1,07.12	1,04.84	82.75
10. Public Health ..	..	Departmental Stores—				
		Instruments, accessories, etc.	2.33 (e)	2.23	1.23	3.33
		Other Stores	77.04 (f)	27.10	31.96	72.18
11. Stationery (Government Presses).	..	Departmental Stores— Plant, machinery, metal, etc.	25.83	5.86	3.38	28.31
		Other Stores ..	31.53	69.25	40.49	61.29
12. Animal Husbandry	..	Departmental Stores— Tools and Plant and machinery.	14.32	6.05	10.90	9.47
		Other Stores ..	23.99 (g)	19.32	22.57	20.74
		Manufacturing Branch Stores.	6.20	17.08	14.07	9.21
13. Jails ..	..	Maintenance Branch Stores.	6.46	21.11	21.09	6.48
		Stationery Stores ..	6.86	6.74	6.96	6.64
14. Stationery (Regional Stationery and Publications, Gwalior).	..	Opium ..	2.60	0.01	0.47	2.14

(d) Difference between opening balance on the 1st April 1961 and the closing balance on the 31st March 1961 is due to exclusion of furniture (Rs. 6.65 lakhs).

(e) Difference between opening balance on 1st April 1961 and closing balance on 31st March 1961 is due to exclusion from the former of Rs. 60 lakhs in the case of Medical and Rs. 6 lakhs in the case of Public Health on account of rectification of errors in the Stores Accounts for 1960-61.

(f) Opening balance on 1st April 1961 differs from closing balance on 31st March 1961 due to exclusion of furniture by Rs. 26.41 lakhs in Medical and Rs. 2.22 lakhs in Public Health.

(g) Opening balance on 1st April 1961 differs from the closing balance on 31st March 1961 due to exclusion of furniture (Rs. 0.34 lakh).

The stock accounts of (i) Departmental Stores of Agriculture Department, (ii) Departmental Stores of Co-operation Department, and (iii) Central Stationery Depot, Bhopal, have not (February 1963) been submitted to Audit. The value of stocks in hand on the 31st March 1962 in these Departments was, however, reported to be about Rs. 1,42.16 lakhs, Rs. 1,59.02 lakhs and Rs. 5.53 lakhs, respectively.

The accounts of Departmental Stores of the Agriculture Department have not been received in time for incorporation in the Audit Report in any of the years since the re-organisation of States on 1st November 1956.

WORKS DEPARTMENTS

Tools and Plant (and spare parts)

5). In the Chambal Multipurpose Project the following Tools and Plant worth Rs. 7.50 lakhs and spare parts of the value of Rs. 22.85 lakhs were lying idle for over two years on 31st March 1962;—

	Canal Circle		Dam Circle	
	Year of receipt in store	Stock on 31st March 1962 (Rs. lakhs)	Year of receipt in store	Stock on 31st March 1962 (Rs. lakhs)
Tools and Plant—				
Ordinary	1954-55 to 1959-60.	1.37
Special	1956-57 to 1959-60.	0.74 New
			1959-60.	* Used
Total	1954-55 to 1959-60.	7.50
Spare parts for—				
Earth moving machinery	..	1956-57 to 1959-60.	14.32	} 1954-55 to 1959-60. 5.45
Other Plant and machinery	..	1957-58 to 1959-60.	2.74	
Generating sets	..	1957-58 to 1959-60.	0.34	
Total	..	1956-57 to 1959-60.	17.40	1954-55 to 1959-60. 5.45

The Tools and Plant in the Dam Circle have been lying idle for the last two years mainly for want of work. The Dam was almost completed in November 1960 and most of the Tools and Plant in question are stated to be surplus to the requirements of the balance work; none had, however, been disposed of up to March 1962.

Reserve stock

51. The total value of reserve stock of stores in a Division should be within the specific money limit laid down by the Head of the Department. However, as in previous years, this rule was not observed in 1961-62 in many cases, as shown below :

(i) The limit was laid down before the end of the year in the case of only 13 divisions. The value of the stock held on 31st March 1962 in 8 (4 Buildings and Roads, 2 Irrigation and 2 Public Health) out of these 13 divisions, however, exceeded the limit, the total excess being Rs. 14.09 lakhs. The largest excess was in Buildings and Roads Division, Dhar (Rs. 4.13 lakhs or 206% of the limit).

(ii) The limit was not prescribed at all before the end of the year in the case of both circles of Chambal Multi-purpose Project and 77 (42 Buildings and Roads, 28 Irrigation, 5 Public Health and 2 Major Projects) out of 90 divisions of other branches which held stock of stores. It was laid down retrospectively, after the close of the year, in the case of 43 out of these 77-divisions; this may have complied with the letter of the rule but cannot serve the real purpose.

*Residual value

Surplus stores

52. In the following cases, stores worth Rs. 10.98 lakhs acquired in the period 1947-48 to 1959-60 still remained in stock on 31st March 1962 or later though the rules require that balance of each article held in stock should be regulated with reference to requirements for a reasonable period:—

	Canal and Dam Circles, Chambal Project		* 7 Buildings and Roads and 2 Irrigation @ divisions	
	Period in which acquired	Amount (Rs. lakhs)	Period in which acquired	Amount (Rs. lakhs)
Iron and Steel	.. 1957-58 to 1959-60	1.84 (Dam and Canal circles)	1955-56 to 1959-60	(a) 3.24
Lubricants	.. 1956-57 to 1959-60	0.16 (Dam circle)	1956-57 to 1958-59	(b) 0.54
Painters' Stores	.. 1956-57 to 1959-60	0.53 (Dam and Canal circles).	..	..
Other Stores	.. 1956-57 to 1959-60	3.69 (Dam circle)	1947-48 to 1959-60	0.50

(a) Of this, steel worth of Rs. 2.37 lakhs was acquired by Buildings and Roads Division, Raipur in 1955-56 to 1959-60 against quotas allotted by Planning and Development Department for community development blocks but no indent was received from any block up to March 1962.

(b) Of this, grease and other lubricants costing Rs. 0.46 lakh, lying in Tandula Irrigation Division, Durg were originally obtained for machinery engaged on the construction of Gondli tank, the head-works of which were completed in 1956-57. The materials are lying in the open and the department apprehends a loss of over Rs. 25,000.

DELAY IN PAYMENT/ADJUSTMENT OF VALUE OF STORES

53. The value of stores received by an Engineering Division from a supplier or another Division or another Government department, for a specific work or stock, but not paid for/adjusted, remains outstanding in the "Purchases" account. The outstanding balance in this account has been steadily growing; at the end of 1961-62 it totalled Rs. 7.09 crores as against Rs. 4.70 crores at the end of 1958-59. The yearwise break up has been supplied by divisions for only Rs. 4.25 crores out of Rs. 7.09 crores outstanding at the end of 1961-62; of this over Rs. 1.25 crores related to the period up to 1958-59, the earliest outstanding dated back to 1948-49.

*Ambikapur, Balaghat, Khandwa, Raipur, (Satpura) Chhindwara, Sehore, Sidhi.
@ (Construction) Balaghat, (Tandula) Durg.

Of the total unadjusted balance of Rs. 7.09 crores on 31st March 1962, Rs. 1.33 crores pertained to the Chambal Multipurpose Project. About 37% of the balance was outstanding in the undernoted 6 out of 96 divisions in other works departments:—

Branch	Public Works		Amount (Rs. lakhs)
	Division		
Buildings and Roads	..	Construction Division I, Bhopal	.. 88.99
		Construction Division II, Bhopal ..	.. 29.93
		Buildings and Roads Division, Bhopal	.. 26.99
		Construction Division II, Jabalpur	.. 19.51
Major Projects	..	Left D1 n Division, Tawa Project	.. 30.03
Public Health Engineering	..	Public Health Division, Bhopal ..	.. 19.85

It is not known how far the large outstandings are really due to omission to carry out adjustments even though the stores have been paid for.

The necessity for early settlement of the outstandings has been brought to the notice of the Divisional Officers from time to time.

Stock verification

54. (i) The stock of stores in the following Divisions was not verified in 1961-62 though the rules require that all stores in stock should be physically verified at least once a year:—

S.No.	Works branches	No. of Divisions holding stock	No. of Divisions stock in which was	
			Not verified at all	Not fully verified
1.	Buildings and Roads	.. 48	26	9
2.	Irrigation .. ..	.. 31	8	8
3.	Chambal Multipurpose Project	.. 2 circles	Both the circles	..
4.	Major Projects	.. 3	2	..
5.	Public Health Engineering	.. 8	6	..
6.	Housing .. ..	.. 1	1	..

Of the Divisions in which stock was verified (a) 6 Divisions (2 Public Health Engineering and 4 Buildings and Roads) did not intimate the results of verification to audit and (b) discrepancies noticed in physical verification were not adjusted by 11 Divisions (9 Irrigation and 2 Buildings and Roads) though rules require that such discrepancies should be properly investigated and accounted for immediately.

(ii) In the following cases investigation of shortages noticed in April 1958 to November 1961 has not yet (February 1963) been completed:—

S. No.	Name of P. W. Division	Nature of stores	Value of shortage	When detected	Brief particulars
(1)	(2)	(3)	(4)	(5)	(6)
			Rs.		
(i)	Construction Division II (Buildings and Roads), Raipur.	M.S. Bars, Fans, S. W. Pipes, etc.	35,515	April 1958, September 1958, January 1959, and May 1959.	Shortages were detected during the surprise check of stores by two Sub-Divisional Officers.
(ii)	Buildings and Roads Division, Raigarh.	M. S. Bars..	27,720	May 1958, June 1958 and July 1958.	The shortage was in Raigarh Sub-Division.
(iii)	Buildings and Roads Division, Mandla.	All ..	18,384	November, 1961	Shortages are in Mandla Sub-Division; the full details could not be furnished by the department as yet. These were first exhibited under 'Miscellaneous Public Works Advances' in accounts of November 1961. An amount of Rs. 6,348 has since been adjusted.
(iv)	Buildings and Roads Division, Shivpuri.	Cement and Lime.	10,895	September 1959	Shortage comprised 1,525 bags of cement valued at Rs.10,675 and 107 tins of lime valued at Rs. 217.

Stock Registers

55. (i) The register of stock in each Public Works Division is required to be closed at the end of each half year and reviewed by the Divisional Officer to ensure that the stock consists of efficient and necessary articles, see that stores are priced within the rates at which they can be purchased at the time, the stock is verified periodically by responsible officers and that stocks of individual items are regulated on a consideration of actual requirements of near future. The stock registers have not, however, been closed on due dates in any of the Public

Works Divisions. The following divisions have not closed the stock registers beginning from the periods indicated against each:—

S. No.	Name of the Division	The period from which the Stock Accounts are not closed.
(1)	(2)	(3)
(1)	Buildings and Roads Division, Shajapur	1949-50
(2)	Buildings and Roads Division, Panna	1949-50
(3)	Buildings and Roads Division, Rewa (East)	1950-51
(4)	Buildings and Roads Division, Jabalpur	1951-52
(5)	Buildings and Roads Division, Bhopal	1952-53
(6)	Buildings and Roads Division, Shahdol	1953-54
(7)	Buildings and Roads Division, Rewa (West)	1953-54
(8)	Buildings and Roads Division, Hoshangabad	1955-56
(9)	Buildings and Roads Division, Durg	1955-56
(10)	Buildings and Roads Division, Sagar	1955-56
(11)	Buildings and Roads Division, Raigarh	1955-56
(12)	Buildings and Roads Division, Jagdalpur	1955-56
(13)	Buildings and Roads Division, Morena	1955-56
(14)	Buildings and Roads Division, Bhind	September 1956
(15)	Buildings and Roads Division, Vidisha	September 1956
(16)	Buildings and Roads Division, Satna	1956-57
(17)	Buildings and Roads Division, Ambikapur	1956-57

(ii) Wainganga Irrigation Division, Balaghat which had not closed its stock registers since March 1956 started fresh registers from 1st April 1956. The difference of Rs. 69,287 between the book balance (Rs. 90,757) and the value at the prevalent issue rate of actual balance (Rs. 21,470), found on physical verification on 31st March 1960, was debited to Suspense account pending investigation. Up to September 1962, however, only Rs. 7,412 had been adjusted leaving a balance of Rs. 61,875.

CIVIL DEPARTMENTS

Delay in bringing plant, machinery, equipment, etc., in use:

56. A number of cases of delay in putting plant, machinery, equipment and other tools and plant into effective use were observed in local audit.

Medical Department

(i) One encephalogram was purchased by the Government Medical Stores, Gwalior for Rs. 32,683 in March 1955 for diagnosing brain diseases in J. A. Hospital, Gwalior. The apparatus has, however, not been in working order ever since its receipt in the Hospital, in May 1955. The suppliers tried to put it in working order in August 1956, December 1958 and again in May 1960, when it was reported to require major repairs of Rs. 12,378 as a result of the climatic conditions and long non-use. Repairs have not so far been carried out for want of Government sanction which was solicited in May 1962.

The machine has to be housed in an air-conditioned room. A special ward (for paying patients) was vacated for the purpose in October 1956. However, though the required additions and alterations have been carried out, the room has not yet (February 1933) been air-conditioned.

(ii) An X-ray plant purchased and installed at a cost of about Rs. 23,000 in District hospital, Rajgarh was lying unused in February 1933 since acquisition in 1956 as the hospital has got only direct current, but the plant is intended to operate with alternate current.

(iii) The Sultania Zanana Hospital, Bhopal has been unable to use Kitchen equipment worth Rs. 17,235 acquired in January 1953, up to now (October 1962) for want of suitable accommodation; it had not, however, taken any steps to have the necessary accommodation constructed.

(iv) Other equipment lying unused in Medical Department include—

(a) An Air Conditioning Plant in T. B. Hospital, Bhopal acquired in 1956 at a cost of about Rs. 14,500;

(b) A Cold Storage Plant costing about Rs. 10,000 purchased over 8 years ago in the Government Medical Stores, Gwalior.

Agriculture Department

(v) In the Agricultural Engineering Workshop, Jabalpur 6 machines valued at Rs. 23,335 purchased during December 1953 and November 1930 had been put to use after the lapse of periods ranging from 10 to 29 months; 3 machines costing Rs. 51,365 purchased in June 1959 (Rs. 3,650), October 1960 (Rs. 44,765) and March 1961 (Rs. 2,950) were lying idle at the time of local audit in August 1962. The delay in these cases was ascribed to delay in the construction of sheds, inadequacy of power, want of staff, etc.

(vi) Two oil engines costing Rs. 12,350 have been lying idle with the Assistant Agricultural Engineer, Lift Irrigation, Gwalior since 1953. Two pumps with oil engines, which were acquired by Government Farm, Kurwai, in March 1931 at a cost of Rs. 17,939, had not been put to use till March 1933.

Over stock of other stores

57. (i) In the case of the following departments the balance of stores held in stock on 31st March 1962 was, *prima facie* in excess of requirements for a reasonable period:—

S.No. in Para 49	Description	Closing stock	
		(Rs. lakhs)	Equal to issues for (approximately).
15	.. Opium	2.14	4½ years.
7	.. Stamps	6,55.81	3½ years.
10	.. Stores of Public Health Department (other than machinery).	72.18	2½ years.
11	.. Stores of Government Presses (other than machinery).	60.29	1½ years.

(ii) In the case of medical stores a stock of 8-12 months' requirements is ordinarily considered to be adequate. However, on 31st March 1962 the stock of 76 items valued at Rs. 20,715 in the T. B. Hospital, Bhopal, was in excess of 2 years' requirements (and more than 15 years' requirements in some cases).

Uneconomic Purchase of Medical Stores

58. (i) The Director General, Supplies and Disposals, has a rate contract for Nitrous Oxide and medical Oxygen with Indian Oxygen Ltd., who are the main suppliers of these gases throughout India and from whom the requirements of Government Hospitals in Madhya Pradesh are largely met. During the local audit of M. Y. Hospital, Indore, in April 1959, it was noticed that, while the Hospital was purchasing Nitrous Oxide from Indian Oxygen Ltd., on the rate contract, it was obtaining medical Oxygen from a local dealer since before 1955 without any written contract with him. The contract rate of Indian Oxygen Ltd., varies according to the capacity of the Cylinder containing the gas. The local dealer, who obtains his supplies from the same firm, was paid at 0.30 nP. per cft. It has been estimated that purchase of medical Oxygen also from Indian Oxygen Ltd., instead of from the local dealer, in containers of the capacity commonly used by big hospitals, would save the Government over Rs. 7,000 per year. Nevertheless, the Hospital continues to purchase medical Oxygen from the local dealer at the pre-existing rate even after the matter was reported to the Director of Health Services in July 1959; it has also not entered into any contract with the dealer as yet.

(ii) In May 1961 when it already had a stock of about 10 months' requirements the Sultania Zanana Hospital, Bhopal decided to purchase one year's requirement of 1,300 lbs. (590 litres) of rectified spirit. The indent placed on the Medical Stores Depot, Bombay, however, asked for 1,300 gallons (5,850 litres) instead of 1,300 lbs. (590 litres). The Depot supplied only 158 litres stating that the total annual issues from the Depot were only 1,500 litres. The Hospital did not detect its mistake even at that stage. On the other hand, after inviting local tenders, it placed orders on a local firm on the 15th January 1962 for supply of 5,695 litres (12,548 lbs.) at the rate of Rs. 0.78 per litre. The supplier did not make any supply as the Hospital did not get him the required excise permit. The Hospital then placed an order on the second lowest tenderer on 27th March 1962 for supply of the same 5,695 litres quantity at Rs. 1.75 per litre. This order was cancelled on the 29th March 1962 as it was felt that, if it was executed, the budget provision for the year would be exceeded.

The order was, however, subsequently restored on the same date with a difference in the rate. The supplier supplied 5,814 litres on the 29th March 1962. The stock at the end of year was equal to about 10 years' requirements.

Non-return of 'empties' by hospitals

59. Certain firms supplying glucose solution, glucose saline, normal saline, sodium citras and sodium sulphate of 540 c.c. and A.C.D. solution to Sultania Zanana and Hamidia hospitals in Bhopal had undertaken to allow a rebate of

one rupee per empty bottle provided they are returned to the supplier in good condition within a specified period of time, the transport charges being borne by the purchaser. It was observed that the two hospitals had returned only about 18,500 (5,500+13,000) bottles out of about 76,500 (11,500+65,000) empty bottles, which became available in the period 1st November 1956 to 31st March 1962 and thus, foregone a rebate of the order of about Rs. 58,000 (6,000+52,000) less transportation charges of empty bottles from Bhopal to Calcutta.

GENERAL

Setting up of stock verification organisation

60. In paragraph 114 of their First Report (1957-58) and paragraph 57 of their Fourth Report (1960-61) the Public Accounts Committee had occasion to comment on the unsatisfactory state of store-keeping in different departments, particularly the Public Works Department. Its recommendations in this connection which include setting up of an independent stock verification organisation are still under consideration of Government.

CHAPTER VI

REVENUE RECEIPTS

61. Unlike the audit of Government expenditure, audit of Government receipts did not receive adequate attention in the past. Though the receipts of certain departments like Public Works Department, Forest Department, etc., were subjected to audit, the receipt of the main revenue earning departments of the State like Sales Tax, State Excise, Stamps, etc., were not audited. Under the Audit and Accounts Order, 1936, which remains in force by virtue of Article 149 of the Constitution, the Comptroller and Auditor General of India may undertake audit of receipts of any department of the State only with the approval of the Governor. At the suggestion of the Comptroller and Auditor General, the Government of Madhya Pradesh agreed in July 1961 that, as a beginning, the audit of Sales Tax Receipts may be undertaken. The audit of Sales Tax Receipts and Refunds has been taken up from September 1962 only.

PUBLIC WORKS DEPARTMENT

Rent for residential buildings

62. (i) In paragraph 22 of Audit Report, 1959, attention was drawn to the delay on the part of the Public Works Department in assessing rent of residential buildings, recovering rent due, and submission of rent returns to audit, in a number of cases. The position in regard to these has continued to be unsatisfactory. At the end of March 1962, standard rent had not been fixed in respect of about 10,000 residential buildings, of which over 3,000 were in the Capital Project, Bhopal. Collection of rent was also in arrears to the extent of about Rs. 16 lakhs. The amount in arrears was equal to the average amount recoverable in the whole year in respect of all the residential buildings in the State. Particularly large arrears in recovery of rent existed in the under-mentioned divisions:—

Division	Amount (Rs. lakhs)
Buildings and Roads Division, Rewa East	3.70
Buildings and Road, Division, Dhar	1.81
Buildings and Roads Division, Gwalior	1.66
Buildings and Roads Division, Bhopal	1.08

Land rent

(ii) A part of the bed of the Kaketa Dam in Bhind Canal Remodelling Division, Gwalior, was unauthorisedly occupied by an *ex-Jagirdar* during the period 1951-54 when the tank had partially dried up. The *ex-Jagirdar* did not pay any rent for the land or water rates. The matter came to the notice of the Irrigation Department as far back as January 1953. However, the Department completed the assessment of the amount due from the *ex-Jagirdar* only in July

1954 and the amount of Rs. 23,737 assessed to be due has not yet (October 1962) been realised. The matter was reported to the Chief Engineer in November 1961 and his reply is awaited (October 1962).

FOREST DEPARTMENT

Mahuwa flowers and fruit

63. (i) The *mahuwa* flowers and fruit are collected during March-April and May-June respectively and, therefore, the leases of *mahuwa* coupes are normally auctioned in February.

In 1960 the 3 *mahuwa* leases in four ranges of Dhar Forest Division, in which the "royalty" system of contract had been in force for a long time were proposed to be auctioned on the 18th to 22nd February 1960. The auction was, however, held up on the order of Conservator of Forests pending the decision of Government on a reference proposed to be made by the Chief Conservator of Forests that the leases may be auctioned on the "monopoly" system in vogue elsewhere in the State. The Government decided on the 2nd May 1960 that, until a uniform set of rules applicable throughout Madhya Pradesh for such contracts were framed, the prevalent practice in the case of these leases might be continued. The auction was held only on the 19th July 1960 in the case of 2 leases and on the 2nd September 1960 in the case of the third lease, after the season for collection of flowers and fruit was over. The 3 leases in question fetched only Rs. 34,611 in all against the "upset" (reasonable) price of Rs. 60,000 fixed by the Forest Department on the basis of average receipt of Rs. 52,000 in the preceding 3 years and condition of crop.

Government have since stated that order of Conservator of Forests, holding up the auction till receipt of Government orders, was "without adequate foresight". They are, however, of the view that the fall in revenue was mainly due to certain new legal measures put into effect by Government.

Unauthorised provision in the Agreement

(ii) Two coupes of Ratamati Teak conversion felling series in Betul Forest Division were auctioned in January 1959 and March 1959 for extraction of forest produce excluding bamboos. The relative agreement bond, however, authorised the contractor to extract bamboos also with the result that the contractor removed 41,229 bamboos of the spot value of Rs. 6,180 without any payment. Though the Divisional Forest Officer reported the matter to the Chief Conservator of Forests in December 1959 and to Government in October 1960, the responsibility for the resultant loss of Rs. 6,180 to Government, which was rendered possible by the unauthorised provision in the agreement, has not been fixed as yet (September 1962).

OTHER TOPICS OF INTEREST

Tax on passenger fares

64. (i) An Act to impose a tax at 10% on all fares of passengers carried by stage carriages received the assent of the President on the 15th July 1959.

The tax was estimated to yield a revenue of Rs. 50 lakhs per annum. The Act was, however, enforced only from 1st February 1961. The collection amounted to Rs. 5.31 lakhs in the two months of 1960-61 and Rs. 64.72 lakhs in 1961-62.

The Government have stated that the delay in enforcement of the Act was due to their desire to unify the fare structure in the whole State before enforcing the tax. The fare structure could not, however, be unified within the next year and a half. It was, therefore, decided that the tax may be enforced on the existing fares fixed by the integrating units, pending unification of fare structure for the entire State.

The delay in the enforcement of the Act by about a year and a half deprived the State Government of additional revenue of about Rs. 90 lakhs.

Delay in implementation of recommendations of Water Works Committee

(ii) The Water Works Committee appointed by Government in October 1957 found that practically all the 17 Water Works owned by the Government in 1957-58 were working at a loss, the net aggregate loss per year being Rs. 7.85 lakhs.

The Committee suggested that "the Government should take earliest steps to make the water works self-sufficient". In this connection it recommended, *inter alia*, that

- (a) The rate for supply of water should be such "that the water works should be self-sufficient and should also provide for depreciation at fixed rate."
- (b) The present practice of supplying water to municipalities without being charged for should be stopped.

The report of the Committee, which was submitted to the Government in May 1958 was approved in principle by Government in November 1961. However, neither of the Committee's recommendations has been implemented as yet (October 1962) which has resulted in a further loss of over Rs. 30 lakhs to the Government in the period April 1958 to March 1962.

Of the total annual loss of Rs. 7.85 lakhs mentioned by the Committee, a loss of Rs. 1.91 lakhs was incurred by the Gwalior Water Works alone. This loss was mainly due to free supply of water to the Municipal Corporation, which still (October 1962) continues, though the Public Accounts Committee was given to understand in May 1959 that orders stopping the free supply would be issued shortly. This results in loss of revenue of Rs. 1.4 lakhs per year even at the present uneconomic rates which were fixed as long ago as 1942 and are the lowest in the whole State.

REMISSIONS AND WRITES OFF

65. In 55 cases remissions of revenue aggregating Rs. 0.47 lakh were granted by the competent authorities and in 16 cases minor losses of revenue aggregating Rs. 0.33 lakh were written off by competent authorities as shown below:—

S.No.	Department	Total No. of cases	Amount (Rs. lakhs)	Brief subject
<i>A—Remissions of Revenue</i>				
1.	Law	10	0.16	Remissions of irrecoverable court fees, process servers fees, magisterial and other fines,

S. No.	Department	Total No. of cases	Amount (Rs. lakhs)	Brief subject
2.	Public Works (Irrigation)	6	0.13	Remissions of irrigation revenue and water charges mainly due to failure of crops on account of floods.
3.	Separate Revenue (Sales Tax)	4	0.07	Remissions of irrecoverable Sales Tax dues from private parties
4.	Separate Revenue (State Excise)	4	0.07	Remissions of irrecoverable arrears of license fees.
5.	Forest	1	0.03	Remission of revenue due to loss sustained by certain forest villagers on account of scarcity and failure of crops.
6.	Co-operation	30	0.01	Remission of irrecoverable audit fees from co-operative societies due to losses sustained or nominal profits earned by them.
<i>B—Writes off of minor losses</i>				
1.	Forest	13	0.19	Losses due to— (i) illicit fellings (ii) Irrecoverable dues from contractors, and (iii) misappropriation of forest revenue.
2.	Stationery and Printing	1	0.12	Losses on account of irrecoverable dues for the period prior to December 1948.
3.	Law	1	0.01	Losses on account of irrecoverable arrears relating to library subscription from legal practitioners.
4.	Land Revenue	1	0.01	Loss resulting from defalcation of land revenue.

CHAPTER VII

LOANS AND ADVANCES

Loans to Co-operative Societies for the construction of godowns

63. During the period of the Second Plan (1956-57 to 1960-61) loans amounting to Rs. 63.03 lakhs were paid to Co-operative Societies for the construction of 445 godowns to be utilised for the storage of agricultural produce of their members. Government received for this purpose loans and grants from the National Co-operative Development and Warehousing Board, to the extent of Rs. 18.30 lakhs and Rs. 7.83 lakhs respectively on the basis that 25 per cent of the cost of construction of the godowns would be treated as grant and the balance as loan carrying interest at $4\frac{1}{2}$ per cent.

Construction of the godowns was required to be completed within six months of the date of disbursement of the first instalment of the assistance. The due date for completion of the last godown was 30th September 1961. However, the position, nine months after this date, that is, on 30th June 1962, was that 355 out of 445 godowns were stated to have been completed; 89 including 36 for which loans and subsidy amounting to Rs. 13.40 lakhs had been paid in 1959-60 or earlier years, were reported to be still under construction; 1 godown, for which payment had been made to the society in 1956-57, had not yet been started.

The financial assistance to the societies was required to be paid in instalments, the second and subsequent instalments being paid on receipt of a certificate to the satisfaction of Registrar, Co-operative Societies that the instalments already drawn had been properly utilised. It was, however, observed that in almost every case the full amount had been paid to the societies in lump.

Of the 355 societies which are stated to have completed construction of the godowns by 30th June 1962, 275 had not submitted up to September 1962 the required certificate of completion, after verification by the Public Works Department as required under the rules/orders issued by Government. Examination of the completion certificates received from 80 societies showed that in 27 cases the actual cost of construction (Rs. 3.04 lakhs) was less than the amount of assistance (Rs. 3.40 lakhs); the unspent balance of Rs. 0.36 lakh had, however, neither been refunded by the societies nor called back by the Department.

As on 31st March 1962 the payment of interest and the repayment of instalments of the loans advanced to some of the societies was in arrears as shown below. The outstandings relate to 1957-58 onwards:—

					No. of Societies	Amount (Rs. lakhs)
Interest	..	..	..	..	125	0.43
Loan	..	..	..	..	141	0.60

No penal interest has been charged although the rules require that the societies shall be charged a penal rate of 8 per cent on the overdue instalments.

CHAPTER VIII

GOVERNMENT COMMERCIAL AND TRADING ACTIVITIES

SECTION A

GENERAL

67. This Chapter deals with the audit of—

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

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

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

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

SECTION B

STATUTORY CORPORATIONS/BOARDS

68. A summary of the financial results of the working of the 4 Statutory

Corporations/Boards in the State for 1960-61 and 1961-62 is given in the table below:—

Name of Corporation	(Rs. lakhs)							
	Madhya Pradesh Financial Corporation, Indore		Madhya Pradesh Warehousing Corporation, Indore		Madhya Pradesh Electricity Board, Jabalpur		Madhya Pradesh Housing Board, Bhopal.	
Year of incorporation	(1955)		(1958)		(1957)		(1957)	
Year to which results relate	1960-61	1961-62	1960-61	1961-62	(a) 1959-60	(a) 1960-61	Accounts not prepared	
1. Paid-up Capital—								
(a) Share of Madhya Pradesh Government.	53.35	58.35	15.00	17.00	..	..	..
(b) Total	.. 1,00.00	1,00.00	23.50	25.50	..	..	..
2. Loans ..	.. 7.30	8.92	..	..	(b) 2,767.32	(b) 3,268.00	2,36,00	
3. Free Reserves ..	0.76	1.45	0.01	0.01	231.82	326.37	Figures not available.	
4. Capital employed, i.e. 2 (b), 3 and 4.	1,08.06	1,10.37	23.51	25.51	2,999.14	3,594.37	..	
5. Net block assets ..	0.12	0.13	0.85	2.62	2,163.85	2,615.14	..	
6. Depreciation up to end of the year.	0.06	0.08	0.10	0.22	184.68	260.90	..	
7. Business transacted	7.23	33.69	3.53	5.00	451.08	555.37	..	
	(Loans advanced)		(Warehousing charges)		(Sale of energy)			
8. Net profit (+) / Loss (-).	(+)3.91	(+)4.11	(-)0.12	*	1,50.24	1,90.01	..	
9. Percentage Return on Capital employed.	(+)3.6	(+)3.7	..	..	5.00	5.29	..	
10. Provision for reserves and taxation.	2.03	2.47	..	..	10.00	13.42	..	
11. Interest due on loan	..	..	..	..	1,02.34	1,22.11	..	
12. Surplus	.. 1.88	1.64	..	..	37.90	54.47	..	

(a) The figures are provisional pending certification by audit.

(b) Excludes Rs. 11.35 crores representing share of Bombay Electricity Board which has not yet been passed on to Maharashtra.

* Profit amounted to Rs. 457 only.

MADHYA PRADESH FINANCIAL CORPORATION

As in earlier years, the profit available for distribution in 1961-62 was not sufficient to meet the guaranteed dividend of 3½ per cent on the paid-up capital. The State Government had, therefore, to sanction a subvention of Rs. 1.86 lakhs. Such subventions received or to be received by the Corporation, from its inception to the end of the 1961-62 amount to Rs. 10.78 lakhs or 51 per cent of the total dividend paid.

MADHYA PRADESH ELECTRICITY BOARD

Arrears of revenue

69. The arrears in the collection of revenue were as follows:—

Date	Arrears at the end of the year	
	Amount (Rs. lakhs)	Percentage of operating revenue for the year
31st March 1958	65.65	33.8
31st March 1959	80.46	25.8
31st March 1960	108.21	23.7
31st March 1961	143.12	25.5
31st March 1962	(Accounts not yet prepared)	

Break-up of the amount outstanding on 31st March 1961 is given below:—

Due from	Amount (Rs. lakhs)
H. T. Consumers	91.14
L. T. Consumers	41.41
Unclassified	10.57

The yearwise break-up of the outstanding amount has not been furnished by the Board. The Board are also not in a position to indicate as to how much of the outstanding amount is of the nature of bad and doubtful debts.

Among the H. T. consumers large sums were outstanding from Bilai Steel Project (Rs. 37.73 lakhs) and Heavy Electricals Ltd., Bhopal (Rs. 1.32 lakhs). As regards L. T. consumers, an amount of Rs. 10.96 lakhs pertaining to the period 1st March 1949 onwards was due from Bhopal Municipal Corporation. The Board have filed a suit against the Corporation for recovery of this amount.

Loans by Government

70. The loan taken by the Board from the State Government up to 1960-61 exceeded the expenditure against the loans by Rs. 1.72 crores. The excess was not adjusted against requirements in 1961-62; in fact, the amount drawn in this year was Rs. 4.53 crores in excess of requirements. The amount of loan drawn by the Board up to the end of 1961-62 was thus Rs. 6.25 crores in excess of requirements. The Board have stated that the amount of loan drawn by them is based on the Plan ceilings. They drew the full amount of the Plan ceiling in 1961-62 though the actual expenditure was less as ".....it might not ordinarily be possible for the State Government to provide sufficient money to cover the actual expenditure...." in succeeding years when it exceeds the Plan ceiling. In this connection, it is pointed out that :

(i) There is a large difference of Rs. 4.53 crores between provision in the Plan (Rs. 9.02 crores) and actual expenditure (Rs. 4.49 crores) in the first year of the Third Plan.

(ii) In the case of assistance by Central to State Government for Plan schemes, the amount of the loan is regulated with reference to expenditure likely to be incurred; when the expenditure likely to be incurred is less than the Plan provision for that year, the amount of only likely expenditure is advanced by the Centre.

The excess drawal of loans resulted in a surplus of funds with the Board, which had to be kept mainly with banks. The cash at Bank amounted to Rs. 6.96 crores on 31st March 1961 and Rs. 9.52 crores on 31st March 1962.

Loss on account of excessive issue of conductors

71. For the Korba-Bhilai (Double Circuit) Transmission line which, as originally proposed, was to traverse 140 miles, the requirement of 'aluminium conductor steel reinforced' was estimated as 860 miles on the basis of actual route length plus 2% to cover sag and wastage. The entire estimated quantity was ordered in November 1956 and was received by December 1957. Meanwhile, in April 1957, the route was revised and the requirement of the conductor for the revised route of 124 miles came down to 760 miles on the same basis. Nevertheless, the entire quantity of 860 miles of conductor was issued to the contractor, who started the work in March 1958. On completion of the work, the contractor returned 95.5 miles of the conductor and was debited for the balance 4.5 miles out of 100 miles of conductor issued to him in excess. 95.5 miles of the conductor returned by the contractor consisted of 33.2 miles of conductor which could be used on high tension lines and 62.3 miles of conductor in small cut lengths which could not be so used.

Had the conductor been issued only to the extent of requirement, based on the route mileage plus 2% for sag and wastage, as was done by the Board for other similar works such as Bhilai-Jharandalli Transmission line and as stipulated in the order placed for Satpura-Tawa Transmission line, this 62.3 miles of conductor in small lengths costing Rs. 3.27 lakhs would have remained with the Board in the form usable in high tension lines. It was observed that about 48 miles of these small lengths of conductor lying in one Division have been valued as scrap at Rs. 43,000 approximately at the rate of about Rs. 900 per mile as against the purchase price of Rs. 5,242 per mile.

Out of the 33.2 miles of conductor usable on high tension lines, only 11.5 miles have been used so far on another transmission line. The balance of 21.7 miles costing about Rs. 1.13 lakhs purchased in December 1957 is still lying unused (November 1962).

MADHYA PRADESH HOUSING BOARD

72. The assets and liabilities of the Board, which was reconstituted on the reorganisation of States in November 1956, have not yet been finally apportioned between Maharashtra and Madhya Pradesh.

The annual accounts of the Board for November 1956 onwards have not yet been submitted to State Government for being placed before the Legislature, though Section 28 of the Madhya Pradesh Housing Board Act lays down that they should be submitted annually. The results of working of the Board are, therefore, not known. However, on 31st March 1962, the repayment of principal of loans (totalling Rs. 2.36 crores from the State Government) and interest thereon was in arrears to the extent of Rs. 14.74 lakhs and Rs. 6.34 lakhs respectively.

SECTION C

GOVERNMENT COMPANIES

73. Only one (inherited from the erstwhile Gwalior State) out of the six Government Companies is transacting business. Of the remaining five Companies, three came into being only in 1961-62. The position of the other two Companies is as follows:

The Bank of Kawardha Ltd., Kawardha which had suspended its business with effect from 21st December 1957 had since finally gone into liquidation from 23rd August 1961, The Dhar Transport Company (Private) Ltd., which ceased to function from 1st April 1956, is also proposed to be taken in voluntary liquidation. The investments of Government in these Companies amount to Rs. 1.35 lakhs and Rs. 1.10 lakhs respectively.

Provident Investment Company (Private), Ltd.

74. The financial results of this Company during 1960 and 1961 are summarised in the table below:—

	(Rs. lakhs)	
	Year ended 31st Decem- ber 1960	Year ended 31st Decem- ber 1961
(1) Paid-up Capital—		
(a) Share of Madhya Pradesh Government	46.36	46.44
(b) Total	49.66	49.66
(2) Loan	7.39	7.56
(3) Free reserves	130.86	131.01
(4) Total capital employed [1 (b) + 2 + 3].	187.91	188.23
(5) Investments in—		
(a) Government Securities and shares of Joint-Stock Compa- nies.	187.96	183.41
(b) Immovable properties	6.36	5.99
(6) Other assets (Net)	7.70	7.00
(7) Income received—		
(a) Interest and dividends	5.73	6.09
(b) Rent	0.31	0.28
(c) Miscellaneous (including net accretion on sale of invest- ments).	1.16	0.04
(8) Net Profit (including interest paid on loans)	6.45	4.73
(9) Percentage return on capital employed	3.4%	2.5%
(10) Appropriation for income-tax	3.37	1.35
(11) Profit available for distribution	2.96	3.20

The investments of Rs. 1.83 crores in Government securities and shares on 31st December 1961 included Rs. 1 crore in the 4½% Madhya Pradesh Government Loan, 1972.

*(Shares of the value of Rs. 2.00 lakhs, held in the name of a charitable trust excluded.)

Newly established Companies

75. The Madhya Pradesh State Industries Corporation Ltd., was incorporated in April 1961 with the object of undertaking development of new industries. The investment of Government in the Corporation on 31st March 1962, including assets totalling Rs. 37.78 lakhs of the following Government projects taken over by the Corporation, stood at Rs. 55.78 lakhs:

- (a) Cotton Spinning Mill Project, Sanawad.
- (b) Cotton Seed Solvent Extraction Project, Ujjain.
- (c) Power Alcohol Project, Ratlam.

The Madhya Pradesh Laghu Udyog Nigam, Ltd, (Small Industries Corporation) was set up in December 1961 to aid small scale industries in the State. Government had invested Rs. 3 lakhs in this Corporation up to 31st March 1962.

The Madhya Pradesh State Mining Corporation Ltd., was registered in January 1962 for developing the mineral industry in the State. An amount of Rs. 0.80 lakh was drawn from the Treasury by the Director, Geology and Mining in March 1962 for investment in the shares of the Corporation; but has not been disbursed as yet (February 1963) pending commencement of business by the Corporation.

SECTION D

DEPARTMENTALLY-MANAGED COMMERCIAL AND QUASI-COMMERCIAL UNDERTAKINGS

Commercial Undertakings

76. Of the 9 commercial undertakings managed departmentally by Government, only 6 have drawn up the *pro forma* accounts for 1961-62. A summary of the results of their working is given below:—

	(Rs. lakhs)					
1. Name of the concern	Gwalior Potteries	Gwalior Engi- neering Works	Gwalior Leather and Tent Factory	Gwalior Tannery	Sales Dispens- sary Indore	Indore Hotel
(Year of Establishment)	.. (1914)	(1852)	(1893)	(1908)	(1939)	(1949)
2. Government investment	.. 8.72	28.47	3.13	3.60	0.54	1.91
3. Free Reserves	.. 3.18	1.59	..	..	..	..
4. Capital employed	.. 11.90	37.03	3.13	3.60	0.54	1.91
5. Net block assets	.. 3.42	5.44	0.27	(-)0.12	0.04	1.83
6. Depreciation up-to-date	.. 4.45	3.39	0.95	1.63	0.03	0.01
7. Turn over	.. 6.45	8.01	6.44	0.80	1.88	0.4
8. Net Profit (+)/Loss (-) (Before charging interest on capital)	.. (-)0.93	(+)0.55	(+)0.63	(-)0.11	(+)0.04	(-)0.24
9. Interest on Government investment	0.23	1.07	0.08	0.14	0.02	0.03
10. Percentage return on Capital employed	.. ..	(+)1.8	(+)20.0	..	(+)7.4	..
11. Net Profit (+)/Loss (-) (After charging interest on capital)	.. (-)1.21	(-)0.52	(+)0.55	(-)0.25	(+)0.02	(-)0.32

Taken together, these 6 undertakings suffered a loss of Rs. 1.73 lakhs after charging interest.

The loss of Rs. 1.73 lakhs during the year was made up of loss of Rs. 2.30 lakhs by 4 undertakings and profit of Rs. 0.57 lakh by 2 undertakings. Of the 4 which suffered a loss in the current year, Gwalior Engineering Works made a profit only in 1960-61, but showed a loss in 1961-62. The other 3—Indore Hotel, Gwalior Tannery and Gwalior Potteries—have been working at a loss since 1950-51, 1952-53 and 1959-60 respectively.

The position regarding the non-preparation of *pro forma* accounts in respect of the three concerns is shown below. Government's investment on these exceeded Rs. 175 lakhs.

Name of the undertaking	Government's investment	Period for which <i>pro forma</i> accounts not prepared
	(Rs. lakhs)	
Nationalised Text Book Scheme	Not known	Since inception in December 1957.
Madhya Bharat Roadways	172.73 (on 31st March 1960)	Since 1960-61.
Gwalior Hotel	2.69 (on 31st March 1961)	1961-62.

Gwalior Tannery

77. The Balance Sheet, Manufacturing Account, Trading Account and Profit and Loss Account, of Gwalior Tannery, for 1961-62 have been given in Appendix 11 (pages 116—121).

This undertaking has been working at a loss since 1952-53; the cumulative loss up to 1961-62 was Rs. 1.43 lakhs.

Against a capacity of 45,000 hides per annum, the output was only 2,182 and 1,244 hides in 1960-61 and 1961-62 respectively. Certain proposals submitted by the Tannery in June 1962 for increasing the production to 7,500 hides per year were not considered by Government in view of the impending transfer of this undertaking to the Madhya Pradesh State Industries Corporation, Ltd. It has not, however, yet (February 1963) been taken over.

Madhya Bharat Roadways

78. The percentage of non-effective mileage to total mileage was 3.2 in 1960-61 and 3.8 in 1961-62.

The earnings of Mhow and Chambal city services amounted to only 52 nP. and 47 nP. per mile respectively in 1961-62 against the average of 125 nP. for all city services. The earnings of these two services were less than even the ordinary working (operating, maintenance and management) expenses and allow-

ance for depreciation per mile, which amounted to 97 nP. in 1959-60 (the last year for which *pro forma* accounts have been compiled) for the entire system.

The stores balance of Rs. 19.56 lakhs in the Central Stores on 31st March 1960 was reported to include obsolete spare parts worth Rs. 2.06 lakhs. These have been lying in stock for some years.

Large discrepancies between book balance and ground balance in the Central Stores have been detected in the course of physical verification of stock as shown below:—

Date of physical verification	(Rs. lakhs)	
	Discrepancies noticed	
	Excess	Shortage
31st March 1958	0.88	1.05
31st March 1959	1.11	1.13
31st March 1960	0.42	0.51

These discrepancies have not, however, yet (February 1963) been investigated and brought to account. As the maintenance of books is in arrears, even the amount of excess or shortage detected in stock verified on 31st March 1961 and 31st March 1962 has not yet (February 1963) been worked out by the management.

Quasi-Commercial Undertakings

79. Government have declared 7 Dairy Farms, 1 Milk Supply Scheme and 1 Petrol, Oil and Lubricants Scheme, which are departmentally-managed, to be quasi-commercial.

None of these undertakings have prepared the *pro forma* accounts since their inception and, therefore, the shortfall or loss in, or the assets and liabilities at the end of the year are not known.

The receipts of these concerns were, however, not sufficient to meet even ordinary working expenses (which do not include depreciation and interest charges). Some examples are given below:—

	Excess of expenditure over income in 1961-62	
	(Rs. lakhs)	
Dairy Farms, Chandkhuri, Adhartal, Itarsi and Durg	1.16
Milk Supply Scheme, Bhopal	0.94

Credit sales

80. The table below shows the amount of credit sales outstanding on 31st March 1962 (or some other date as indicated) in the case of some of the departmentally-managed undertakings:—

(Rs. lakhs)

Name of undertaking	Total outstanding	Yearwise break-up			From whom due		
		Up to 1958-59	1959-60 and 1960-61	1961-62	Private parties	Government Departments, etc.	
<i>Commercial</i>							
1. Gwalior Engineering Works ..	11.37	4.79	3.75	2.83	0.69	10.68	
2. Gwalior Leather Factory ..	2.41	1.13	0.10	1.18	Not available		
3. Central Provinces Transport Services.	2.31	0.60	0.99	0.72	Not available		
4. Madhya Bharat Roadways ..	1.99 (on 31st March 1960)	1.06	0.93	..	0.36	1.63	
5. Gwalior Tannery ..	1.84	1.80	0.02	0.02	..	1.84	
6. Gwalior Potteries ..	0.71	Not available			0.46	0.25	
7. Gwalior Hotel and State Guest House	0.59	0.48	0.08	0.03	0.59	..	
<i>Quasi-Commercial</i>							
8. Petrol, Oil and Lubricants Scheme, Bhopal.	6.02	3.63	1.66	0.73	..	6.02	
9. Dairy Farms ..	1.86	0.53	0.54	0.79	0.59	1.27	
10. Milk Supply Scheme, Bhopal ..	0.39	..	0.09	0.30	0.11	0.28	

It will be seen that out of Rs. 29.49 lakhs outstanding as on 31st March 1962, a sum of over Rs. 8.75 lakhs pertained to 1958-59 and earlier years; the earliest items outstanding dated back to 1943-44 in the case of Gwalior Engineering Works and Madhya Bharat Roadways.

Out of the sum of Rs. 1.99 lakhs outstanding as on 31st March 1960 in Madhya Bharat Roadways, Rs. 0.23 lakh was written off during 1961-62 as irrecoverable. Some of the other outstandings were also reported to be bad or doubtful, as shown below:—

(Rs. lakhs)

Gwalior Engineering Works ..	..	0.64
Gwalior Leather Factory ..	..	1.08
Madhya Bharat Roadways ..	..	0.32

Rs. 0.59 lakh out of Rs. 1.86 lakhs outstanding in dairy farms was due from private parties though credit sales to private parties were forbidden.

OTHER UNDERTAKINGS

Central Provinces Transport Services

81. The activities of the Central Provinces Transport Services, which was purchased by Government in 1955, are conducted by a Board of Management appointed by Government. The accounts of the undertaking are maintained on commercial basis.

Waiver of penalty

The order for the construction of bodies on 19 bus chassis, placed by the Central Provinces Transport Services on a firm in September 1959, stipulated that :

- (a) at least 5 vehicles should be delivered before 16th October 1959 and the remaining before 16th November 1959, and
- (b) if the delivery was delayed beyond the stipulated date (s) a penalty at the rate of Rs. 100 per vehicle per week or part thereof would be imposed.

The vehicles were delivered on different dates between 9th December 1959 to 28th March 1960 about 7 weeks to 20 weeks after the due date in each case, and, accordingly, the contractor became liable for a penalty of Rs. 26,600. On a representation of the contractor that they could not keep up the due dates because of labour troubles in October 1959 and non-availability of rubber seats in February 1960, the Board of Management decided in March 1961 to reduce the penalty to Rs.5,000 although the delay in the delivery had affected efficiency of the bus service and the Board were advised by their legal adviser that the full penalty was clearly enforceable.

SECTION E

Investments in Joint Stock Companies

82. On 31st March 1962, a sum of Rs. 100.66 lakhs stood invested in the shares of 31 Joint-Stock Companies (other than Government Companies) besides shares worth Rs. 2.33 lakhs received from 2 of these for consideration other than cash.

During the year Government received dividends from only 12 companies in which the investment was Rs. 66.01 lakhs. The dividends received totalled Rs. 5.18 lakhs.

7 companies in which Government had invested Rs. 17.39 lakhs have been working at a loss for a number of years. The accumulated loss of some of them is shown below :—

Name of the concern	Investment of Government	(Rs. lakhs)	
		Accumulated loss Amount	up to
Bengal Nagpur Cotton Mills Ltd., Rajnandgaon ..	0.44	47.69	31st Dec. 1960.
The Malwa Vanaspati and Chemicals Co., Ltd., Indore ..	4.00	5.83	Not available.

The department stated in September 1962 that there was no hope of these 7 concerns ever being able to earn profits. The question of disposing of these shares is under consideration of Government.

8 other companies in which Government investment stood at Rs. 15.19 lakhs are under liquidation. The liquidation proceedings in the case of some of these have been going on from 1951; the Discount Bank of India Ltd., Bombay, in which Government had invested Rs. 0.20 lakh is under liquidation since 25th June 1951.

Investments in Central Government Companies

83. The State Government have also invested an aggregate sum of Rs. 291.73 lakhs in three Central Government Companies as indicated below. In addition, the Government have granted an interest free loan of Rs. 77 lakhs to National Newsprint and Paper Mills, Ltd;—

Name of the Company	(Rs. lakhs)
	Amount of investment
National Newsprint and Paper Mills, Ltd.	169.73
National Projects Construction Corporation, Ltd.	10.00
National Coal Development Corporation, Ltd. (for working three mines in the Korba Coal Fields)	112.00

The profits made by the National Newsprint and Paper Mills, Ltd. during the last four years are being utilised to wipe out the accumulated loss which amounted to Rs. 24.83 lakhs on 31st March 1962.

During the year Government received a dividend of Rs. 0.20 lakh from the National Projects Construction Corporation, Ltd., in respect of 1959-60 and 1960-61.

Investments in Co-operative Institutions

84. (i) State Government's investment in the shares of co-operative institutions on 31st March 1962 totalled Rs. 3.36 crores. In addition, they had advanced loan aggregating Rs. 1.21 crores to these institutions.

The dividend received by Government in 1961-62 totalled Rs. 3.29 lakhs only, giving a return of about 1% on the investment.

(ii) The Registrar of Co-operative Societies was requested in March 1960 to arrange to supply Audit with copies of audited accounts of specified co-operative institutions, annually, for review. However, up to October 1962, no reply has been received in the case of 16 districts, and in the case of remaining 27 districts accounts of only some institutions have been received as shown below:—

Accounts for year ending	No. of accounts due (27 districts)	No. of accounts received (27 dis- tricts)
June 1959	666	237
June 1960	689	251
June 1961	730	125

(iii) Some of the important points noticed in the review of the audited accounts received are given below :

(a) A number of institutions suffered a loss, as shown below, even after receipt of staff subsidy from Government :—

Year ending	No. of institutions suffering loss	Amount of loss	(Rs. lakhs)	
			Amount of Government in	
			Share	Loan
June 1959	26 out of 237	1.06	4.51	6.19
June 1960	33 out of 250	0.79	4.81	3.52
June 1961	20 out of 125	0.19	2.32	1.74

Of these, one institution—Large-sized Co-operative Society, Tanda, District Dhar—suffered a loss in all the three years and 12 other institutions suffered a loss in two out of three years.

(b) The Sarangpur Joint Cane Growing and Credit Co-operative Society Sarangpur, District Rajgarh, whose paid up share capital was Rs. 1,401 on 30th June 1959 was granted a loan of Rs. 8.06 lakhs in the period from 1954 to February 1959, for purchase of machinery, seeds and manure. Of this, Rs. 6.80 lakhs was advanced within three months of the registration of the Society.

During the years ending June 1959 and June 1960 there was no receipt from sale of cane despite the purchase of pumping sets, tractors, etc, worth Rs. 3.75 lakhs, with a part of the loan from Government for cultivation of cane.

The Society had not been charging depreciation on its fixed assets in its accounts. Even so, however, it had an accumulated loss of Rs. 1.76 lakhs on 30th June 1960 up to which only accounts have been received; the loss inclusive of depreciation would be much more.

Up to 30th June 1960, the Society had repaid Rs. 3.36 lakhs of loan to Government leaving a balance of Rs. 4.70 lakhs. It has, however, not been paying interest charges on the outstanding loan regularly; the accumulated liability on this account on 30th June 1960 stood at Rs. 1.32 lakhs. As against Rs. 6.02 lakhs due to Government (principal Rs. 4.70 lakhs and interest Rs. 1.32 lakhs), on 30th June 1960, the total assets of the Society at book value stood at only Rs. 4.55 lakhs.

GUARANTEES

85. Government have given guarantees in respect of loans raised, and interest thereon, and dividend payable, by Statutory Corporations, etc, as indicated below (Details are given in Statement No.6 of Finance Accounts, 1961-62):—

Parties on whose behalf guarantee was given	(Rs. crores)	
	Limits up to which guarantee was given	
Statutory Corporations	0.10
Local Bodies	0.47
Co-operative Banks	23.74
Joint-Stock Companies	0.28
Total	24.59

CHAPTER IX

GRANTS-IN-AID

86. A sum of Rs. 7.77 crores was given as grants and subsidies to non-government bodies or individuals in 1961-62.

An analysis of the grants by the broad purposes, for which they were given, is appended below:—

				(Rs. crores)		
Purpose of the Grant				Non-Plan	Plan	Total
<i>Revenue</i>						
EDUCATION—						
University Education .. .. .	..	..	..	0.41	0.26	0.67
Secondary Education .. .. .	..	..	..	0.78	0.01	0.79
Primary Education .. .. .	..	..	..	2.12	..	2.12
Others .. .. .	..	..	..	0.12	0.06	0.18
Total ..				3.43	0.33	3.76
General and special purposes of local bodies .. .. .	..	..	..	0.66	0.36	1.02
Compensation to local bodies for levy of taxes .. .. .	..	..	..	0.48	..	0.48
Community Development Programme .. .. .	..	..	..	0.39	0.40	0.79
Welfare of Scheduled Castes, Tribes and Backward Classes .. .. .	..	..	..	0.36	0.10	0.46
Co-operation .. .. .	..	..	..	..	0.35	0.35*
Agriculture .. .. .	..	..	..	0.03	0.20	0.23
Industries and Supplies .. .. .	..	..	..	0.02	0.12	0.14
Medical and Public Health .. .. .	..	..	..	0.07	..	0.07
Social Welfare .. .. .	..	..	..	0.02	0.03	0.05
Others .. .. .	..	..	..	0.13	..	0.13
Total ..				5.59	1.89	7.48
<i>Capital</i>						
Water Supply and Slum Clearance Schemes .. .. .	..	..	..	..	0.13	0.13
Development of Village Communications .. .. .	..	..	..	0.16	..	0.16
Total ..				5.75	2.02	7.77

* A part of this was received as subsidy from the National Co-operative Development and Warehousing Board which was taken as reduction of expenditure in the accounts.

Of the total grants of Rs. 7.77 crores, Rs. 3.83 crores were paid to local bodies (Rs. 2.18 crores for education, Rs. 1.02 crores for general and special purposes, Rs. 0.48 crore in lieu of taxes and Rs. 0.15 crore for Water Supply and other Public Health purposes).

In addition to the three universities in the State, which received grants amounting to Rs. 40 lakhs, in all, the grants to the following institutions exceeded Rs. 1 lakh in each case :—

	(Rs. lakhs)
<i>Educational institutions—</i>	
(a) Govindram Saksaria Institute of Technology, Indore.. ..	2.05
(b) Maulana Azad College of Technology, Bhopal	2.00
(c) Sainik School, Rewa	2.00
(d) Samrat Ashok Technical Institute, Vidisha	1.79
<i>Others—</i>	
(a) M.P. Khadi and Village Industries Board, Ujjain	8.00
(b) M.P. State Social Welfare Advisory Board, Bhopal	2.00
(c) Shashan Sahitya Parishad, Bhopal	2.15

SANCTION OF EXCESSIVE GRANTS

87. In 79 cases, the amount of the grant for education sanctioned by Divisional Superintendents of Education, Bhopal, Raipur and Jabalpur/Government in 1956-57 to 1960-61 exceeded that admissible under the rules by a total amount of Rs. 2.45 lakhs; the amount sanctioned exceeded that admissible by more than Rs. 10,000 in the case of each of the following institutions :—

Name of the institution	Amount paid in excess	Year of pay- ment
	(Rs. lakhs)	
Govindram Saksaria Institute of Technology, Indore	0.33	1957-58.
Municipal High School, Chhindwara	0.11	1957-58.
S.B.R. College, Bilaspur	0.20	1957-58 and 1958-59.
C.M. Dubey College, Bilaspur	0.12	1958-59 and 1960-61.
Tilak Rashtriya Mahavidyalaya, Katni	0.15	1959-60 and 1960-61.

An amount of only Rs. 1.20 lakhs had been recovered up to February 1963; intimation regarding the recovery of the remaining amount of Rs. 1.25 lakhs is awaited,

IRREGULAR PAYMENT AND REFUND OF GRANTS

Payments without sanction

88. (i) In 42 cases recurring grants amounting to Rs. 5.45 lakhs were incorrectly paid by Divisional Superintendents of Education, Raipur and Jabalpur/District Educational Officers, Khandwa, Hoshangabad, Betul and Raipur to educational institutions on the strength of sanctions accorded in previous years, although under the existing rules, these are required to be sanctioned by the competent authorities every year. The irregular payments were reported to the Director of Public Instruction in March 1962; and his final reply is awaited (February 1963).

Overpayments

(ii) The amounts paid by Divisional Superintendent of Education, Jabalpur/District Educational Officer, Durg to 4 educational institutions in 1961-62 were in excess of those sanctioned by the competent authorities, resulting in overpayment of Rs. 36,858, out of this an amount of Rs. 34,478 overpaid to three institutions has not been recovered (February 1963).

Other irregularities

(iii) Release of grant without ensuring whether the pre-requisite conditions had been satisfied, failure to restrict release of grant to the amount likely to be spent during a year, and non-observance of the rule requiring refund of amount of grant remaining unspent at the end of the year, were noticed in a number of cases. As a result, Government money was lying unutilised with the grantees. Some examples are given below :—

Purpose of grant	Date of drawal	No. of works	Amount (Rs. lakhs)	Comments
<i>Planning and Development Department</i>				
1. Grants to different bodies for the construction of wells, schools, roads, etc., in the following 7 Community Development Blocks:—	1952-53	2	0.02	The works had not even been started up to dates of local audit in September 1961 to February 1962. However, neither had the grantees refunded the grants on their own nor had the department asked them to refund it.
	1954-55	6	0.16	
	1955-56	7	0.11	
	1956-57	6	0.02	
	1957-58	20	0.32	
	1958-59	10	0.10	
	1959-60	31	0.53	
District Block	1960-61	12	0.26	
Gwalior ..	{ Morar Bhitarwar	94	1.52	
Indore ..	{ Sanwer Mhew Indore			
Betul ..	Multai			
Rewa ..	Teonthar			

Purpose of grant	Date of drawal	No. of works	Amount (Rs. lakhs)	Comments
<i>Finance Department</i>				
2. Grant to Akhil Bnaratiya Kalidas Parishad for erection of a memorial to Mahakavi Kalidas at Ujjain.	May 1958	1	1.25	The grant was sanctioned by the former Madhya Bharat in October 1956 and revalidated by the Government of Madhya Pradesh in May 1958. The plan of the Memorial is still under consideration of Government of India and the Parishad. The Parishad has not, however, refunded any part of the amount. Government stated in December 1962 that it would not be desirable to ask the Parishad to refund the amount at this stage.
<i>Education Department</i>				
3. Grants to village bodies under the scheme of compulsory primary education for construction of primary schools in villages at Rs. 1,250 per school in Bhind district.	January 1962 to March 1962.	80	1.00	The grant for 41 works was released in January-March 1962, though the pre-requisite condition of matching contribution, by the village body was not fulfilled; further, none of the 80 works were completed till October 1962 though in sanctioning the grant Government had stated that every effort should be made to complete the construction in 1961-62.

UTILISATION OF GRANTS

Local Bodies

89. (i) The expenditure by the grantees, from the grants made by Government to Local Bodies, is audited by the Examiner, Local Fund Accounts, who is under the administrative control of the State Government. The audit conducted in 1960-61 showed that:

- (a) In many cases the conditions attached to the grants were not fulfilled; in some cases the grants sanctioned for one purpose were utilised for another purpose without obtaining the necessary sanction.
- (b) The Grant Ledger was not maintained properly by 5 municipalities and 20 Janapada Sabhas with the result that the amount of unspent balance could not be worked out with accuracy. In some cases, the local body had advanced the full amount of the grant to the agency executing the work and thus showed it to have been fully utilised, though the work had not even commenced.

- (c) Of the unspent balance of Rs. 11.41 lakhs on 31st March 1961 pertaining to 328 cases, an amount of only Rs. 29,170 pertaining to 21 cases was either refunded in cash during 1960-61 or adjusted against the grants of subsequent year up to the time of audit. The unspent balance of grants which had been retained (and in some cases used in the following year) without any authority exceeded Rs. 5,000 in the case of 28 Municipal Committees and 11 Janapada Sabhas. The Municipal Committees of Gwalior, Burhanpur, Rewa and Dhar had unspent balances of Rs. 1,94,000 Rs. 50,000, Rs. 45,850 and Rs. 31,500 respectively; the Janapada Sabha, Hoshangabad had retained an unutilised balance of Rs. 18,279 from the date of drawal in 1957-58 without incurring any expenditure therefrom.

Madhya Pradesh Khadi and Village Industries Board

(ii) The Madhya Pradesh Khadi and Village Industries Board, which has been set up by an Act of the State Legislature to start, encourage, assist and carry on Khadi and Village Industries, receives grants from the State Government and grants and loans from the Khadi and Village Industries Commission.

- (a) *Budget.*—The annual budget of the Board is required to be sanctioned by the State Government. The detailed budgets for 1958-59 and 1959-60 had not been submitted by the Board to Government; budgets for 1960-61 and 1961-62 were submitted by the Board, but have not been formally sanctioned by Government.

- (b) *Grants from State Government.*—The expenditure incurred by the Board against the grants for organisational expenses received from the State Government exceeded the amount of the grant as shown below. The excess in expenditure was met out of grants received for Development programme from the Khadi and Village Industries Commission:—

(Rs. lakhs)

Year	Grant	Expenditure
1958-59	7.41	8.94
1959-60	5.53	7.24
1960-61	6.00	7.80
1961-62	6.55	7.51

- (c) *Grants from the Commission.*—On the other hand the expenditure incurred by the Board against grants and loans received from the Commission for development programme was much less than the amount of the assistance. Details are given below:—

(Rs. lakhs)

Year	Assistance			Expenditure		
	Grant	Loan	Total	Grant	Loan	Total
1958-59	7.37	13.71	21.08	4.39	8.67	13.06
1959-60	5.71	11.49	17.20	4.32	9.77	14.59
1960-61	9.67	25.39	35.06	2.89	18.77	21.63
1961-62	24.98	61.14	86.12	8.67	23.97	32.64

The unutilised amount of the assistance received was not fully refunded to the Commission. A part of the unutilised amount has been diverted to other purposes, e.g., organisational expenses referred to in (b) above, or expenditure on training centres run on agency basis mentioned in (d) below. A part of the unutilised amount has also been invested temporarily; a sum of Rs. 27 lakhs stood invested in short-term deposits on 31st March 1962.

- (d) *Training Centres.*—An expenditure of Rs. 2.83 lakhs was incurred by the Board up to 31st March 1961 over and above the amount received from the Tribal Welfare Department for running certain training centres for that department on agency basis. A further expenditure of Rs. 1.24 lakhs was incurred on these centres in 1961-62. But, as the Board could not comply with the conditions required to be fulfilled by them, e.g., submission of progress reports of the schemes undertaken by the Board, till March 1962 Government could not reimburse the expenditure incurred by the Board.

A centre for training in bee-keeping, which was established at Bajna in 1958-59 on behalf of Tribal Welfare Department, was closed down with effect from 1st April 1962. It was expected that this centre would train 20 persons per year and produce 1000 lbs. of honey per annum. During the four years of its existence, however, only 32 persons (10 in 1960-61 and 22 in 1961-62) were trained and the total production of honey was 1355 lbs.

An Ambar Charkha centre was set-up in Jabalpur in July 1961 with a view to giving relief to the persons affected by communal riots in that town in February 1961. No one joined the centre till March 1962, when the centre was closed down. The expenditure of Rs. 6,690 incurred on the centre thus proved infructuous.

- (e) *Sale of Ambar Charkhas.*—The Board sells Ambar Charkhas to artisans on hire purchase system. The terms of the sale provide that an artisan who spins 900 hanks of yarn would be granted rebate of purchase price varying from Rs. 20 to Rs. 30 according to the model of the Charkha. The registers required to be maintained to show number of hanks spun and rebate due to each artisan were found incomplete in Indore in February 1961 and Biaora in April 1962; it could not, therefore, be ascertained whether the correct amount had been recovered from the purchasers.

- (f) *Non-recovery of dues from an agent.*—The agreement entered into with a private party who was given the sole agency for selling soap produced in the Soap Centre, Rau (Indore District), from December 1958 provided that the agent would be allowed credit only to the limit of the surety of Rs.10,000. Nevertheless—

- (a) against supplies worth Rs.16,644 made to the agent in 1958-59, Rs. 8,505 were still to be recovered in February 1961, and

- (b) only Rs. 2,867 were recovered in cash in 1959-60 against supplies worth Rs. 42,980; of the balance of Rs. 40,113 for which the agent was granted credit, Rs. 9,443 were still due to be recovered in February 1961.
- (g) *Grants and loans by the Board.*—The Board paid an amount of Rs. 50,000 to the Village Industries Emporium Committee, Gwalior, in March 1959 as grant for the construction of a building for an Emporium. The construction had, however, not progressed beyond the basement stage till October 1962. It would seem that the grant was paid in advance of requirements.
- (h) A Co-operative Society in Indore region, which was granted a loan of Rs. 5,600 on 18th June 1958, stopped working in 1961-62 leaving an unrefunded balance of Rs. 3,522. Another Co-operative Society in the Dhar region, which was given a loan of Rs. 1,500 in February 1960 for developing the palm jaggery industry did not utilise the loan till March 1961 (date of audit); the amount was lying idle in a Bank. The latest position has not been intimated by the Board (February 1963).

Some other instances of delay in recovery of the loans made by the Board are mentioned below :—

Name of loanee	Amount overdue Rs.	Due date of payment	Not recovered till
Adivasi Bahu Karya Karini Gores Samiti, Sheepur.	5,000 5,000	14- 8-1959 } 10-10-1959 }	April 1962.
Sarvodaya Tel Utpadak Samiti, Ranod ..	1,050 1,050	2-12-1960 } 2-12-1961 }		October 1962.
Lok Sevak Tel Utpadak Sahakari Samiti, Shivpuri.	1,453 1,373	8- 4-1961 } 8- 4-1962 }	October 1962.

The Administrative office of the Board does not have a proper account of the loans granted to others with the result no systematic watch over the recovery of loans could be kept. Even though the rules provide for charging interest at penal rates in cases of delayed repayment of instalments of loans, no action has been taken to enforce it.

UTILISATION CERTIFICATES

90. In the case of grants-in-aid, expenditure out of which is not audited by the Accountant-General, the departmental officers are required to certify, after due verification, that the grant has, as a matter of fact, been utilised for the purpose intended. There is considerable delay in submission of such certificates to audit; on 31st October 1962 certificates for 18,917 grants involving Rs. 324.33 lakhs were overdue as shown below:—

Year	No. of certificates awaited	(Rs. lakhs) Amount
1957-58	196	11.37
1958-59	1,350	38.26
1959-60	3,550	62.54
1960-61	5,418	106.03
1961-62	8,403	106.13
Total	18,917	324.33

The utilisation certificates for over 2/3rd of the total amount of Rs. 324.33 lakhs are to be submitted by the departments of Co-operation (Rs. 93.40 lakhs), Public Health (Rs. 65.75 lakhs) and Tribal Welfare (Rs. 52.65 lakhs).

It was observed in local audit of the authorities sanctioning the grants that the delay in submission of utilisation certificates to audit was mainly due to—

(i) delay in utilisation by the grantees; and

(ii) failure on the part of the departmental officers concerned to obtain completion certificates for the works as required or otherwise verify completion of the work.

Examples of delay in utilisation of grants have been given in paragraphs 88 (iii) (1) and (2) above. Delay in verifying the completion of work has been observed in the local audit of almost every office. Two examples are given below:

(a) As stated in paragraph 66 (Chapter VII, page 64) on 30th September 1962, the Registrar, Co-operative Societies, did not have completion certificates for 275 out of 355 godowns constructed by co-operative societies in the period July 1956 to June 1962 with the aid of grants (and loans) from Government.

(b) The Collectorate, Dhar, had not asked for completion certificates for any of the following grants-in-aid works under the Centrally sponsored programme for the welfare of Scheduled Castes and Scheduled Tribes, which were stated to have been completed up to December 1962:

			Number of cases of grants to Scheduled Castes for building huts.	Number of cases of grants to Scheduled Castes/ Scheduled Tribes for the construction of wells for drinking water.
1957-58	..	..	50	10
1958-59	..	..	110	8
1959-60	..	..	49	7
1960-61	..	..	62	22
1961-62	..	..	15	..

CHAPTER X

AUDIT OBJECTIONS AND INSPECTION REPORTS

91. The points coming to notice in audit are reported at the earliest opportunity by the Audit Office to the departmental authorities. Individual cases of serious disregard of financial rules are also reported to the controlling authority and/or to Government.

It has been observed that, in practice, in the absence of prompt action on the matters brought to notice by audit the number of and the amount covered by objections remaining unsettled has been rising, year by year. The Public Accounts Committee in their Sixth Report (1962-63) have also observed "that adequate attention has not been paid by the Drawing and Disbursing Officers for the timely clearance of the objections raised by Audit.... The usefulness of audit would be affected if the objections are not settled expeditiously and the Committee, therefore, recommend that effective measures should urgently be taken to ensure timely disposal of audit objections." The outstanding objections relating to the period up to 31st March 1962 and remaining unsettled up to 28th February 1963, numbered 1,33,469 and covered an amount of Rs. 67.59 crores as shown below:—

Period in which objection was raised	Objections outstanding on 28th February 1963	
	No. of items	Amount (Rs. crores)
1946-47 to 1956-57	24,510	13.44
1957-58 to 1960-61	71,321	38.26
1961-62	37,638	15.89

92. The objections outstanding against some departments were very heavy as would be evident from the statement below which gives the extent of outstandings

as on 28th February 1963 and the nature thereof:—

Department	(Rs. crores)									
	Want of estimates		Excess over estimates		Want of detailed Contingent Bills		Other items		Total	
	No. of items	Amount	No. of items	Amount	No. of items	Amount	No. of items	Amount	No. of items	Amount
Public Works (B. and R. Branch.)	10,465	23.21	4,371	5.76	1,121	0.46	8,181	4.18	24,138	33.61
Public Works (Irrigation Branch.)	3,063	11.45	934	3.72	287	0.14	5,714	1.16	9,998	16.47
Public Health	478	0.72	245	1.43	3,850	0.40	3,877	1.06	8,450	3.61
Agriculture ..	..	..	..	..	10,161	2.24	2,375	0.16	12,536	2.40
Community Development	529	0.25	58	0.04	4,252	1.36	684	0.11	5,523	1.76
Education ..	..	..	..	..	12,077	1.72	4,181	0.45	16,258	2.17
Tribal Welfare	..	..	..	..	3,166	1.99	319	0.13	3,485	2.12
Chambal Hydel Scheme.	187	0.32	207	0.32	168	*	1,179	0.31	1,741	0.95
Others ..	..	..	..	..	27,938	2.94	23,402	1.56	51,340	4.50
Total ..	14,722	35.95	5,815	11.27	63,020	11.25	49,912	9.12	1,33,469	67.59

In addition, 2432 objections involving an expenditure of Rs. 7.95 crores, *vide* details given below, raised by the Chief Accounts Officer, Chambal Hydel Project, during the period 1957-58 to 1961-62, were also outstanding on 28th February 1963:—

	(Rs. crores)	
	No. of items	Amount
(a) Want of sanctioned estimates ..	805	2.46
(b) Excess over sanctioned estimates ..	358	3.87
(c) Want of stamped acknowledgements, other documents, etc.	1,269	1.62

93. The expenditure held under objection for (i) want of estimates, and (ii) excess over sanctioned estimates has been dealt with in paragraph 38 of Chapter IV (pages 34-36).

In connection with a proposal to condone, as a special case, the omission to prepare detailed estimates for technical sanctions in respect of works completed prior to 1st April 1954, the State Government were requested in March 1958 to (i) certify the necessity for the works and the propriety of the outlay incurred on them, and (ii) sanction the excess over estimates. Government stated in August 1961 that due to difficulties in tracing the old records, etc., it may not be possible to issue such a certificate. In April 1962 Government have, however, ordered that the objections may be cleared on the basis of certificates to be issued by the authority competent to accord technical sanction to the work, to the effect that a particular work costs a particular amount.

The items of objections relating to want of sanction to estimates and excess over estimates in respect of Buildings and Roads, Irrigation and Public Health Engineering Departments have since been transferred during 1962-63 to the Divisional Officers for watching further action.

*Actual amount outstanding is Rs. 26,187.

Detailed Contingent Bill

94. The amount held under objection for want of detailed contingent bills represents the amount drawn as advance by disbursing officers on 'abstract' bills for contingent expenditure, for which detailed accounts, countersigned by the Controlling authority in token of approval to the incurring of the expenditure, have not been submitted to audit. The rules require that the detailed accounts should be submitted to Audit by the 25th of the month following the month of drawal of the advance. However, such bills for sums amounting to Rs. 11.25 crores drawn up to 31st March 1962 had not been submitted up to 28th February 1963; of this Rs. 1.85 crores had been drawn prior to 1957-58, in some cases as long ago as 1946-47. The departments which have not submitted detailed contingent bills for large amounts are Agriculture (Rs. 2.24 crores), Tribal Welfare (Rs. 1.99 crores), Community Development (Rs. 1.36 crores), and Education (Rs. 1.72 crores).

Such inordinate delay in the submission of detailed contingent bills to Audit must be regarded as a serious lapse, since it results in the entire expenditure in question escaping audit for long periods and there is likelihood of serious irregularities remaining undetected. By way of example, it may be mentioned that delay in submission of detailed accounts of sums drawn on abstract bills in 1955-56 to 1961-62 for payment of compensation for abolition of Jagirs prevented detection of an overpayment of Rs. 14,130 in 8 cases in that period till October 1962, when the detailed bills were finally obtained by audit by special measures; while Rs. 6,326 of this amount can be recovered from the last instalment of compensation payable in December 1962 to March 1963, the balance would now have to be recovered by other means, if possible.

At the instance of audit, Government have issued instructions in September 1962, making it obligatory for every drawing officer to obtain and attach to the first abstract contingent bill drawn in the month a certificate from the controlling officer to the effect that the detailed contingent bills, in respect of the entire amount drawn on abstract bills more than two months prior to that month have been forwarded to the Accountant General.

95. The position in regard to the payments for which stamped receipts of the recipients or other documents which have not been furnished to audit also calls for urgent remedial measures.

LOCAL AUDIT AND INSPECTIONS

96. 2,356 inspection reports comprising 14,300 items, containing results of local audit, issued up to 31st March 1962 were outstanding on the 28th February 1963. A large number of these also had been originally issued many years ago as shown below:—

Period in which the report/audit note was issued	No. of outstanding	
	Reports	Items
1950-51 to 1956-57	506	1,804
1957-58 to 1960-61	1,236	8,053
1961-62	614	4,443

Government have prescribed the time limit of 6 weeks and 5 weeks for the disposal of the inspection reports of Treasuries and Public Works Divisions respectively. Other departments are also required to send replies to the inspection reports within 4 weeks from the date of receipt in their offices. There has been, however, considerable delay on the part of the departmental officers in furnishing replies. This delay is persistent in spite of the fact that the State Government is apprised of the position periodically. In the case of 337 of these inspection reports (6 issued up to 1956-57, 142 in 1957-58 to 1960-61 and 189 in 1961-62), the departments concerned have not replied to any of the items included in the report. The departments with comparatively heavy outstandings are shown below:—

Department	Year of issue of the earliest outstanding report/ note.	No. of outstanding reports for which even 1st reply has not been received.	Total No. of outstanding	
			Reports/ notes.	Items in reports/ notes.
(i) Public Works—				
(a) B. and R. ..	1950-51	42	380	2,412
(b) Irrigation ..	1952-53	52	192	1,148
(c) Chambal ..	1955-56	18	85	491
(d) Public Health Engineering.	1952-53	2	64	328
(ii) Education	1950-51	92	215	1,306
(iii) Planning and Development	1954-55	16	232	772
(iv) Forest	1951-52	7	88	876
(v) Commerce and Industry ..	1953-54	51	108	2,132
(vi) General Administration ..	1951-52	3	114	828
(vii) Medical	1952-53	11	160	655
(viii) Agriculture	1950-51	3	100	550

The outstanding inspection reports relating to Treasuries, Food, Local Self-Government and Rehabilitation departments also date back to 1952-53 and earlier years, though their number is not so large.

Nature of Irregularities

97. The statement below indicates the type of irregularities which have remained without adequate attention from the concerned authorities for a considerable time:—

S. No.	Type of irregularity and period	Number of inspection reports involved	Number of paragraphs involved	Amount involved
				(Rs. lakhs)

(—Public Works Offices.—

(1) Wasteful/infructuous expenditure due to defective plans and designs and abandonment of works—

1957-58 and earlier years	..	..	2	3	0.12
1958-59	..	..	3	3	0.67
1959-60	..	..	5	5	0.83
1960-61	..	..	11	11	1.30
1961-62	..	..	8	8	2.19

S. No.	Type of irregularity and period	Number of inspection reports involved	Number of paragraphs involved	Amount involved
				(Rs. lakhs)
(2)	Splitting up purchase orders to avoid invitation of tenders or sanction of higher authorities—			
	1957-58 and earlier years	1	1	0.02
	1958-59	3	3	1.47
	1960-61	3	3	1.96
	1961-62	1	1	0.15
(3)	Extra cost to Government due to rejection of lowest tenders/delay in accepting tenders—			
	1957-58 and earlier years	4	4	0.53
	1958-59	1	1	0.05
	1959-60	7	8	0.98
	1960-61	5	5	0.34
	1961-62	9	9	0.48
(4)	Excess payments due to non-observance of the conditions of the contracts or non-provision of the requisite conditions in the contract agreements—			
	1957-58 and earlier years	5	5	0.36
	1958-59	6	6	0.52
	1959-60	5	5	1.09
	1960-61	7	7	0.39
	1961-62	7	8	0.82
(5)	Overpayments due to inflated measurements or longer leads/extra leads or rates allowed in excess of those provided for in the agreements—			
	1957-58 and earlier years	8	8	1.22
	1958-59	10	10	0.93
	1959-60	12	12	1.35
	1960-61	16	18	2.01
	1961-62	10	14	0.86
(6)	Unauthorised financial aid to the contractors—			
	1957-58 and earlier years	1	1	0.41
	1958-59	2	2	1.72
	1959-60	1	1	0.01
	1960-61	4	4	0.44
	1961-62	5	6	0.34
(7)	Delay in effecting recoveries due from contractors—			
	1957-58 and earlier years	4	5	0.15
	1958-59	2	3	0.14
	1959-60	2	2	0.05
	1960-61	2	2	0.13
	1961-62	3	3	0.20

S. No.	Type of irregularity and period	Number of inspection reports involved	Number or paragraphs involved	Amount involved (Rs. lakhs)
II—Treasuries—				
(1)	Retention of Cash/Stock by the Treasurer under single lock in excess of the security furnished by him—			
	1958-59	1	1	
	1960-61	2	2	*
	1961-62	5	5	
(2)	Cash securities due under rules not obtained from the Treasurer/Cashier/Stamp Depot-keeper—			
	1958-59	2	2	
	1959-60	1	1	*
	1960-61	5	5	
	1961-62	8	8	
(3)	Physical verification of stamps in double and single lock not carried out—			
	1959-60	1	1	
	1960-61	4	4	*
	1961-62	5	5	
III—Other Civil Offices—				
(1)	Non-observance of rules relating to the custody and handling of cash, posting and maintenance of cash books, physical verification of cash—			
	1960-61	13	14	*
	1961-62	179	191	
(2)	Securities from persons handling cash and stores not obtained—			
	1960-61	14	14	
	1961-62	154	154	*
(3)	Store accounts were not maintained properly and periodical verification was not done—			
	1960-61	8	8	*
	1961-62	150	153	
(4)	Defective maintenance and/or non-maintenance of initial accounts records relating to loans—			
	1960-61	1	2	*
	1961-62	20	20	
(5)	Timber accounts not maintained properly in Forest Divisions—			
	1961-62	18	18	*
(6)	Defective maintenance of log books and mis-use of cars and trucks—			
	1960-61	2	2	*
	1961-62	65	66	

*Money value not assessed.

CHAPTER XI

OTHER TOPICS OF INTEREST

DELAY IN FRAMING RULES UNDER THE PROVISIONS OF MADHYA PRADESH SALARIES AND ALLOWANCES OF MINISTERS ACT, 1956

98. (i) According to Section 4(4) of the Madhya Pradesh Salaries and Allowances of Ministers Act, 1956, the annual expenditure to be incurred on the residences provided by the State to Ministers/Deputy Ministers, in respect of furniture and furnishings, upkeep, annual repairs and maintenance (including local rates and taxes and provision of electricity and water), and on the maintenance of gardens attached to them shall be subject to such monetary limits as may be laid down by rules made in this behalf by the State Government. The framing of rules in regard to these matters is understood to be under active consideration.

The expenditure actually incurred on the upkeep and maintenance of residences of 11 Ministers and 11 Deputy Ministers during the three years ending 1961-62 is given below:—

	1959-60	1960-61	1961-62
	Rs.	Rs.	Rs.
Repairs to buildings.. .. .	34,983	25,153*	2,08,608
Maintenance staff—(Chowkidar 1, Farash 1, Sweeper 1 for each bungalow).	38,768	40,128	32,824
Maintenance and upkeep of gardens	63,954	1,14,683	1,05,784
Electric current charges	52,134	55,856	61,104
Water charges	13,751	11,305	8,237
Furniture and furnishings	9,698	11,394	39,309
Total for 11 Ministers' and 11 Dy. Ministers' bungalows	2,13,288	2,58,519*	4,55,866
Average annual expenditure per bungalow	9,695	11,751*	20,721

(ii) According to section 7 of the Act, Ministers/Deputy Ministers and members of their family dependent upon them are entitled, free of charge, to medical treatment available in Government hospitals subject to any rules made in this behalf by the State Government. Government have, however, not so far framed any rules as contemplated under this Section.

*Excludes expenditure on repairs of 7 bungalows in respect of which information has not been furnished by the Public Works Department.

**CONCESSION OF FREE SUPPLY OF ELECTRICITY TO RULERS OF THREE
ERSTWHILE PRINCELY STATES**

99. In January 1955, the State Government decided that rulers of the erstwhile princely States of Raigarh, Kanker and Sakti, which merged in Madhya Pradesh from 1st January 1948 may be exempted from payment of charges (other than electricity duty) for electric energy consumed in their main residential palaces during the period January 1948 to March 1952. With effect from April 1952 onwards these rulers were allowed free of charge a maximum of 1,000 units (Raigarh), 500 units (Kanker) and 400 units (Sakti) respectively per month, for consumption in their main residential palaces.

Supply of electricity free of charge was not provided for in the agreements entered into with these rulers nor does any other commitment appear to have been made to them in connection with the integration of their States. Prior to the merger, the ruler of Raigarh paid for his entire consumption, while the ruler of Sakti received only 200 units per month free of charge from the municipality.

The cost of the concession to Government amounted to Rs. 1.32 lakhs for the period January 1948 to March 1962; there will be a recurring liability up to a maximum of Rs. 9,666 per year, in future, at the existing rates.

IRREGULAR DISMISSAL, REMOVAL OR SUSPENSION FROM SERVICE

100. In 6 cases, details of which are given in Appendix 12 (pages 122-123) the dismissal/removal/suspension of Government servants concerned was found to be irregular, and they were reinstated in service. In the first 4 cases, relating to Law, Rehabilitation and Electricity Departments, the dismissal/removal of the Government servants was found to be irregular on appeal, as the Government servants concerned were not given reasonable opportunity for defending themselves or the departmental enquiry was not held at all. In the case of serial Nos. 5 and 6, pertaining to Electricity Department, the Government servants were under suspension for the period ranging from 2½ years to 4½ years. Delay in completing departmental enquiries or non-conducting the same in accordance with prescribed rules resulted in infructuous expenditure of about Rs. 0.90 lakh.

DELAY IN SANCTIONING REORGANISED SET-UP OF CERTAIN OFFICES

101. It is an important function of audit to verify that the number of Government servants on duty in each grade or class in an office is not in excess of the number of posts of that grade or class sanctioned for that office. It has not been possible for audit to exercise this check since the reorganisation of States in November 1956 in the case of certain classes of posts in the following departments due to reasons given against each :

- | | |
|--|--|
| (i) Community Development, Education and Land Records Departments. | The sanctioned strength of these departments with effect from the 1st November 1956 has not so far been communicated to audit. |
|--|--|

- (ii) Medical, Agriculture, Public Works and Excise Departments. Though the departmental set up with effect from the 1st November 1956 has been sanctioned, the officewise/districtwise breakup of the Permanent/Temporary posts has not been furnished to audit.

Government have been requested from time to time from 1957 onwards to furnish the required particulars.

DELAY IN ISSUE OF PAYSLEIPS TO GAZETTED OFFICERS

102. Gazetted officers draw their pay on the basis of an authority known as payslip issued by Audit. The payslip is so worded as to be in force for a considerable time, and a fresh slip is issued whenever sanction to the temporary post held by the officer is extended, or he goes on leave or returns therefrom, or he is promoted or demoted, etc. As a result of delay in the communication of orders of the competent authority in these matters delay has occurred in the issue of fresh payslips to officers as mentioned below.

785 or over 10% of 7,728 officers who were in service on 1st March 1962 could not draw their pay for March 1962 in April 1962 due to delay in issue of fresh payslip. Of these, 773 drew pay for March 1962 during May to October 1962 as shown below; the remaining 12 had not been able to draw it even up to October 1962 :

597	..	May-June 1962
150	..	July-August-September 1962
26	..	October 1962

678 of the total number of 785 officers referred to above belonged to the departments of Education (222), Public Health (165), Agriculture (112), Public Works (85), Forest (52), and Social Welfare (42). In the case of Agriculture and Social Welfare Departments, the number of officers, who could not draw their pay for March 1962 in April 1962, was as much as about 30% of the total number of officers in the Department.

The delay in the issue of sanction for the continuance of the temporary posts, which is the biggest single cause of delay in the issue of fresh payslips, was responsible for non-issue of fresh slips of as many as 614 (78%) of the 785 officers referred to in the preceding sub-paragraph.

Revision of scales

The reorganised State of Madhya Pradesh came into being on 1st November 1956. The scales of pay in force in the different integrated units were unified with effect from 1st April 1958 and subsequently revised from 1st July 1960. Rules require that pay of the officers, whose services were taken over from the integrated units, may be fixed in the unified scale and then in the revised scale only when the Government absorb the officers against appropriate posts in the new State. Up to 31st October 1962, Government had not yet issued the requisite absorption orders in the case of 2,117 such officers and consequently their pay could not be fixed in the unified scales introduced from 1st April 1958 and revised scales introduced from 1st July 1960. In the meanwhile, they continue to draw pay in the scales of pay applicable to them in pre-integrated units on 31st October 1956.

K. Ranganadham,

Accountant General, Madhya Pradesh.

Gwalior :

Countersigned.

A. K. Roy,

Comptroller and Auditor General of India.

New Delhi :

APPENDIX 1

[Reference: Paragraph 5 (a), pages 7-8]

SYNOPTIC PROFIT AND LOSS ACCOUNT OF THE GRAIN SUPPLY SCHEME FOR
THE PERIOD 1ST APRIL 1957 TO 31ST MARCH 1962.

Dr.		Cr.	
Particulars	Rs.	Particulars	Rs.
To opening stock on 1st April 1957.	28,07,021	By Issues	
To Purchases			
	Rs.		Rs.
1957-58 ..	91,19,337	1957-58 ..	85,50,135
1958-59 ..	7,35,83,239	1958-59 ..	4,87,20,591
1959-60 ..	3,95,03,721	1959-60 ..	3,43,61,785
1960-61 ..	5,48,87,608	1960-61 ..	3,57,85,907
1961-62 ..	52,96,090	1961-62 ..	4,68,80,479
	18,23,89,995		17,42,98,897
To Establishment and other charges		By Miscellaneous Receipts	
1957-58 ..	5,08,694	1957-58 ..	58,689
1958-59 ..	7,29,492	1958-59 ..	24,502
1959-60 ..	19,32,597	1959-60 ..	98,801
1960-61 ..	18,77,038	1960-61 ..	37,968
1961-62 ..	15,20,293	1961-62 ..	61,305
	65,68,114		2,81,265
To Writes off and interest on capital		By Closing Balance on 31st March 1962.	77,09,012
1957-58 ..	2,318	By Loss during the period 1st April 1957 to 31st March 1962.	1,21,16,598
1960-61 ..	12,64,590		
1961-62 ..	13,73,734		
	26,40,642		
Total ..	19,44,05,772	Total ..	19,44,05,772

APPENDIX 2

(Reference : Paragraph 21, pages 17-18)

STATEMENT SHOWING PARTICULARS OF GRANTS/APPROPRIATIONS IN WHICH SUPPLEMENTARY PROVISION PROVED WHOLLY UNNECESSARY, INADEQUATE ETC.

(Rs. lakhs)

Particulars of Grant/Appropriation	Amount of Grant/Appropriation		Actual expenditure	Saving	
	Original	Total		Amount	Percentage
	Supplementary				
<i>(i) (a)—16 Grants/Appropriation in which supplementary provision proved wholly unnecessary.</i>					
Administrative Services					
	1,33.40				
12—Heads of States, Ministers and Secretariat, etc.—Voted	16.32	1,49.72	1,26.02	23.70	15.8
	42.31				
13—Parliament and the State Legislature and Elections—Voted.	10.03	52.34	40.33	12.01	22.9
	99.18				
15—Administration of Justice—Voted ..	1.00	1,00.18	94.44	5.74	5.7
Social and Developmental Services					
	9.46				
18—Scientific Departments—Voted ..	2.17	11.63	9.05	2.58	22.2
	4,27.89				
20—Medical—Voted	2.30	4,30.19	4,07.70	22.49	5.2
	2,58.33				
22—Agriculture—Voted	8.33	2,66.66	2,29.62	37.04	13.9
	1,56.75				
25—Industries and Supplies—Voted ..	9.52	1,66.27	1,34.75	31.52	19.0
	75.27				
26—Labour and Employment—Voted ..	1.40	76.67	64.42	12.25	16.0
	5,47.08				
28—Community Development Projects, National Extension Service and Local Development Works—Voted.	45.61	5,92.69	5,23.57	69.12	11.7
Other Services					
	3,87.68				
5—Forest—Voted	9.59	3,97.27	3,81.48	15.79	4.0
	5,93.24				
Interest on Debt and Other Obligations—Charged.	45.76	6,39.00	4,44.42	1,94.58	30.5
	10.15				
30—Famine Relief—Voted	7.00	17.15	9.53	7.62	44.4
	3,75.40				
35—Miscellaneous—Voted	30.12	4,05.52	2,57.77	1,47.75	36.4
	17,43.01				
49—Schemes of Government Trading—Voted ..	10.76	17,53.77	7,18.58	10,35.19	59.0

APPENDIX 2—contd.

(Rs. lakhs)

Particulars of Grant/Appropriation	Amount of Grant/Appropriation		Actual expenditure	Saving	
	Original	Total		Amount	Percentage
	Supplementary				
Works					
41—Capital outlay on Improvement of Public Health—Voted	66.66 29.86	96.52	54.61	41.91	43.4
45—Capital Account of Civil Works—Voted	9,56.27 61.43	10,17.70	6,64.87	3,52.83	34.7
<i>(i) (b)—10 Grants/Appropriation in which the supplementary provision proved excessive and less than 2/3rd of it was utilised.</i>					
Collection of Taxes, etc. and Administrative Services					
2—Land Revenue—Voted	2,83.26 21.06	3,04.32	2,85.57	18.75	6.2
3—State Excise Duties—Voted	38.69 4.30	42.99	38.78	4.20	9.8
7—Taxes on Vehicles—Voted	7.80 2.99	10.79	8.02	2.77	25.7
Works					
39—Capital outlay on Irrigation Works (Commercial)—Voted	1,83.43 52.12	2,35.55	1,95.66	39.89	16.9
40—Capital Outlay on Irrigation Works (Non-Commercial)—Voted.	1,44.67 50.00	1,94.67	1,53.09	41.58	21.4
Miscellaneous Services					
11—Public Works Establishment and Tools and Plant—Voted.	2,57.94 29.47	2,87.41	2,71.30	16.11	5.6
37—Contributions and Miscellaneous adjustments—Charged.	13.25 14.26	27.51	21.57	5.94	21.6
43—Capital Outlay on Industrial Development Voted	1,12.80 1,56.52	2,69.32	2,05.37	63.95	23.7
46—Capital Outlay on Road Transport Schemes Voted	3.20 8.91	12.11	8.72	3.39	28.0
47—Commuted value of pensions—Voted	1.00 0.90	1.90	1.41	0.49	25.7

APPENDIX 2—concl'd.

(Rs. lakhs)

Particulars of Grant/Appropriation	Amount of Grant/Appropriation		Actual expenditure	Excess	
	Original	Total		Amount	Percentage
	Supplementary				
<i>(ii) (a)—1 Case in which expenditure was incurred without budget provision—either original or supplementary.</i>					
Social and Developmental Services					
19—Education—Charged			0.03	0.03	100.0
<i>(ii) (b)—2 Cases in which there was excess but no supplementary provision was obtained</i>					
Other Services					
34—Stationery and Printing—Voted	99.21	99.21	1,22.69	23.48	23.6
	..				
	0.11	0.11	0.13	0.02	18.2
33—Payment of Compensation to Land-holders on the abolition of Zanindari System—Charged.					
<i>(ii) (c)—5 Grants in which supplementary provision proved largely inadequate</i>					
Collection of Taxes, etc. and Administrative Services					
8—Sales tax—Voted	29.75	30.45	30.95	0.50	1.6
	0.70				
	2,42.35	2,49.45	2,58.31	8.86	3.6
14—Commissioners and District Administration Voted.	7.10				
	51.48	56.48	60.38	3.90	6.9
16—fairs—Voted	5.00				
Social and Developmental Services					
19—Education—Voted	16,80.69	17,09.56	18,19.84	1,10.28	6.5
	28.87				
	6,29.78	6,36.80	7,14.88	78.08	12.3
21—Public Health—Voted	7.02				

APPENDIX 3

(Reference: Paragraph 22, pages 18-19)

STATEMENT SHOWING PARTICULARS OF SOME GRANTS/APPROPRIATIONS
IN WHICH EXPENDITURE IN 1961-62 FELL SHORT OF TOTAL GRANT/
APPROPRIATION FOR THE YEAR.

(Rs. lakhs)

Particulars of grant/appropriation	Total grant (Original and Supple- mentary)	Expendi- ture	Saving		
			Amount	Perce- ntage (based on unit figu- res)	
<i>(i)—18 Grants/Appropriations in which saving was more than 20%</i>					
Administrative Services					
7—Taxes on Vehicles—Voted	10.79	8.02	2.77	25.7	
13—Parliament and the State Legisla- ture and Elections—Voted	52.34	40.33	12.01	22.9	
Social and Developmental Services					
18—Scientific Departments—Voted	11.63	9.04	2.59	22.2	
41—Capital Outlay on Improvement of Public Health—Voted	96.52	54.61	41.91	43.4	
43—Capital Outlay on Industrial De- velopment—Voted	2,69.32	2,05.37	63.95	23.7	
Debt Services					
Interest on Debt and Other Obli- gations.— <i>Charged</i>	6,39.00	4,44.42	1,94.58	30.5	
Other Services					
30—Famine Relief—Voted	17.15	9.53	7.62	44.4	
31—Territorial and Political Pensions—Voted	5.55	0.39	5.16	93.0	
35—Miscellaneous—Voted	4,05.52	2,57.77	1,47.75	36.4	
37—Contributions and Miscellaneous Adjustments.— <i>Charged</i>	27.51	21.57	5.94	21.6	
46—Capital Outlay on Road Trans- port Schemes.—Voted	12.11	8.72	3.39	28.0	
47—Commuted Value of Pensions—Voted ..	1.90	1.41	0.49	25.7	
43—Payments to Retrenched Personnel—Voted	0.40	..	0.40	100.0	
Works					
40—Capital Outlay on Irrigation Works—(Non-Commercial).—Voted ..	1,94.67	1,53.09	41.58	21.4	
44—Capital Outlay on Multi-purpose River Schemes.—Voted	6,21.70	4,00.97	2,20.23	35.5	
45—Capital Account of Civil Works.—Voted	10,17.70	6,64.88	3,52.82	34.7	
State Trading					
49—Schemes of Government Trading—Voted	17,53.77	7,18.58	10,35.19	59.0	
Public Debt					
Public Debt	<i>Charged</i> 27,00.34	16,72.59	10,27.75	38.1	

APPENDIX 3—*contd.*

(Rs. lakhs)

Particulars of grant/appropriation	Total grant (Original and Supplementary)	Expenditure	Saving		
			Amount	Percentage (based on unit figures)	
<i>(ii) 14 Grants/Appropriations in which saving was more than 10% but not more than 20%</i>					
Administrative Services					
4—Stamps—Voted	6.15	5.41	0.74	12.1	
9—Other Taxes and Duties—Voted	5.22	4.45	0.77	14.7	
12—Heads of States, Ministers and Secretariat, etc.—Voted	1,49.72	1,23.02	23.70	15.8	
Social and Developmental Services					
22—Agriculture—Voted	2,63.63	2,29.62	37.04	13.9	
24—Co-operation—Voted	91.45	77.05	14.40	15.7	
25—Industries and Supplies.—Voted	1,63.27	1,34.75	31.52	19.0	
26—Labour and Employment—Voted	76.67	64.42	12.25	16.0	
28—Community Development Projects, National Extension Service and Local Development Works.—Voted	5,92.69	5,23.57	69.12	11.7	
Other Services					
33—Superannuation Allowances and Pensions.— <i>Charged</i>	10.91	9.11	1.80	16.5	
37—Contributions and Miscellaneous Adjustments.—Voted	31.08	26.36	4.72	15.2	
38. Payment of Compensation to Land-holders on the Abolition of Zamindari System.—Voted	1,25.23	1,09.59	15.64	12.5	
Works					
39. Capital Outlay on Irrigation Works (Commercial).—Voted	2,35.55	1,95.66	39.89	16.9	
Debt Services					
Appropriation for Reduction or Avoidance of Debt.— <i>Charged</i>	85.84	68.88	16.96	19.8	
Loans and Advances					
50. Loans and Advances—Voted	18,08.43	14,53.22	3,55.21	19.6	
<i>(iii) 13 Grants/Appropriation in which saving was 10 per cent or less</i>					
Administrative Services					
2—Land Revenue—Voted	3,04.32	2,85.57	18.75	6.2	
3— State Excise Duties—Voted	42.99	38.79	4.20	9.8	
6—Registration—Voted	6.18	6.16	0.02	0.3	
15— Administration of Justice	<i>Charged</i> 20.44	19.95	0.49	2.1	
Do.	<i>Voted</i> 1,00.18	94.44	5.74	5.7	

APPENDIX 3—*concl.*

(Rs. lakhs)

Particulars of grant/appropriation	Total gra- nt (Original and Supple- mentary)	Expendi- ture	Saving	
			Amount	Percentage (based on unit fig- ures)
Social and Development Services				
20—Medical—Voted	4,30.19	4,07.70	22.49	5.2
23—Animal Husbandry—Voted ..	1,35.29	1,34.68	0.61	0.5
42—Capital Outlay on Agricultural Schemes—Voted ..	1,13.58	1,11.34	2.24	2.0
Forest				
5—Forest—Voted	3,97.27	3,81.48	15.79	4.0
Works				
11—Public Works Establishment and Tools and Plant.—Voted ..	2,87.40	2,71.29	16.11	5.6
Other Services				
32—Privy Furses and Allowances of Indian Rulers—Voted	19.72	18.45	1.27	6.5
33—Superannuation Allowances and Pensions—Voted ..	1,46.58	1,32.64	13.94	9.5
33—Road Transport Schemes —Voted	1,69.95	1,67.03	2.92	1.7

APPENDIX 4

(Reference : Paragraph 23, pages 19-20)

EXCESSES OVER GRANTS AND APPROPRIATIONS

(a) Voted Grants

Particulars of grant	Total grant	Expenditure	Excess	
			Amount	Percentage
	Rs.	Rs.	Rs.	
8—Sales Tax—				
O. .. 29,75,000	} 30,45,000	30,94,576	49,576	1.6
S. .. 70,000				
Excess was due to payment of arrears on account of revision of pay scales; original provision of Rs. 1.50 lakhs made for the purpose was augmented by supplementary provision of Rs. 0.70 lakh in March 1962 and this proved inadequate.				
10—Irrigation Works—				
O. .. 82,96,000	} 2,59,94,000	2,76,15,630	16,21,630	6.2
S. .. 1,76,98,000				
The excess over the grant was mainly due to excesses under group-heads 'A (1) 3—Maintenance and Repairs' (Rs. 6.02 lakhs) and 'A 2 (5)—Suspense' (Rs. 9.91 lakhs) for which reasons have not been furnished by the Department. In the previous 3 years also there was excess in this grant mainly under the group-head 'Suspense.'				
14—Commissioners and District Administration—				
O. .. 2,42,35,000	} 2,49,44,800	2,58,30,539	8,85,739	3.6
S. .. 7,09,800				
The excess was explained as mainly due to provision of Rs. 13.10 lakhs for arrears arising from revision of scales of pay, proving inadequate.				
16—Jails—				
O. .. 51,48,000	} 56,48,100	60,38,482	3,90,382	6.9
S. .. 5,00,100				
Bulk (Rs. 2.67 lakhs) of the excess occurred under A. 2—Central, District and Sub-Jails—“Diet Charges” Non-Plan and was explained as due to unexpected increase in Jail population this grant during 1958-59 and 1960-61 amounted to Rs. 1.82 lakhs and Rs. 0.18 lakh respectively.				
17—Police—				
O. .. 7,00,98,000	} 7,97,55,228	8,17,32,025	19,76,797	2.5
S. .. 96,57,228				
The excess was explained as mainly due to provision of Rs. 36.00 lakhs for arrears arising from the revision of scales of pay, proving inadequate.				

O.—Original grant/appropriation.

S.—Supplementary grant/appropriation.

APPENDIX 4—*contd.*

Particulars of grant	Total grant	Expendi- ture	Excess	
			Amount	Prccn- tage
	Rs.	Rs.	Rs.	
19—Education—				
O. 16,80,69,000	17,09,56,073	18,19,83,791	1,10,27,718	6.5
S. 28,87,073				
<p>'Excesses occurred under the group-heads 'C.1 (1)—Government Ordinary Primary Schools—Non-Plan' (Rs. 84.00 lakhs), 'B. 1 (3)—Boys and Girls High and Indian English Middle Schools—Non-Plan' (Rs. 28.00 lakhs) and 'B. 1 (4) Higher Secondary Schools—Non-Plan' (Rs. 23.00 lakhs). On the other hand, there were large savings under 'C. 1 (7)—Universal, Free and Compulsory Primary Education—Plan' (Rs. 36.00 lakhs), and 'E. 7 Works-Plan' (Rs. 28.00 lakhs) Reasons for these variations have not been furnished by the Department.</p>				
21—Public Health—				
O. 6,29,77,900	6,36,79,949	7,14,88,237	78,08,288	12.3
S. 7,02,049				
<p>The excess over the grant was mainly due to excess under the group head 'F.5—Suspense—Non-Plan'; instead of making provision for meeting the gross charges under 'Suspense', the provision was made on the basis of previous practice of obtaining a net vote.</p>				
27—Miscellaneous Departments—				
O. 2,83,38,000	2,83,60,400	2,89,77,980	1,17,580	0.4
S. 5,22,400				
<p>An excess of Rs. 28.00 lakhs under 'F.6 (2)(1) (6)—Roads' Non-Plan has been explained to have resulted from failure to make provision for spill over works under centrally sponsored programme of Second Five Year Plan due to non-receipt of necessary details from subordinate officers.</p> <p>On the other hand, there were savings in different schemes of Welfare of Scheduled Castes and Tribes e.g. 'F.6.6.—Technical Training Institute' Non-Plan. (Rs. 4.35 lakhs) 'F.6.14—House Sites for Scheduled Castes engaged in unclean occupation' Non-Plan, (Rs. 5.11 lakhs) savings in both these cases have been explained as due to late receipt of Government sanction.</p>				
29—Civil Works—				
O. 8,31,90,000	10,14,52,400	10,38,59,257	24,06,857	2.4
S. 1,82,62,400				
<p>Excesses occurred under 'F. Suspense—Non-Plan' (Rs. 29.66 lakhs) and 'D.—Repairs—Non-Plan' (Rs. 25.22 lakhs) for</p>				
O.—Original grant/appropriation.	S.—Supplementary grant/appropriation.			

APPENDIX 4.—*contd.*

Particulars of grant	Total grant	Expenditure	Excess	
			Amount	Percentage
	Rs.	Rs.	Rs.	
34—Stationery and Printing—				
O. 99,21,000	99,21,000	1,22,68,507	23,47,507	23.7
S.				

which reasons have not been furnished by the Department. These excesses were partly counter-balanced by savings in group-heads 'A. 17—Miscellaneous Departments—Non-Plan' owing to delay in administrative approval, selection of site and land, etc. (Rs. 8.24 lakhs) and 'B—Original Works—Communication—Non-Plan' due to non-finalisation of designs for bridges and non-completion of other essential preliminaries (Rs. 14.76 lakhs).

Bulk (Rs. 22.29 lakhs) of the excess occurred under 'F. 2—Government Central and Regional Presses' and was explained as due to omission to provide fully for the cost of paper purchased during the year.

(b) *Charged Appropriations*

Particulars of appropriation	Total appropriation	Expenditure	Excess	
			Amount	Percentage
	Rs.	Rs.	Rs.	
2—Land Revenue—				
O. 30,000	3,12,855	3,14,162	1,397	0.4
S. 2,82,855				
5—Forest—				
O. 5,000	48,070	49,549	1,479	3.1
S. 43,070				
12—Heads of States, Ministers and Secretariat, etc.—				
O. 7,98,000	8,20,000	8,25,826	5,826	0.7
S. 22,000				
19—Education—				
O. .. .. ..	..	3,014	3,014	100.0
S.				

An amount of Rs. 3,014 was drawn from the treasury in August 1961 for payment of decretal charges towards the cost of land acquired for a school building for which advance was neither obtained from the Contingency Fund nor provision made in the supplementary budget although Audit pointed out the omission.

O.—Original grant/appropriation.

S.—Supplementary grant/appropriation.

APPENDIX 4—*conold.*

	Particulars of Approp- riation	Total Appropria- tion	Expendi- ture	Excess	
				Amount	Perce- ntage
		Rs.	Rs.	Rs.	
38—Payment of Compensation to Land- Holders on the abolition of Zamin- dari System—					
O.	.. .. 11,000	11,000	12,578	1,578	14.3
S.	.. .. ..			
O.—Original appropriation.		S.—Supplementary appropriation.			

APPENDIX 5

(Reference: Paragraph 25, page 24)

STATEMENT SHOWING 9 GRANTS/APPROPRIATIONS IN WHICH THE EXPENDITURE FELL SHORT OF THE FINAL MODIFIED GRANT/APPROPRIATION BY MORE THAN 10%

(Rs. lakhs)

S. No.	Number and name of grant/appropriation	Final modified grant/appropriation	Expenditure	Saving	
				Amount	Percentage of final modified grant/appropriation
Administrative Services					
1.—13.	Parliament and the State Legislature and Elections.—Voted ..	50.83	40.33	10.50	20.7
Social and Developmental Services					
2.—18.	Scientific Departments—Voted	10.93	9.05	1.88	17.2
Other Services					
3.—	Interest on Debt and Other Obligations.—Charged ..	6,39.00	4,44.42	1,94.58	30.5
4.—33.	Superannuation Allowances and Pensions.—Charged ..	10.28	9.11	1.17	11.4
5.—35.	Miscellaneous—Voted ..	2,99.54	2,57.77	41.77	13.9
6.—37.	Contributions and Miscellaneous Adjustments.—Charged ..	24.52	21.57	2.95	12.0
7.—48.	Payments to Retrenched Personnel.—Voted ..	0.40	..	0.40	100.00
Works Expenditure					
8.—39.	Capital Outlay on Irrigation Works (Commercial).—Voted ..	2,35.55	1,95.66	39.89	16.9
9.—40.	Capital Outlay on Irrigation Works (Non-Commercial).—Voted ..	1,86.22	1,53.09	33.13	17.8

APPENDIX 6

(Reference: Paragraph 26, page 25)

DRAWAL OF MONEY FROM TREASURY IN ADVANCE OF REQUIREMENT

S.No.	Details of drawal	Details of disbursement or refund
1.	A sum of Rs. 33,000 was drawn on 19th March 1962 by the Collector, Raigarh for the construction of 7 Teachers' quarters and advanced to Janapada Sabha.	The Tribal Welfare Department sanctioned the work only on 8th February 1962 and the construction work was started in March 1962. It was obviously not possible to complete it before 31st March 1962. The proposal of the Collector to surrender the funds was not accepted by the Department as the re-allotment in the subsequent financial year was not possible. The drawal was then made by the Collector and advanced to the Janapada Sabha.
2.	A sum of Rs. 20,000 sanctioned by the Government on 30th January 1962, was drawn by the Collector, Sidhi on 23rd March 1962 for payment of grants-in-aid to 20 Panchayats for the construction of additional rooms for the primary schools.	Uptil the time of drawal of the amount on 23rd March 1962 the necessary proposals had been received from only 6 of the 20 Panchayats and even in these cases the conditions regarding release of the grant had not been fulfilled. The grant was not disbursed to any of the Panchayats till the date of audit (May 1962). The certificate to the effect that the conditions for the grant have been fulfilled recorded by the Collector at the time of drawal was thus not true.
3.	Sums amounting to Rs. 28,850 sanctioned by the Director of Animal Husbandry on 21st August 1961 were drawn from the Treasury during 22nd to 26th March 1962 by the Superintendent, Cattle Breeding Farm, Pakaria.	An amount of Rs. 2,731 only was spent by 31st March 1962 and an amount of Rs. 25,845 was utilised in piecemeal as and when required up to August 1962. The unspent balance of Rs. 274 was lying in the cash chest on 24th August 1962.
4.	Two sums aggregating Rs. 19,000 were drawn on 13th March 1962 by the Collector, Dhar, and placed at the disposal of the Tahsildar for deepening of wells and construction of 12 primary school buildings.	The whole amount, which was to be distributed as grant-in-aid was deposited in the Central Co-operative Bank, as the public contribution of 50% was not received. The Government money remained unutilised till the date of audit (August 1962).
5.	Rs. 38,900 were drawn by the Collector, Shahdol on 31st March 1962 for the purchase of utensils and furniture for the Adivasi Hostels.	The firms concerned were asked only on 12th, 17th and 31st March to supply the furniture, etc., and the full amount obviously could not be spent by 31st March. Actually a sum of Rs. 3,590 only was disbursed on 31st March 1962 and Rs. 17,580 was disbursed in April-May 1962, as and when the supplies were received. The balance of Rs. 15,799 was lying unspent with the Department on the date of audit (5th June 1962).
6.	A sum of Rs. 35,870 was drawn by the Block Development Officer, Chanderi, District Guna as indicated below at the fag end of the year:—	
	(i) Rs. 300 were drawn on 6th January 1962 and Rs. 1,000 on 16th February 1962, for purchase of Seed.	Entire amount was refunded into the Treasury on 3rd July 1962.
	(ii) Rs. 20,000 were drawn on 30th March 1962 for construction of Lalsi road (Rs. 15,000) and Ramnagar road (Rs. 5,000).	Entire amount has been deposited in the Guna Central Co-operative Bank on 31st March 1962 in the Joint account of Sarpanch and Block Development Officer.

APPENDIX 6—*concl.*

S. No.	Details of drawal	Details of disbursement or refund
(iii)	Rs. 6,920 were drawn on 30th March 1962 for construction of two Village Level Workers' quarters.	The entire amount has been deposited on 31st March 1962 in the Central Co-operative Bank in Joint account of Sarpanch (Vikram-pur and Torni) and Block Development Officer.
(iv)	Rs. 3,000 were drawn on 30th March 1962 for construction of Piproda road.	The entire amount was deposited in the above Bank on 31st March 1962 in the Joint account of Sarpanch and Block Development Officer.
(v)	Rs. 3,200 were drawn on 31st March 1962 on account of Agriculture subsidy.	Entire amount was refunded into treasury on 18th April 1962.
7.	The following amounts meant for grant of loans to villagers under the Rural Low Income Housing Scheme in Blocks were drawn in March 1962:—	The full amount was drawn at one time though under the rules 40% of the loan be disbursed only when the house reaches the plinth level and 10% after it is fully completed.
(i)	Rs. 73,150, Shahapur Development Block (District Betul).	No part of the amount of Rs. 73,150 for Shahapur Block was utilised up to 31st March 1962. The amount was deposited in the State Bank on 30th March 1962. It was, however, withdrawn from the Bank on 4th April 1962 and kept in the cash chest. Of this, only Rs. 33,125 had been disbursed up to the date of audit (3rd October 1962) and the balance of Rs. 40,025 was still lying in the cash chest on that date.
(ii)	Rs. 25,500 Deosar Development Block (District Sidhi).	Of Rs. 25,500 drawn by the Block Development Officer, Deosar only 50% amounting to Rs. 12,750 was disbursed before 31st March 1962. The remaining 50% (Rs. 12,750) was lying in the cash chest on the date of audit, <i>i. e.</i> , 18th April 1962.
8.	A sum of Rs. 17,500 was drawn on 31st March 1962 by the Block Development Officer, Jaithari (District Shahdol) for payment to the Construction Committee for forest labour co-operative societies.	The sum was paid on 31st March 1962; it was, however, taken back on 3rd April 1962 and credited into a Joint account of the Block Development Officer and the society.
9.	Sums aggregating Rs. 1,00,542 were drawn from the Treasury by the Controller of Weights and Measures in the end of March 1962 for purchase of furniture and laboratory equipments.	The payments were not made to the suppliers till 20th June 1962 (<i>i. e.</i> date of audit) though Bank Drafts were obtained on 31st March 1962.
10.	The Civil Surgeon, Jagdalpur, drew Rs. 22,806 from the Treasury on 28th March 1962 for the purchase of an Ambulance van.	The van was not purchased even till mid-July 1962. The Civil Surgeon refunded Rs. 22,791 into the Treasury on 16th July 1962, the balance of Rs. 15 is still to be refunded.

APPENDIX 7

(Reference: Paragraph 28, pages 26-27)

PRO FORMA ACCOUNTS OF MACHINE TRACTOR-CUM-FOLLOW-UP
CULTIVATION SCHEME

Dr.	Payments	Receipts	Cr.
A. Mahakoshal Region			
	Rs.		Rs.
To Opening Stock ..	4,07,561	By Ploughing charges—	
Purchases of spares, etc.—		1-11-1956 to 30-6-1961 ..	27,88,620
1-11-1956 to 30-6-1961 ..	24,18,477	Closing Stock on 30-6-1961 ..	4,27,000
Establishment charges, etc.—		Loss during the period—	
1-11-1956 to 30-6-1961 ..	14,27,456	1-11-1956 to 30-6-1961 ..	26,67,328
Depreciation—			
1-11-1956 to 30-6-1961 ..	14,58,619		
Interest on Capital—			
1-11-1956 to 30-6-1961 ..	6,70,835		
Total ..	63,82,948	Total ..	63,82,948
B. Madhya Bharat Region			
To Opening Stock ..	4,32,778	By Ploughing charges—	
Purchases of spares, etc.—		1-11-1956 to 30-6-1961 ..	53,71,368
1-11-1956 to 30-6-1961 ..	28,30,121	Closing Stock on 30-6-1961 ..	6,99,034
Establishment charges, etc.—		Loss during the period—	
1-11-1956 to 30-6-1961 ..	20,35,855	1-11-1956 to 30-6-1961 ..	20,58,823
Depreciation—			
1-11-1956 to 30-6-1961 ..	19,80,390		
Interest on Capital—			
1-11-1956 to 30-6-1961 ..	8,50,081		
Total ..	81,29,225	Total ..	81,29,225
C. Vindhya Pradesh Region			
To Opening Stock ..	43,289	By Ploughing charges—	
Purchases of spares and fuel, etc.—		1-11-1956 to 30-6-1960 ..	12,86,317
1-11-1956 to 30-6-1960 ..	12,26,496	Closing Stock on 30-6-1960 ..	5,93,384
Establishment charges, etc.—		Loss during the period—	
1-11-1956 to 30-6-1960 ..	2,46,490	1-11-1956 to 30-6-1960 ..	1,78,917
Depreciation—			
1-11-1956 to 30-6-1960 ..	4,06,258		
Interest on Capital—			
1-11-1956 to 30-6-1960 ..	1,36,085		
Total ..	20,58,618	Total ..	20,58,618

APPENDIX 8

(Reference : Paragraph 32, pages 29-30)

EXPENDITURE ON DRIVERS, ETC., OF VEHICLES NOT IN USE

S.No.	Name of the office and particulars of vehicle. Dates on which the Vehicle was not used.	Total period for which the vehicle could not be used.	Expenditure incurred on the crew.	Remarks
I. Staff could not be utilised on Vehicle though it was in order				
1	District Medical Officer, Rewa. Mobile Dispensary Van. March 1956 to August 1959 and February 1960 to November 1960.	4 4 0	12,315	See para 32 (i) (a), page 30 of the Report.
II. Staff retained without the Vehicle				
2	Divisional Superintendent of Education, Rewa. Land Rover	6 3 0	7,822	See para 32 (i) (b), page 30 of the Report.
III. Staff retained though the Vehicle was out of order				
3	P. K. Pathshala, Rewa. Baggi. February 1960 to September 1962.	2 8 0	4,064	The mare of the Baggi died on 7th February 1960 and a new mare has not yet been purchased, but the services of the Coachman and the Syce, who are supernumerary, are being continued (i.e., end of 9/62) utilising them for garden work, looking after children and office work. The Head Mistress informed Audit in October 1962 that the matter has been referred to higher authority for the conversion of the above posts into the posts of peons.
4	Civil Surgeon, Shahdol. Mobile Dispensary Van. April 1959 to December 1960.	1 9 0	4,864	The Driver and Cleaner were stated to have been attached to the stores and the Compounder to District Hospital.
5	District Medical Officer, Tikamgarh. Departmental vehicle. October 1959 to March 1961.	1 5 0	2,750	The vehicle went out of order in October 1959; the District Medical Officer made efforts till March 1960 to get quotations for repair from the private workshops, but is stated to have been unsuccessful. The vehicle was, however, actually transferred to Rewa in March 1961; it was only after that the driver was transferred to another post. The Director of Health Services stated, in July 1961, that the services of the driver and cleaner were necessary for the transportation of the vehicle to repair workshop which unfortunately took a long time (12 months).

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APPENDIX 8—concl'd.

S.No.	Name of the office and particulars of vehicles. Dates on which the Vehicle was not used.	Total period for which the vehicle could not be used.	Expenditure incurred on the crew.	Remarks
		Y. M. D.	Rs.	
6	East Bhopal Forest Division. Departmental Vehicle. April 1958 to January 1959 and July 1959 to March 1962.	3 7 0	3,902	In these cases the drivers were retained in the Divisions, for the periods shown in Col. (2), even though Chief Conservator of Forests had already issued instructions in May 1958 to the effect that action should be taken to transfer the services of the drivers of the vehicles remaining idle for more than a month. It has been stated by the Department in the case of S. No. 6 that the services of the driver of this vehicle were utilised for other vehicles of the division; actually, however, there were separate drivers for those vehicles.
7	Chhatarpur Forest Division. Departmental vehicle. February 1957 to December 1958 with a break of 1½ months and June 1960 to June 1961.	2 4 0	3,128	
8	District Agriculture Officer, Khandwa. Departmental Vehicle.— October 1957 to September 1958, August 1959 to March 1960 and June 1961 to October 1961.	2 1 0	2,712	
Total		..	<u>41,557</u>	

AUDIT REPORT

APPENDIX 9

(Reference: Paragraph 36, pages 32-33)

CASES OF WRITES OFF OF LOSSES

(a) Individual cases of losses amounting to Rs. 10,000 or more

- (i) Old stock of 8,359 Tons of Oil cake (fertiliser) was disposed of by public auction in the year 1955-56, under orders of the old Madhya Pradesh Government. The loss of Rs. 53,364 was written off by the Government in Agriculture Department in July 1961.
- (ii) In August 1959, loss amounting to Rs. 28,294 caused to the Government Dairy Farm at Durg due to heavy rainfall and flood was written off by Government in December 1961.
- (iii) A social welfare department van was damaged in an accident which occurred in March, 1954. The loss of Rs. 16,660 arising after adjusting the amount realised on auctioning the damaged car was written off by the Government in February 1962.

(b) Other cases of writes off

S.No.	Department	Total number of cases	Amount	Brief subject
			Rs.	
1.	Separate Revenue Department (Excise).	1	2,763	Loss due to embezzlement of Government money during 1948 in an erstwhile Princely State.
2.	Separate Revenue Department (Stamps).	1	1,123	Loss owing to damage of 39 reams of water marked paper by white-ants in a Treasury detected in July 1959.
3.	Forest Department ..	2	1,277	Losses due to damage to (i) a well owing to flood, and (ii) Government vehicle.
4.	Law Department ..	7	5,793	Losses resulting from (i) thefts, (ii) defalcation and misappropriation, (iii) fraud and (iv) waiver of a recovery of overpayment due to incorrect fixation of pay.
5.	Home Department (Police)	7	3,609	Losses due to (i) accidental damages to Government vehicles and (ii) waiver of recovery of overpayments due to incorrect fixation of pay.
6.	Education Department ..	4	3,161	Loss of library books and journals and waiver of recovery of overpayment due to incorrect fixation of pay.
7.	Agriculture Department ..	17	14,868	Losses resulting from (i) death of animals, (ii) thefts and shortage of articles, and (iii) destruction of stores due to floods, fire, storms, etc.
8.	Animal Husbandry Department.	55	19,316	Losses arising from (i) death of animals and poultry birds, (ii) defalcation by a clerk, (iii) damages to farms and material due to flood, fire and locust and (iv) disposal of unproductive and unserviceable animals.

APPENDIX 9—concl'd.

S.No.	Department	Total number of cases	Amount	Brief subject
			Rs.	
9.	Labour Department ..	2	2,092	Losses owing to (i) damage to medicines and stores in a Government Medical Store under Employees' State Insurance Scheme and (ii) theft of cash box, service stamps, etc.
10.	Revenue Department ..	4	4,258	Losses on account of (i) liveries burnt by accidental fire, (ii) damage to Government jeep (iii) theft of articles from <i>Malkhana</i> of a tahsil office and (iv) misappropriation of Government money.
11.	Rehabilitation Department	5	7,171	Losses resulting from (i) shortage of materials in Refugee Camps and Colonies, (ii) auction of surplus articles, (iii) theft of parts of a Jeep and, (iv) accidental damage to a truck.
12.	Planning and Development Department.	8	8,892	Losses resulting from (i) theft of a radio set, (ii) damages to a village level worker's quarter, (iii) unserviceable lime and cement and (iv) damages to Government Vehicles.
13.	Food Department ..	164	1,72,880	Losses in the stock of foodgrains due to damage by rains, dryage, long storage, cleaning, winnowing, transit shortages, etc.
14.	Civil Supplies Department	2	1,290	Losses due to embezzlement of Government money in a merged State.

APPENDIX 10

(Reference : Paragraph 38, pages 34-36)

STATEMENT SHOWING WORKS COSTING MORE THAN Rs. 5 LAKHS EACH
IN RESPECT OF WHICH THE BASIC RULES REGARDING INCURRING
OF EXPENDITURE HAVE BEEN DISREGARDED

(Rs. lakhs)

S. No.	Particulars	Buildings and Roads		Irrigation		Public Health Engineering	
		Number	Amount	Number	Amount	Number	Amount
1.	Works costing more than Rs. 5 lakhs each included in the budget for 1961-62 but not executed—						
	Works in progress ..	24	10.76	1	0.05	..	..
	New works ..	..	..	5	3.01	..	..
	Total ..	24	10.76	6	3.06	..	..
2.	Expenditure incurred in 1961-62 on works costing more than Rs. 5 lakhs each, not included in the budget for 1961-62.	24	8.14	3	4.86	..	..
	Total ..	24	8.14	3	4.86	..	..
3.	Expenditure incurred to end of 1961-62 on works costing over Rs. 5 lakhs provided for in the budget for which estimates have not been sanctioned—						
	(a) Works commenced in 1956-57 (Pre-reorganisation) or earlier.	28	4,20.82	16	5,97.44	..	..
	(b) Works commenced from 1956-57 (Post-reorganisation) to 1960-61.	24	1,06.25	32	3,16.66	..	..
	(c) Works commenced in 1961-62	4	1.30	2	0.29	1	7.47
	Total ..	56	5,28.37	50	9,14.39	1	7.47
4.	Expenditure in excess of sanctioned estimates by more than 10% on works costing above Rs. 5 lakhs—						
	(a) Excess occurred in 1956-57 (Pre-reorganisation) or earlier (Progressive excess).	23	1,64.62	6	43.36	1	3.87
	(b) Excess occurred during the period from 1956-57 (Post-reorganisation) to 1960-61.	13	6,48.76	10	58.38
	(c) Excess occurred in 1961-62	10	82.68	6	37.14
	Total ..	46	8,46.06	22	1,38.88	1	3.87

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ALPHABETICALLY

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APPENDIX 11

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11

Paragraph 77, page 71)

MORAR (GWALIOR), MADHYA PRADESH

31st March 1962

As at 31st March 1961	Property and Assets				As at 31st March 1962	
Rs.				Rs.	Rs.	
1,50,662	Fixed Assets at cost	..	..		1,50,662
	Current Assets—					
3,824	Cash	..	..		1,747
1,86,309	Sundry Debtors	..	..		2,18,885
	Closing Stock—					
	14,225 Stores	..	..	9,653	
	10,751 Finished stocks (including dead-stock Rs. 10)			4,421		
1,13,580	<u>88,604</u> Work-in-progress	..	..	<u>80,975</u>	95,049
70,355	Depreciation Fund deposited in Government Treasury.				73,855	
139	Festival Advance	..	..		140
..	Unadjusted <i>ad hoc</i> grant to workers	..	..		2,950
<u>5,24,869</u>				Total ..	<u>5,43,288</u>	

APPENDIX

THE GWALIOR TANNERY,

Dr.

Manufacturing Account for

1960-61	Particulars	1961-62
Rs.		Rs.
83,577	To Work in progress as on 1st April 1961 ..	88,604
1,12,324	Leather and Store issued ..	40,017
18,486	Wages including Dearness Allowance ..	15,122
<u>2,14,387</u>	Total ..	<u>1,43,743</u>

Trading Account for the

4,656	To Opening Stock as on 1st April 1961 ..	10,741
1,25,783	Receipt from Manufacturing Account ..	62,768
2	Sundry charges on work order account ..	12
1,459	Cost of stores sold ..	348
16,593	Gross profit carried over to P & L Account ..	11,302

1,48,493

Total

85,171

11—contd.

MORAR (GWALIOR), MADHYA PRADESH

the year ending 31st March 1962

Cr.

1960-61	Particulars	1961-62
Rs.		Rs.
1,25,783	By Cost of Leather transferred to Trading Account	62,768
88,604	Work in progress as on 31st March 1962	80,975
<u>2,14,387</u>	Total	<u>1,43,743</u>

year ending 31st March 1962

1,36,172	By Sales	80,353
21	Packing and Forwarding	37
1,559	Sales of Stores	370
10,741	Stock in hand as on 31st March 1962	4,411
<u>1,48,493</u>	Total	<u>85,171</u>

APPENDIX
THE GWALIOR TANNERY,
Profit and Loss Account for

Dr.

1960-61	Particulars	1961-62
Rs.		Rs.
11,761	To Pay and Allowances	12,584
299	Government share of contribution to staff provident fund ..	349
3,500	Depreciation charges	3,500
22	Repairs to Buildings .. ..	..
4,440	Other office and selling expenses	1,756
366	Employer's contribution to State Insurance Scheme ..	343
240	Repairs and maintenance of car .. ..	..
917	Government share of contribution of Labour Provident Fund.	868
13,173	Interest on capital	14,327
1,695	Audit Fee	1,695
209	Leave Salary	454
200	Direction charges	200
..	<i>Adhoc</i> grant to old workers	1,000
36,822	Total ..	37,076

11—concl'd.

MORAR (GWALIOR), MADHYA PRADESH

the year ending 31st March 1962

1960-61		Particulars	Cr.	
Rs.			Rs.	
16,593	By	Gross profit brought forward from Trading Account	..	11,302
50		Miscellaneous receipts	..	404
20,179		Net Loss carried over to Balance Sheet.	..	25,370
<hr/>				
33,822			Total	<hr/> 37,076 <hr/>

APPENDIX 12

(Reference: Paragraph 100, page 92)

CASES OF INFRACTUOUS EXPENDITURE RESULTING FROM IRREGULAR
DISMISSAL, REMOVAL OR SUSPENSION OF GOVERNMENT SERVANTS

S.No.	Particulars of the case	Amount of infructuous expenditure
		Rs.
JUDICIAL DEPARTMENT		
1.	<p>A Civil Judge was suspended from service with effect from 26th April 1951 pending inquiry into alleged disregard of legal procedure and was removed from service on the 22nd August 1952, by the former Madhya Bharat Government. He instituted legal proceedings on the 18th July 1953 and on 15th December 1953, the Court set aside the order of removal from service on the ground that he had not been given a reasonable opportunity of making an effective representation against the findings of the inquiry officer. The High Court dismissed the Government's appeal against these orders on 19th January 1961. However, the Government ordered his reinstatement only on 5th August 1961 and his posting orders were issued on 5th October 1961; he reported for duty on 16th October 1961. The entire period of over ten years of his absence was treated as duty and he was paid subsistence allowance for the period of suspension up to 21st August 1952, Rs. 9,504 decreed by the Court in his favour for the period 22nd August 1952 to 26th May 1955, and full pay and allowances totalling Rs. 19,876 for the period 27th May 1955 to 15th October 1961.</p> <p>The officer was placed under suspension again with effect from 16th October 1961 pending completion of the departmental inquiry against him and has since been removed from service with effect from 19th February 1963.</p>	30,880
2.	<p>A clerk in Court in the former Vindhya Pradesh State, who had been suspended on 18th May 1951 for alleged forgery, was acquitted by a Court of Law on 20th August 1951. The Head of the Department subsequently instituted a departmental enquiry against him and on 22nd January 1952 dismissed him from service retrospectively with effect from 18th May 1951. His appeal was not heard and was filed. However, on a further appeal made on 13th May 1957, the new Madhya Pradesh Government, by an order passed on 5th July 1958 which was amended on 8th April 1960, reinstated him in service with effect from 3rd September 1958 on the ground that he was not given a reasonable opportunity to defend himself in the departmental enquiry.</p> <p>The entire period of about 7½ years of his absence was treated as duty and he was allowed pay and allowances at half the rates.</p>	3,500
REHABILITATION DEPARTMENT		
3.	<p>An upper division clerk in the office of the Assistant Custodian of Evacuee Property, Ratlam, was placed under suspension with effect from 24th May 1951, pending enquiry into charges of misconduct against him and on 4th September 1951 was removed from service with effect from the date of suspension. He instituted legal proceedings and on 5th October 1956 the Court held that the order of removal was invalid on the ground that he had not been afforded reasonable opportunity to defend himself. Orders reinstating him in service and allowing him to draw full pay and allowances during the interregnum were, however, issued by Government only on 11th April 1959 and he resumed duty on 20th April 1959.</p>	9,319
ELECTRICITY DEPARTMENT		
4.	<p>The Cashier-cum-Accountant of erstwhile Madhya Bharat State Electric Supply Department was suspended on the 23rd October 1953 in connection with shortage of cash of Rs. 3,427. He was acquitted by the Court of Law on 22nd February 1956 on the ground that the prosecution was not able to produce sufficient evidence to establish the guilt of the accused beyond reasonable doubt but was dismissed from service in September, 1956 by the Chief Electrical Engineer without conducting departmental enquiry. The</p>	10,149

APPENDIX 12—*concl'd.*

S. No.	Particulars of the case	Amount of infructuous expenditure
		Rs.
	<p>clerk appealed to the Government against the orders of his dismissal in October, 1956 and in the absence of a final reply to his appeal, he filed a writ petition in the High Court in April, 1960. In July, 1961 the Government allowed his appeal and reinstated him with retrospective effect from 23rd October, 1953 and he resumed duty on 14th August 1961. The entire period of over 7½ years from the 23rd October 1953 to the 13th August 1961 was treated as duty for which he was paid full pay and allowances.</p>	
5.	<p>The Assistant General Manager of Gwalior Power House was suspended with effect from 26th August 1958, pending inquiry into anonymous allegations against him of misbehaviour with other members of the staff. On the findings of the departmental inquiry, which took nearly two and a half years to complete, he was reinstated in service with effect from 22nd April 1961 and the entire period of suspension from the 26th August 1958 to the 21st April 1961 was treated as duty. Although he was not allowed the increments that accrued during this period, he was paid the full pay and allowances. As observed by the Inquiry Officer, had a preliminary enquiry been conducted, there might not have been any necessity to suspend him at all.</p>	13,731
6.	<p>Four employees of the erstwhile Bhopal State Electric Supply were placed under suspension in August-September, 1956, pending enquiry into alleged negligence in providing a service line which came down on the ground resulting in electrocution of a boy. The departmental enquiry against the officials was kept pending by the Electrical Engineer of the Bhopal Electric Supply under the misapprehension that the charges against these employees were sub-judice in the Civil proceedings claiming compensation of Rs. 30,000 filed by the mother of the boy and any adverse action against them might help the plaintiff to establish her case in the Court of Law. In June, 1960 the Electricity Board to whom the cases of these employees were transferred by the Government in August, 1957, found that the Civil Suit in question had no bearing on the departmental action against these employees and, therefore, ordered the enquiry to be held. On the findings of the Enquiry Officer all the four officials were reinstated in April-June, 1961. The entire period of absence of more than 4½ years was treated as duty, and they were allowed a certain proportion of pay and allowances.</p>	22,005

