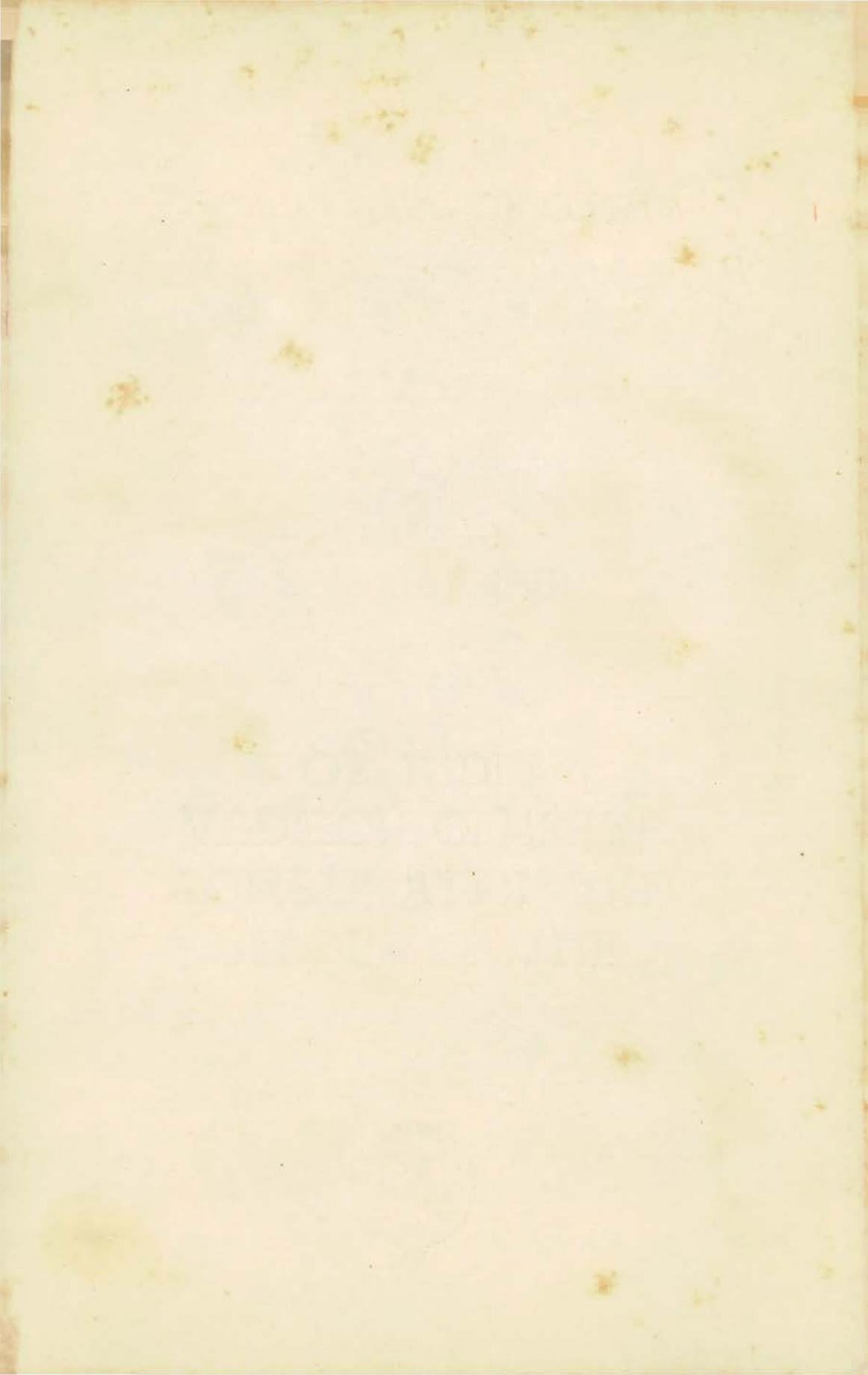




REPORT OF THE
COMPTROLLER AND
AUDITOR GENERAL
OF INDIA

FOR THE YEAR
1975-76

GOVERNMENT OF ORISSA
(CIVIL)



ERRATA

REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA FOR THE YEAR 1975-76—GOVERNMENT OF ORISSA—CIVIL

<u>Page</u>	<u>Para</u>	<u>Further reference</u>	<u>For</u>	<u>Read</u>
5	1.4	Heading	Expenditure	Expenditure
14	1.8.5(a)	2nd line	cash advance	cash credit advance
14	1.8.5(b)	Heading—col. 3	April 1975	1st April 1975
15	1.8.6	1st line	borrowing	borrowings
16	1.8.6	5th and 6th lines in Col. 1 of the table	Drain-nage	Drain-age
17	1.8.8	5th line below	preceeding	preceding
19	1.8.10 (b)	6th and 7th lines	Outsanding	outstanding
19	1.8.10 (b)	Table—Col 6 against— Depreciation	5·52	5·25
22	1.9.1 (c)	Table—Col. 2 against Loans to Government servants	..	3·85
27	1.11.3	Last but one line	Municipalities	Municipalities
32	2.1	9th line from bottom	grosss	gross
36	2.2(b)	(2) Loans and advances from the Central Government Supple- mentary	4,34,85,000	4,34,58,000
38	2.3(b)(ii)	Explanation under (1)— 10-Expenditure rela- ting to the Education Department—line 5	new structural pattern	new pattern
39	2.3 (b)(ii)	Heading over col. 6	Excess	saving
43	2.5 (i)	19th line	thrity-six	thirty-six
44	2.6	Table	Actual	Actual recoveries
44	2.7	2nd sub-para— 4th line	1,298 ceses	1,298 cases
51	3.1.9	Heading	food-stuffs held by storage agents	food-stuffs held back by storage agents
52	3.1.10	7th line of sub-para(ii)	21 paise	2½ paise
65	3.12	Heading	Exess	Excess
73	4.1.6	First line	aduit	audit,
76	4.1.7	(vi) 2nd line	Rs. 9·78	Rs. 9·76
76	4.1.7	Sub-para (vii)— line 6 line 7	RD 1445 RD 1483	RL 1445 RL 1483

<u>Page</u>	<u>Para</u>	<u>Further reference</u>	<u>For</u>	<u>Read</u>
77	4.1.8	2nd sub-paragraph — 7th line	increasing	increasing
77	4.1.8	Table below (1) — last column against 14th September 1973	26,76,936·10	26,76,036·10
80	4.1.9	2nd sub-para — 4th line	contrete	concrete
80	4.1.9	3rd sub-para — 16th line	reovered	recovered
82	4.1.11	1st sub-para — 4th and 5th line	excavation	excavation
82	4.1.11	Table—in sub-para 2— last figure under column 4	64,300	2,64,300
92	4.7	1st line	Consverion	Conversion
100	4.11	1st sub-para — 7th line	1972	1971
108	5.8	Sub-para (iii) — line 1	Organisation	Organisation
110	5.10	8th line from the bottom	Forest Departmet	Forest Department
111	5.11	Figure in the table under 'Excess' against Postage	0·10	0·01
114	6.1	3rd line of the heading of column 4	account	accounts
119	6.2.6	Line 1 of the page	expendirure prurchase	expenditure purchase
119	6.2.7	Last para — 3rd line	ot	out
123	6.3.5	3rd sub-para of the page—line 8	beyoud	beyond
124	6.3.8	3rd line from below	prices	prices
126	6.3.9	4th line	Aprill	April
128	6.3.12	3rd line from bottom	Stated	stated
129	6.3.13	Sub-para(ii) — line 4	prpoerly	properly
129	6.3.14	14th line from bottom	sales	sale
134	6.6	Sub-para (b) —line 1	1·34 lakhs	1·43 lakhs
145	7.3.4	Figure in Column 2 against 1974-75	0·30	0·31
153	7.5.4 (a)	2nd line	March 1973	March 1972
157	7.5.7	Sub-para 1 — line 10	Societees	Societies
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PREFATORY REMARKS

This Report has been prepared for submission to the Governor under Article 151 of the Constitution. It relates mainly to matters arising from the Appropriation Accounts for 1975-76 together with other points arising from audit of financial transactions of the Government of Orissa. It also includes:—

(i) certain points of interest arising from the Finance Accounts for the year 1975-76; and

(ii) comments on Balimela Hydro Electricity Project.

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

3. The cases mentioned in the present Report are among those which came to notice in the course of test audit of accounts during the year 1975-76 as well as those which had come to notice in earlier years but could not be dealt with in previous Reports; matters relating to the period subsequent to 1975-76 have also been included, wherever considered necessary.

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

CHAPTER 1
GENERAL

1.1. Summary of transactions

The receipts and expenditure of the Government of Orissa for the year 1975-76 are given below with corresponding figures of the preceding year:—

	1974-75	1975-76
	(In crores of rupees)	
(1) Revenue—		
Revenue raised by the State Govern- ment	98.47	1,26.53
Receipts from the Government of India	1,28.90	1,50.93
Total—Revenue receipts	2,27.37	2,77.46
(2) Revenue expenditure—		
Non-Plan	1,98.60	2,42.50
Plan	24.91	33.68
Total—Revenue expenditure	2,23.51	2,76.18
Revenue surplus (+)	+3.86	+1.28
(3) Public Debt—		
(i) Internal Debt of the State Government—		
Receipts	33.20	80.97
Repayments	16.18	71.33
Increase(+)	+17.02	+9.64
(ii) Loans and Advances from the Central Government—		
Receipts	37.50	51.84
Repayments	13.14	30.96
Increase(+)	+24.36	+20.88
Total—Public Debt (net) Increase(+)	+41.38	+30.52
(4) Capital expenditure (net)—		
Non-Plan	9.76	11.66
Plan	35.17	45.21
Increase (—)	—44.93	—56.87

1974-75

1975-76

(In crores of rupees)

(5) Loans and Advances by the State Government (net)—		
Receipts	8·16	15·40
Disbursements	9·71	16·07
Increase (—)	—1·55	—0·67
(6) Contingency Fund (net)—		
Increase(+)/decrease(—)	—0·71	+0·32
(7) Public Account (net)—		
Receipts	3,16·35	3,44·69
Disbursements	3,05·02	3,30·45
Increase (+)	+11·33	+14·24
Net surplus(+)/ deficit(—)	+9·38	—11·18
Opening cash balance	—14·23	—4·85
Net surplus(+)/ deficit(—)	+9·38	—11·18
Closing cash balance	—4·85	—16·03(a)

1.2. Revenue surplus/ deficit

(a) *Revenue receipts*—The revenue receipts of the State Government for 1975-76 compared with the budget estimates during the year along with the corresponding figures for 1973-74 and 1974-75 are shown below:—

Year	Budget	Budget plus additional taxation	Actual	Variation between columns (4) and (3)	
				Amount	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
	(In crores of rupees)				
1973-74 ..	1,75·79	1,75·79	1,74·62	—1·17	1
1974-75 ..	2,30·07	2,30·07	2,27·37	—2·70	1
1975-76 ..	2,68·10	2,68·10	2,77·46	+9·36	3

(a) There was a difference of Rs. 0·18 crore between the figure reflected in the accounts (*minus* Rs. 17·69 crores) and that intimated by the Reserve Bank (*minus* Rs. 17·51 crores) regarding "Deposits with Reserve Bank" (included in the Cash balance). After reconciliation the difference of Rs. 0·03 crore remains which is under reconciliation (April 1977).

Compared with the budget *plus* additional taxation, the revenue receipts of the State increased by Rs. 9.36 crores. This was mainly due to higher share of Income Tax (Rs. 7.50 crores), more allocation from Union Excise Duties (Rs. 3.26 crores), collection of arrears and increase in the rates of Sales Tax (Rs. 7.15 crores) and collection of arrears on account of sale of power generated by Balimela Project from the Orissa State Electricity Board (Rs. 2.31 crores) partly offset by less assistance received from the Government of India (Rs. 13.62 crores) mainly on account of Centrally Sponsored Plan Schemes.

(b) *Expenditure on revenue account*—The expenditure on revenue account as compared with (i) the budget estimates and (ii) the budget estimates *plus* supplementary provisions along with corresponding figures for 1973-74 and 1974-75 are shown below:—

Year	Budget	Budget <i>plus</i> supplementary	Actuals	Variation between columns (4) and (3)	
				Amount	percentage
(1)	(2)	(3)	(4)	(5)	(6)
(In crores of rupees)					
1973-74 ..	2,06.79	2,29.94	2,12.46	-17.48	8
1974-75 ..	2,31.44	2,56.75	2,23.51	-33.24	13
1975-76 ..	2,74.90	3,15.33	2,76.18	-39.15	12

The shortfall in 1975-76 was mainly on account of late sanction of dearness allowance and late fixation of pay in the revised scales (Rs. 22.41 crores) and less expenditure due to less receipt of assistance from the Government of India for Special Area Development Programme (Rs. 6.30 crores), for works connected with welfare of scheduled tribes (Rs. 3.96 crores) and for agricultural and co-operative schemes (Rs. 3.21 crores).

(c) The year 1975-76 ended with a revenue surplus of Rs. 1.28 crores as against the anticipated revenue deficit of Rs. 6.80 crores. The accumulated revenue deficit of the State at the end of 1975-76 was Rs. 1,54.78 crores. The revenue deficit/surplus as compared with that anticipated at the budget stage for the three-year-period ending 1975-76 together with the accumulated revenue deficit at the end of each financial year is given below:—

Year	Deficit(—) anticipated in the Budget	Actual revenue deficit(—)/ surplus(+)	Variation during the year More (+)/ Less (—)	Accumulated revenue deficit(—) at the end of the year
(1)	(2)	(3)	(4)	(5)
(In crores of rupees)				
1973-74 ..	-31.00	-37.84	-6.84	-1,59.92
1974-75 ..	-1.37	+3.86	+5.23	-1,56.06
1975-76 ..	-6.80	+1.28	+8.08	-1,54.78

1.3. Revenue receipts

1.3.1. (a) The revenue receipts of the Government for the year 1975-76 (Rs. 2,77.46 crores) registered an increase by 22 per cent (Rs. 50.09 crores) over those in 1974-75 (Rs. 2,27.37 crores). A comparative analysis of the revenue receipts during 1974-75 and 1975-76 together with an analysis of the increase in 1975-76 over 1974-75 is given below:—

(1)	1974-75 (2)	1975-76 (3)	Increase (+)/ decrease (—) during 1975-76 over 1974-75	
			Amount (4)	Percentage (5)
(In crores of rupees)				
(1) Receipts from Government of India—				
Grants under Article 275(1) of the Constitution	56.97	60.11	+3.14	5.5
Other grants ..	24.69	29.37	+4.68	18.9
State's share of divisible Union Taxes..	47.24	61.45	+14.21	30.0
Total (1) ..	1,28.90	1,50.93	+22.03	17.1
(2) Revenue raised by the State—				
(i) Tax Revenue—				
Taxes on Income and Expenditure..	0.06	0.08	+0.02	33.3
Taxes on Property and Capital transactions	6.81	8.44	+1.63	23.9
Taxes on commodities and services ..	43.56	59.89	+16.33	37.5
(ii) Non-tax Revenue—				
Interest receipts, Dividends and profits	19.26	18.79	—0.47	2.4
Other non-Tax Revenue ..	28.78	39.33	+10.55	36.6
Total (2) ..	98.47	1,26.53	+28.06	28.5
Total—Revenue Receipts ..	2,27.37	2,77.46	+50.09	22.0

More information on the subject will be found in the Report of the Comptroller and Auditor General of India for the year 1975-76, Government of Orissa—Revenue Receipts.

1.4. Expenditure on revenue account

The expenditure on revenue account in 1975-76 (Rs. 2,76.18 crores) increased by 24 per cent (Rs. 52.67 crores) as compared with that of 1974-75 (Rs. 2,23.51 crores).

The increase is analysed below:—

(1)	Actual		Increase over 1974-75	
	1974-75	1975-76	Amount	Percentage
	(2)	(3)	(4)	(5)
	(In crores)		(of rupees)	
(1) Land Revenue	6.22	7.87	1.65	26
Increase was due mainly to entertainment of additional staff for levy scheme.				
(2) Interest payments	27.42	34.45	7.03	26
Increase was due mainly to payment of interest on pre-1974 consolidated loans according to revised terms and on provident funds owing to increased contribution by Government servants on account of half of dearness allowance paid to them being credited to provident funds.				
(3) Police	11.98	15.78	3.80	32
Increase was due mainly to payment of arrears of pay and dearness allowance, revision of pay scales and purchase of vehicles and clothing.				
(4) Education	46.79	58.84	12.05	26
Increase was due mainly to more assistance to non-Government educational institutions, for payment of additional dearness allowance to teachers of aided schools and institutions, opening of new educational institutions under "Half-a-Million Jobs Programme" and more assistance to Universities on the basis of recommendation of the Block Grant Review Committee.				
(5) Medical	10.21	13.15	2.94	29
Increase was due mainly to revision of scales of pay and of rates of dearness allowance, appointment of more staff and specialists in medical colleges and higher Plan outlay on purchase of equipment and apparatus.				
(6) Public Health, Sanitation and Water Supply	6.04	8.67	2.63	43

Increase was due mainly to increased expenditure on Rural Water supply Scheme, enhanced rates of dearness allowance and cost of additional staff under "Cholera Control Programme".

(1)	Actual		Increase over 1974-75	
	1974-75	1975-76	Amount	Percentage
	(2)	(3)	(4)	(5)
(In crores of rupees)				
(7) Social Security and Welfare	11.92	15.57	3.65	31

Increase was due mainly to more Plan outlay on Centrally Sponsored schemes for the welfare of scheduled castes and tribes, revision of scales of pay and of rates of dearness allowance and travelling allowance.

(8) Agriculture ..	7.44	9.20	1.76	24
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Increase was due mainly to revision of scales of pay and of rates of dearness allowance and travelling allowance.

(9) Area Development ..	0.31	1.94	1.63	526
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Increase was due mainly to more expenditure on ayacut development under Drought Prone Area Programme.

(10) Forest ..	3.41	5.48	2.07	61
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Increase was due mainly to revision of scales of pay and enhancement of rates of dearness allowance.

(11) Community Development	8.80	10.14	1.34	15
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Increase was due mainly to more assistance to Panchayati Raj Institutions for execution of various developmental programmes.

(12) Power Projects ..	1.92	3.93	2.01	105
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Increase was due mainly to payment of more subvention to Orissa State Electricity Board for execution of rural electrification schemes. The increase was partly offset by decrease mainly under:—

(1)	Actual		Decrease over 1974-75	
	1974-75	1975-76	Amount	Percentage
	(2)	(3)	(4)	(5)
(In crores of rupees)				
Multipurpose River Projects	10.56	8.41	2.15	20

Decrease was due mainly to payment of arrears of interest in 1974-75 while only interest for the year was paid in 1975-76.

1.5. Capital expenditure

1.5.1. The capital expenditure during the three years ending 1975-76 compared with the Budget estimates and the Budget estimates *plus* supplementary provision is given below :—

Year	Budget	Budget <i>plus</i> supple- mentary	Actuals	Variation between columns (4) and (3)	
				Amount	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
(In crores of rupees)					
1973-74 ..	39.71	52.22	38.22	-14.00	27
1974-75 ..	42.06	53.65	44.93	-8.72	16
1975-76 ..	32.68	45.80	56.87	+11.07	24

1.5.2. An analysis of the capital expenditure during 1975-76 by broad groups of Government activity together with the progressive capital outlay to end of 1975-76 under each group of activity is given below :—

Expenditure during
1975-76 Progressive
outlay up to
1975-76

(In crores of rupees)

Capital expenditure on—

General Services—

(1) Public Works .. 1.46 20.77

Social and Community Services—

(2) Education, Art and Culture .. 1.16 6.23

(3) Medical .. 0.52 2.48

(4) Public Health, Sanitation and Water-Supply 0.71 7.11

(5) Housing .. 1.79 24.79

(6) Other Social and Community Services 0.55 0.70

Economic Services—

General Economic Services—

(7) Co-operation .. 3.31 19.40

(8) Other General Economic Services .. 0.15 0.31

	Expenditure during 1975-76	Progressive outlay up to 1975-76
(In crores of rupees)		
<i>Agricultural and Allied Services—</i>		
(9) Agriculture ..	3.63	7.51
(10) Minor Irrigation, Soil Conservation and Area Development	3.42	39.77
(11) Food ..	1.48	0.58(a)
(12) Forest ..	0.96	6.96
(13) Other Agricultural and Allied Services	0.26	3.13
<i>Industry and minerals—</i>		
(14) Industrial Research and Development	1.06	23.62
(15) Village and Small Industries ..	0.47	7.66
(16) Mining and Metallurgical Industries	..	9.55
(17) Other Industries ..	..	1.00
<i>Water and Power Development—</i>		
(18) Multipurpose River Projects ..	13.10	1,57.70
(19) Irrigation, Navigation, Drainage and Flood Control Projects	15.73	1,18.74
(20) Power Projects ..	0.25	4.23
(21) Other Water and Power Development Services	0.03	0.05
<i>Transport and Communications—</i>		
(22) Ports, Light Houses and Shipping ..	0.28	17.46
(23) Roads and Bridges ..	6.43	60.28
(24) Road and Water Transport Services..	0.08	6.08
(25) Other Transport and Communication Services	0.04	0.09
Total ..	56.87	5,46.20

(a) Reduction in progressive expenditure is due to receipts being more than the outgo in the Personal Ledger Account under Grain Purchase Scheme.

1.5.3. The Capital expenditure of Government includes outlay on Paradeep Port, Lift Irrigation Projects, State Transport Service, Industrial Works at Hirakud and on the operational part of the Milk Union Scheme, Phulnakhara, the assets of which have been transferred to a statutory body and four State owned limited companies as shown below:—

Name of the body	Value of assets (Crores of rupees)
(1) Paradip Port Trust ..	14.24 (Provisionally fixed by the Port Trust)
(2) Orissa Lift Irrigation Corporation ..	5.00 (According to the company)
(3) Orissa State Road Transport Corporation	Not known
(4) Orissa Industrial Development Corporation	0.17 (Provisionally fixed by the company)
(5) Orissa Agro Industries Corporation ..	0.21 (Provisionally fixed by Government)

The value of assets has not been determined in four cases even provisionally by the Government nor have the agreements with concerned bodies incorporating the terms and condition of the transfer of assets been executed so far (May 1977). Pending determination of the mode of treatment of the capital cost, the expenditure incurred on these assets stands booked in the capital account of the Government.

1.6. The sources from which the capital expenditure (Rs. 56.87 crores) and the net outgo under "Loans and Advances" by the State Government (Rs. 0.67 crore) were met during 1975-76 are given below:—

	Amount (In crores of rupees)
Net addition to Public Debt ..	30.52
Contingency Fund (Net) ..	0.32
Public Account (Net) ..	14.24
Revenue Surplus ..	1.28
Decrease in cash balances (+) ..	11.18
Total ..	<u>57.54</u>

1.7. Cash balance and investment of cash balance

(a) The cash balance position of the State Government at the beginning and close of the year 1975-76 was as follows :—

	Opening balance	Closing balance
	(In crores of rupees)	
Cash in treasuries ..	1.02	1.66
Deposits with Reserve Bank of India ..	—5.87	—17.69 (a)
	—————	—————
Total ..	—4.85	—16.03
	—————	—————

(b) The Government had made investments from out of the cash balances and the earmarked funds in securities of the Government of India, other State Governments and statutory bodies. Some details of these investments at the close of the year 1975-76 together with the interest realised on these investments are given below :—

	Investments out of the	
	Cash balance Investment Account	Sinking Fund Investment Account
	(In crores of rupees)	
(1) Government of India securities ..	0.65	5.22
(2) State Government securities ..	..	5.65
(3) Debentures and bonds of statutory bodies ..	..	3.03
(4) Balances of ex-States which merged with Orissa ..	0.04	..
(5) Government of India Treasury bills ..	3.95	..
	—————	—————
Total ..	4.64	13.90
	—————	—————
(6) Interest realised ..	0.22	0.75

(a) See Foot note (a) at page 2

1.8. Public Debt

1.8.1. The total outstanding debt of the State Government at the end of 1975-76 was Rs. 6,91·83 crores. An analysis of the debt compared with the corresponding figures at the end of the two preceding years is given below :—

	Public debt as on 31st March		
	1974	1975	1976
	(In crores of rupees)		
<i>Long term borrowings—</i>			
Loans and advances from the Government of India	5,14·66	5,39·02	5,59·90
Market loans ..	80·52	87·59	1,02·14
Loans from autonomous bodies ..	24·75	29·33	29·54
<i>Short term borrowings—</i>			
Ways and means advances ..		5·38	0·25
Grand Total ..	6,19·93	6,61·32	6,91·83

1.8.2. The details of the increase of Rs. 30·52 crores in the debt liability of the State Government during 1975-76 are given below :—

	Debt		Net increase(+) decrease(-)
	Raised	Discharged	
	(In crores of rupees)		

I. Internal debt of the State Government—

(1) Market loans bearing interest ..	14·71	..	+14·71
(2) Market loans not bearing interest ..	..	0·16	-0·16
(3) Loans from the Life Insurance Corporation of India	1·25	0·47	+0·78
(4) Loans from the National Agricultural Credit Fund of the Reserve Bank of India	0·47	0·36	+0·11
(5) Loans from the State Bank of India	7·00	8·00	-1·00

	Debt		Net Increase (+) decrease (-)
	Raised	Discharged	
(In crores of rupees)			
(6) Ways and means advances from the Reserve Bank of India—			
(a) Ways and means advances ..	36.01	41.14	—5.13
(b) Overdrafts from the Reserve Bank of India	20.82	20.82	..
(7) Loans from other institutions—			
Loans from the National Co-operative Development Corporation	0.71	0.38	+0.33
Total (I) ..	<u>80.97</u>	<u>71.33</u>	<u>+9.64</u>
II. Loans and Advances from the Central Government—			
Non-Plan loans ..	16.37	9.50	+6.87
Loans for State Plan Schemes ..	32.34	1.70	+30.64
Loans for Central Plan Schemes ..	2.36	0.01	+2.35
Loans for Centrally Sponsored Plan Schemes	0.77	0.04	+0.73
Pre-1974 loan ..	..	19.71	—19.71
Total (II) ..	<u>51.84</u>	<u>30.96</u>	<u>+20.88</u>
Total—Public Debt ..	<u>1,32.81</u>	<u>1,02.29</u>	<u>+30.52</u>

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

1.8.3. Market loans

In September 1975, the Government of Orissa notified a fresh market loan for a total nominal subscription of approximately Rs. 13.25 crores bearing interest at 6 per cent per annum. The issue price of the loan was Rs. 99 for every Rs. 100 of the loan and was repayable at par in September 1985. The total nominal value of the loan raised against the notification was Rs. 14.72 crores, of which issue of scrips for the nominal value of Rs. 0.01 crore was pending with the Bank for want of details from the subscribers.

The total market loan outstanding for repayment at the end of 1975-76 was Rs. 1,02.14 crores (loans bearing interest : Rs. 99.40 crores and expired loans not bearing interest : Rs. 2.74 crores). Rupees 4.82 crores were paid on account of interest on the loans bearing interest during 1975-76. Besides, Rs. 2.53 lakhs were paid to the Reserve Bank of India for management of debt.

Rupees 0.16 crore were repaid from the expired open market loans during 1975-76.

1.8.4. *Ways and means advances and overdrafts from the Reserve Bank of India*

(a) Under an agreement with the Reserve Bank of India, the Government of Orissa has to maintain with the Bank a minimum cash balance of Rs. 30 lakhs on all working days. If the balance falls below this agreed minimum on any day, the Bank gives ways and means advances limited to a maximum of Rs. 3.60 crores to make good the deficiency. In addition, special ways and means advances not exceeding Rs. 4.40 crores are made available by the Bank against Government of India securities. The ordinary and special ways and means advances carry interest at one per cent below the Bank rate. Both the advances carried interest at 8 per cent during 1975-76.

If even after the maximum advances are given, the cash balance falls below the prescribed minimum, the deficiency is left uncovered; the deficiency to the extent of the minimum balance is treated as shortfall on which interest is payable at one per cent below the Bank rate and the *minus* balance is treated as overdraft on which interest is payable at the Bank rate which during 1975-76 was 9 per cent.

(b) The extent to which the State Government was able to maintain the minimum balance with the Bank during the three years ending 1975-76 is given below:—

	During the year		
	1973-74	1974-75	1975-76
Number of days on which the minimum balance was maintained—			
(i) Without obtaining any advance	301	356	283
(ii) By taking ordinary and special ways and means advances	64	5	52
(iii) By taking overdrafts .. ..	..	..	4 31

(c) *Ways and means advances*—At the end of the previous year *i. e.*, 1974-75, Rs. 5.38 crores were outstanding as ways and means advances. During 1975-76 the State Government obtained ordinary ways and means advances of Rs. 18.47 crores and special ways and means advances of Rs. 17.54 crores from the Reserve Bank of India. Out of the total advances of Rs. 41.39 crores, advances to the extent of Rs. 41.14 crores were repaid before the close of the year leaving a balance of Rs. 0.25 crore (this was repaid in April 1976). Interest of Rs. 12.44 lakhs (Rs. 11.26 lakhs for advances availed of during 1975-76 and Rs. 1.18 lakhs for the outstanding advances pertaining to 1974-75) was paid in 1975-76 on these advances.

(d) *Shortfalls and overdrafts*—During 1975-76, even after availing maximum ways and means advances, the cash balance of the Government was below the prescribed minimum on 4 days. This shortfall was left uncovered. On 31 days the Government had *minus* cash balance with the Reserve Bank of India. Rupees 20.82 crores were obtained on these days as overdrafts which were repaid to the Bank before the close of the year. Interest payable to the Bank on the overdrafts and shortfalls together with the unpaid interest on overdrafts availed of during 1974-75 was Rs. 2.79 lakhs, of which Rs. 1.14 lakhs (Rs. 0.94 lakh for 1975-76 and Rs. 0.20 lakh for 1974-75) were paid during the year and the balance of Rs. 1.65 lakhs (for 1975-76) was paid during 1976-77.

1.8.5. *Loans from autonomous bodies*

(a) *Loans from the State Bank of India*—The Government is availing of cash advance from the State Bank of India for procurement of food grains in the State. On 31st March 1975 the Government had availed of cash credit accommodation of Rs. 8.00 crores from the State Bank of India; this was repaid in July 1975 along with interest amounting to Rs. 30.43 lakhs. Fresh cash credit advance of Rs. 7.00 crores was obtained by the Government on 27th and 31st March 1976 which remained outstanding at the end of the year.

(b) *Loans from other autonomous bodies*—The Government also received loans from autonomous bodies for specific purposes. An analysis of the balances of outstanding loans from these bodies at the beginning and at the end of the year 1975-76 together with the transactions and interest paid to these bodies during the year is given below :—

Name of the body	Purpose of loan	Opening balance as on April 1975	Receipts	Repayments	Closing balance as on 31st March 1976	Interest paid
(In crores of rupees)						
(1) Life Insurance Corporation of India	Social housing scheme	14.02	1.25	0.47	14.80	0.89

Name of the body	Purpose of loan	Opening balance as on 1st April 1975	Receipts	Repayments	Closing balance as on 31st March 1976	Interest paid
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(In crores of rupees)						
(2) National Agricultural Credit Fund of the Reserve Bank of India	Assistance to the Co-operative Sector for promotion of Agriculture	3.34	0.47	0.36	3.45	0.07
(3) National Co-operative Development Corporation	Co-operative storages and promotion of co-operatives	3.84	0.71	0.38	4.17	0.26
(4) Khadi and Village Industries Commission	Promotion of Khadi and village industries	0.12	..	..	0.12	..
Total	..	21.32	2.43	1.21	22.54	1.22

1.8.6. Loans and advances from the Central Government

The borrowing from the Government of India as at the end of 1975-76 (Rs. 5,59.90 crores) constituted 81 per cent of the public debt of the State Government (Rs. 6,91.83 crores). Interest paid on these borrowings during 1975-76 was Rs. 24.62 crores. The table below shows the transactions, balances at the beginning and at the end of the year and the interest paid in respect of the different categories of loans during the year :—

(1)	Balance as on 1st April 1975	Additions during the year	Repayments during the year	Balance as on 31st March 1976	Interest paid during 1975-76
(1)	(2)	(3)	(4)	(5)	(6)
(In crores of rupees)					
(1) Non-plan loans —					
Share of Small Savings Collections	7.65	9.01	..	16.66	0.45
Agriculture—					
Manures and Fertilisers (short term)	2.50	7.00	9.50	..	0.25
Other non-Plan loans ..	0.25	0.36	(a)	0.61	(b)
Total	10.40	16.37	9.50	17.27	0.70

(a) Rs. 33,000; (b) Rs.33,075

	Balance as on 1st April 1975	Additions during the the year	Repay- ments during the year	Balance as on 31st March 1976	Interest paid during 1975-76
(1)	(2)	(3)	(4)	(5)	(6)
(In crores of rupees)					
<i>(2) Loans for State Plan Schemes—</i>					
Block loans ..	25.43	32.34	1.70	56.07	1.34
<i>(3) Loans for central Plan Schemes—</i>					
Irrigation, Navigation, Drainage and Flood Control Projects—					
Rengali Dam Project for flood control ..		1.70	..	1.70	..
Other Central Plan loans (mainly for police housing scheme, credit co-operatives and National Loan Scholarship scheme)	0.32	0.66	0.01	0.97	0.02
Total ..	0.32	2.36	0.01	2.67	0.02
<i>(4) Loans for Centrally Sponsored Plan Schemes (mainly for Roads and Bridges, Co-operatives and soil conservation scheme)</i>	0.54	0.77	0.04	1.27	0.03
<i>(5) Pre-1974 loan —</i>					
Consolidated Rehabilitation/Scholarship loans	2.81	..	0.02	2.79	..
Share of Small Savings Collections	32.58	..	2.59	29.99	1.61
Other Consolidated loans	3,72.38	..	9.10	3,63.28	17.75
Other loans—					
Loans in lieu of open market borrowings	8.00	..	8.00	..	0.23
Hirakud—Statge I	82.42	..	..	82.42	2.94
Loans for Paradeep Port	4.14	..	..	4.14	..
Total ..	5,02.33	..	19.71	4,82.62	22.53
Grand Total ..	5,39.02	51.84	30.96	5,59.90	24.62

1.8.7. *Other debt and obligations*

In addition to the public debt, small savings, provident funds, etc., (comprising mainly balances in the provident fund accounts of Government servants) and accumulated balances at the credit of earmarked and other funds and deposits (to the extent these funds and deposits have not been invested but are merged with the general cash balance of the Government) also constitute liability of the Government. The details are given below :—

Nature of liability (1)	Balance on 1st April 1975 (2)	Receipts during the year (3)	Repayments during the year to (4)	Net increase (+) / decrease (-) (5)	Balance on 31st March 1976 (6)
(In crores of rupees)					
(1) Small savings, provident funds, etc.	38.93	18.34	7.39	+10.95	49.88
(2) Interest bearing obligations such as deposits of depreciation reserve funds	4.91	..	..	..	4.91
(3) Non-interest bearing obligations such as deposits of local funds, civil deposits and other earmarked funds	63.54	78.07	82.64	-4.57	58.97
Total ..	1,07.38	96.41	90.03	+6.38	1,13.76

1.8.8. *Overall debt position of Government*

The debt of the State Government, comprising public debt, small savings, provident funds, etc., and other liabilities increased by Rs. 36.90 crores from Rs. 7,68.69 crores on 1st April 1975 to Rs. 8,05.59 crores on 31st March 1976. The debt position of the Government at the close of 1975-76 with comparative figures for the preceeding two years is shown below :—

	Total debt on 31st March		
	1974	1975	1976
(In crores of rupees)			
Public debt	6,19.93	6,61.31	6,91.83
Small Savings, Provident Funds, etc.	33.33	38.93	49.88
Other obligations ..	72.54	68.45	63.88
Total ..	7,25.80	7,68.69	8,05.59

1.8.9. *Interest on public debt and other obligations*

The table below shows the net burden on revenue of interest charges on public debt and other obligations in 1975-76 as compared with that in the preceding year :—

	1974-75	1975-76
	(In crores of rupees)	
(1) Outstanding gross public debt and other obligations	7,68.69	8,05.59
(2) Interest payments on public debt and other obligations—		
Internal debt ..	4.83	6.64
Small Savings, Provident Funds, etc.	1.79	3.15
Loans and advances from Central Government	20.77	24.62
Other obligations ..	0.03	0.03
Total—Interest payments ..	27.42	34.44
(3) <i>Deduct—</i>		
Interest received on loans and advances given by the State Government to public sector and other undertakings, local bodies, co-operative societies, cultivators and interest realised on investment of cash balances	2.12	1.41
(4) Net burden of interest charges on revenue	25.30	33.03
(5) Percentage of gross interest to total revenue receipts	12	12
(6) Percentage of net interest to total revenue receipts.	11	12

The net interest payment was 12 per cent of the State's revenue during 1975-76.

In addition, there were book adjustments of interest charges shown as interest receipts by charge to departmental commercial undertakings amounting to Rs. 14.56 crores and other interest receipts (Rs. 3.01 crores). The Government also received during the year Rs. 0.10 crore as dividend on investments in commercial undertakings and co-operative societies.

1.8.10. Arrangement for amortisation of debt

(a) Arrangement for amortisation—The arrangements for amortisation of public debt during 1975-76 were as follows :—

(i) Market Loans—The Government dispensed with the practice of appropriating amounts from revenue to sinking fund for repayment of market loans from 1974-75. Appropriation from revenue for depreciation fund has also been discontinued in respect of market loans raised from 1971-72 onwards. Appropriation from revenue for depreciation fund, however, continues in respect of loans raised upto 1970-71 at the rate of $1\frac{1}{2}$ percent of the total nominal value of the loans raised. Interest realised on investments made out of the balances in these funds is credited to the funds.

(ii) Loans from Life Insurance Corporation of India—Lump sum contribution from revenue at the rate decided by the Government is being made to the sinking fund for amortisation of loans received from the Life Insurance Corporation of India.

(iii) Loans and advances from the Central Government and other public debts—No arrangement has been made for amortisation of these loans. Repayments are made from the public debt account as and when these fall due for discharge.

(b) Sinking funds—During 1975-76, Rs. 0.77 crore were appropriated from revenue and credited to the sinking funds for amortisation of debt and Rs. 5.81 crores were paid from the sinking funds on account of the loans due for discharge during the year. The balance in these funds at the end of the year was Rs. 36.45 crores. An analysis of the transactions of these funds together with the opening and closing balance and gross debt outstanding are given below :—

(1)	Balance as on the 1st April 1975 (2)	Additions during 1975-76		Withdrawals during 1975-76 (5)	Closing balance as on 31st March 1976 (6)
		Contribution from revenue (3)	Interest from investments, etc. (4)		

(In crores of rupees)

(1) Sinking fund for Internal debt of the State Government

(a) Market loans—

Amortisation ..	29.57	..	0.75	..	30.32
Depreciation ..	4.55	0.70	..	..	5.52

(1)	Balance as on the 1st April 1975 (2)	Additions during 1975-76		Withdrawals during 1975-76 (5)	Closing balance as on 31st March 1976 (6)
		Contribution from revenue (3)	Interest from investments, etc. (4)		
(In crores of rupees)					
(b) Loans from the Life Insurance Corporation of India	0.63(a)	0.07	..	..	0.70
(2) Sinking fund for loans and advances from the Government of India					
(a) Industrial Housing scheme	0.18	..	(b)	..	0.18
(b) Loans in lieu of Market loan 1975	5.81	..	..	5.81	..
Total	..	40.74	0.77	5.81	36.45

Against the total Public debt of Rs. 691.83 crores outstanding as on 31st March 1976, the accumulations in the Sinking Fund amounted to Rs. 36.45 crores at the end of the year. Out of the total accumulation of Rs. 36.45 crores in the sinking funds, Rs. 13.90 crores were invested by the Government in the securities of the Union and State Governments and in statutory bodies. The balance of Rs. 22.55 crores in the sinking fund stands merged with the general cash balance of the State.

1.9. Loans and advances

1.9.1. (a) The actuals of disbursement of loans and advances by the State Government for 1975-76 as compared with the budget estimates and the budget estimates *plus* supplementary grants along with the corresponding figures for 1973-74 and 1974-75 are shown below :—

Year (1)	Budget (2)	Budget <i>plus</i> supplementary (3)	Actuals (4)	Variation	
				Amount (5)	Percentage (6)
(In crores of rupees)					
1973-74	8.41	10.20	8.28	-1.92	19
1974-75	9.21	10.06	9.71	-0.35	3
1975-76	14.57	21.94	16.07	-5.87	27

(a) Increase of Rs. 0.01 crore is due to rounding. (b) Rs. 55,437.

Out of the loan advanced during the year (Rs. 16.07 crores), Rs. 5.30 crores were for Plan purposes. The bulk of the Plan loans were advanced to (i) Orissa State Electricity Board for expansion of Talcher Thermal Project (Rs. 3.52 crores), (ii) individuals and Orissa State Housing Board for various housing schemes (Rs. 0.78 crore) and (iii) Government servants for house building purpose (Rs. 0.54 crore).

(b) The budget and actuals of recoveries of loans and advances for the three years ending 1975-76 are given below :—

Year	Budget	Actual	Variation	
			Increase (+)/ decrease(—)	Percentage
(1)	(2)	(3)	(4)	(5)
	(In crores of rupees)	(In crores of rupees)		
1973-74	13.63	8.15	—5.48	40
1974-75	9.00	8.16	—0.84	9
1975-76	12.22	15.40	+3.18	26

The recoveries during the year 1975-76 (Rs. 15.40 crores) were mainly from co-operative societies (Rs. 8.05 crores) which registered an increase of Rs. 3.48 crores over the budget, agriculturists (Rs. 1.99 crores), Orissa State Electricity Board (Rs. 0.70 crore), Government servants (Rs. 2.12 crores) and State undertakings and co-operatives availing short term loan (Rs. 1.47 crores).

(c) The outstanding balance of loans and advances by the State Government during 1975-76 increased by Rs. 0.67 crore from Rs. 1,32.66 crores on 1st April 1975 to Rs. 1,33.33 crores on 31st March 1976. Loans to the Orissa State Electricity Board (Rs. 85.24 crores) constitute the largest single component (64 per cent) of the outstanding balance on 31st March 1976. An analysis of the outstanding balances at the end of 1975-76 compared with those of the preceding year together with the increase/decrease in the outstanding balances under broad categories is given below :—

	Outstanding on 31st March		Increase (+)/ decrease (—)
	1975	1976	
	(In crores of rupees)		
Loans for power projects—			
Loans to the Orissa State Electricity Board—			
(i) Cash loans for financing power projects	16.92	19.74	+2.82
(ii) Value of assets transferred as loan	65.50	65.50	..

	Outstanding on 31st March		Increase (+)/ decrease (-)
	1975	1976	
(In crores of rupees)			
Loans for social security and welfare—			
Relief measures ..	13.44	13.44	..
Rehabilitation schemes ..	2.13	2.14	+0.01
Loans to co-operative societies—			
Orissa State Co-operative Land Development Bank	2.70	2.57	-0.13
Orissa State Co-operative Marketing Societies for distribution of fertilisers	2.26	0.90	-1.36
Other co-operatives	4.44	3.84	-0.60
Loans for industrial research and development—			
Orissa Industrial Development Corporation	8.17	7.87	-0.30
Loans for housing—			
Orissa State Housing Board	1.35	1.53	+0.18
Other housing schemes	5.51	5.77	+0.26
Loans for agriculture	-4.01	-3.96	+0.05
Loans for road and water transport services—			
Orissa State Commercial Transport Corporation	2.10	2.10	..
Loans for urban development	1.64	1.57	-0.07
Loans for village and small industries	1.49	1.54	+0.05
Loans for education, art and culture	1.38	1.52	+0.14
Loans for mining and metallurgical industries—			
Orissa Mining Corporation	1.15	1.15	..
Loans to Government servants	4.33		-0.48
Other loans and advances ..	2.16	2.26	+0.10
Total ..	<u>1,32.66</u>	<u>1,33.33</u>	<u>0.67</u>

1.9.2. *Loans and advances of which the detailed accounts are maintained by the Accountant General*

The detailed accounts of loans and advances to municipalities, corporations, etc., Government servants for house building and purchase of motor conveyance and to loanees under 'State Aid to Industries Act' are maintained by the Accountant General. The total balance of these loans outstanding on 31st March 1976 was Rs. 5.59 crores.

(i) *Recoveries in arrears*—At the end of March 1976, recovery of Rs. 1,54.31 lakhs (Principal : Rs. 1,19.21 lakhs and interest : Rs. 35.10 lakhs) was overdue. Of this, Rs. 1,26.68 lakhs (principal : Rs. 93.75 lakhs and interest : Rs. 32.93 lakhs) were overdue for more than three years. The details are given below :—

(1)	Loans and advances outstanding on 31st March 1976	Amount overdue		Outstanding for more than three years	
		Principal	Interest	Principal	Interest
	(2)	(3)	(4)	(5)	(6)
		(In lakhs of rupees)			
Loans for urban development—					
Loans to municipalities, corporations, etc.	1,57.03	98.17	23.08	75.90	22.46
Loans for village and small industries—					
Loans under State-aid to Industries Act	26.46	21.04	12.02	17.85	10.47
Loans to Government Servants, etc.—					
(a) House building advance	2,91.76	..	..	..	..
(b) Advances for purchase of motor conveyances	83.51	..	..	..	..
Total	5,58.76	1,19.21	35.10	93.75	32.93

(ii) *Acceptance of balances*—In order to ascertain whether the balances outstanding in the books of the Audit office under loans and advances represent the position correctly, the balances are communicated at the end of each year to the appropriate authorities for verification and acceptance. The acceptance of such balances of loans as on 31st March 1976 was not received (April 1977) in 1,147 cases (total balance : Rs. 2.36 crores); some of these outstanding acceptances date back to 1966-67.

1.9.3. *Loans and advances of which the detailed accounts are maintained by the officers of the State Government*

The detailed accounts of all classes of loans and advances except those mentioned in sub-paragraphs 1.9.2. above are maintained by the

officers of the State Government. The total balance of these loans and advances outstanding at the end of March 1976 was Rs. 1,27.74 crores.

(a) The financial rules of Government envisage that the departmental officers are to intimate to Audit by 31st May each year the arrears (as on 31st March) in recovery of principal and interest of loans and advances the detailed accounts of which are maintained by them. They are also required to intimate the overdue position each year. Such information for the period ending 31st March 1976 has been received from thirteen departments (April 1977). According to the information received, recovery of Rs. 23.93 crores (Principal : Rs. 7.36 crores and interest : Rs. 16.57 crores) was overdue as on 31st March 1976. A brief analysis of the arrears is given below :—

	Amount overdue on 31st March 1976	
	Principal	Interest
	(In crores of rupees)	
(1) Loans for power projects —		
Orissa State Electricity Board .. ..	..	10.22
(2) Loans for industrial research and develop- ment	2.10	3.16
(3) Loans for education, art and culture —		
Scholarships and advances to stipendiaries	1.85	..
(4) Loans to co-operative societies ..	1.17	0.92
(5) Loans for road and water transport services	..	1.01
(6) Loans for mining and metallurgical industries —		
Orissa Mining Corporation ..	0.50	0.45
(7) Loans for agriculture —		
Agriculturists ..	0.51	0.02
(8) Loans for community development ..	0.45	0.33
(9) Loans for other social and community Services	0.37	0.14
(10) Loans for village and small industries ..	0.37	0.31
(11) Miscellaneous loans —		
Orissa Flying Club, Jagannath Temple, Orissa Hindu Religious Endowment Administration Fund and Board of Wakfs Fund	0.04	0.01
Total ..	7.36	16.57

(b) The departmental officers are required to certify at the end of each year that the balances shown as recoverable in their records agree with those shown outstanding in the books of the Audit office ; for this purpose they are required to reconcile the transactions recorded in their books with those appearing in the books of the Audit office. Reconciliation has not been made in several cases and consequently acceptances of balances worked out in Audit office have not been received in 161 cases for Rs. 10.79 crores (April 1977); some of these relate to 1962-63.

1.10. Investments

(a) During 1975-76, the Government invested Rs. 5,07.46 lakhs in the share capital of two existing statutory corporations (Rs. 4 lakhs), eight existing and three new Government companies (Rs. 1,89.73 lakhs) and co-operatives (Rs. 3,13.73 lakhs). In addition, Rs. 62.26 lakhs were invested in the debentures of the Orissa State Co-operative Land Development Bank.

(b) The total investment of the Government of Orissa from the Consolidated Fund as well as from the earmarked funds in the share Capital and debentures of statutory corporations/boards, Government companies, joint stock companies and co-operatives at the end of 1973-74, 1974-75 and 1975-76 were Rs. 57.88 crores, Rs. 62.37 crores and Rs. 67.60 crores respectively. Dividend and interest received therefrom during 1973-74, 1974-75 and 1975-76 were Rs. 0.30 crore, Rs. 0.24 crore and Rs. 0.47 crore respectively ; these formed 0.5 per cent, 0.4 per cent and 0.7 per cent of the total investment of the Government at the end of each of these years. Further details are given in statement no. 14 of the Finance Accounts 1975-76.

(c) According to the information so far furnished by the Government (April 1977), 13 companies in which Government invested Rs. 23.68 lakhs have been liquidated to end of March 1976 and 20 other companies in which Government invested Rs. 38.24 lakhs are under liquidation. Information regarding co-operatives liquidated or under liquidation and about realisation or write off of Government investment in those companies and societies has not been received from the Government (April 1977) though asked for.

1.11. Guarantees

1.11.1. The Government has given guarantees for repayment of loans, etc., raised by statutory corporations, joint-stock companies, Co-operative institutions, etc.

The guarantees are in the nature of contingent liabilities on the State revenues. Brief particulars of these guarantees are given below :—

Body on whose behalf guarantee was given	Maximum amount guaranteed	Sums guaranteed outstanding on 31st March 1976
(In crores of rupees)		
Two statutory boards and one statutory corporation	84.47	84.47
Fifteen Government companies ..	18.77	12.67
Seven joint-stock companies ..	0.10	0.02
One hundred and fourteen co-operative banks and institutions	47.43	34.18
Seventeen municipalities and notified area councils	3.62	1.04
Two private parties ..	0.02	0.01
Total ..	1,54.41	1,32.39
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No law under Article 293 of the Constitution has been passed by the State Legislature laying down the limits within which the Government may give guarantee on the security of the Consolidated Fund of the State.

1.11.2. The amount guaranteed by the Government on behalf of the statutory corporations and boards include guarantees given under the provisions of various statutes as mentioned below :—

(a) Under Section 6 of the State Financial Corporations Act, 1951, the shares of the State Financial Corporation are to be guaranteed by the State Government as to the repayment of principal and payment of annual dividend. Similarly under Section 7 of the Act, the bonds and debentures of the State Financial Corporation are to be guaranteed by the Government as to the repayment of principal and payment of interest. The sums guaranteed on behalf of the Orissa State Financial

Corporation by the State Government and outstanding as at the end of March 1976 were as under :—

	Sums guaranteed	Guarantee outstanding
	(Rupees in crores)	
Share capital and dividend (3.5 per cent on initial Rs. 50 lakhs and 4 per cent on additional Rs. 50 lakhs)	1.00	1.00
Bonds, debentures and <i>ad-hoc</i> loan	5.00	5.00
Total	6.00	6.00

In order to fulfil the guarantee under Section 6 of the Act, Government paid Rs. 14.87 lakhs to end of 1975-76. The subventions paid are to be repaid by the Corporation from out of its future profits ; no amount has been repaid by the Corporation so far (May 1977).

(b) Under Section 66 of the Electricity (Supply) Act, 1948, the State Government may guarantee in such manner as it thinks fit the repayment of principal and/or payment of interest of any loan raised by the State Electricity Board. The amount covered by the guarantees given by the State Government on behalf of the Orissa State Electricity Board to end of March 1976 was Rs. 77.43 crores ; the Board availed of the entire guaranteed amount as at the end of the year.

(c) Under Section 54 (5) of the Orissa Housing Board Act, 1968, the State Government may guarantee the repayment of the principal and payment of interest at such rate as may be fixed by it. During 1975-76 the Government guaranteed a loan of Rs. 1.04 crores to the Housing and Urban Development Corporation on behalf of the Board which was availed of in full.

1.11.3. The Government charges from the parties guarantee commission at rates ranging from 0.01 per cent to 1 per cent of the guarantee. On certain guarantees no fee is charged. The outstanding guarantee commission due on 31st March 1976 was Rs. 1,20.19 lakhs from Orissa State Electricity Board (Rs. 67.14 lakhs), Industrial Development Corporation of Orissa (Rs. 34.21 lakhs), Orissa Mining Corporation (Rs. 7.26 lakhs), Indian Metals and Ferro-Alloy (Rs. 1.29 lakhs), Orient Spinning Mills (Rs. 1.06 lakhs), Orissa State Financial Corporation (Rs. 3.05 lakhs), Municipalities and notified area councils (Rs. 2.35 lakhs) and others (Rs. 3.83 lakhs).

1.11.4. The Government constituted a Guarantee Reserve Fund in 1969-70 to meet the liability arising out of the guarantees being invoked. Contributions to the Fund are made from revenue by annual assignments from the Consolidated Fund ; recoveries from the parties and interest on investments made out of the balances in the Fund are to be credited to the Fund. Rupees 10 lakhs were credited to the Fund from the Revenue during 1975-76 and Rs. 4.08 lakhs were paid from the Fund on account of invocation of guarantee in favour of eight industrial co-operatives *vide* details given in Appendix I.

The balance at the credit of the Fund as on 31st March 1976 was Rs. 21.12 lakhs ; no part of the Fund was invested during the year.

The total payments made by the Government on behalf of the principal debtors to end of 1975-76 on account of invocation of guarantees was Rs. 87.84 lakhs ; no part of the guarantee liabilities paid by the Government has been recovered from any of the principal debtors so far (April 1977). Yearwise analysis of the guaranteed liabilities discharged by the Government to end of 1975-76 is given below :—

Year		Number of parties involved during the year	Amount paid (Rupees in lakhs)
1968-69	..	5	2.44
1969-70	..	18	35.53
1970-71	..	9	12.63
1971-72	..	6	7.05
1972-73	..	5	21.68
1973-74	..	3	1.89
1974-75	..	4	2.54
1975-76	..	8	4.08
Total	..		<hr/> 87.84 <hr/>

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

(a) *Multipurpose Projects*—The total capital outlay on Multipurpose Projects in the State as on 31st March 1976 was Rs. 1,57.70 crores. This constituted 29 per cent of the capital investment of the Government. Of these, Hirakud Dam Project with a capital outlay of Rs. 69.01 crores (exclusive of Rs. 26.74 crores representing value of assets transferred to the Orissa State Electricity Board and treated as loan) and Balimela (Joint)

Project with a capital investment of Rs. 39.37 crores on the Dam Project (exclusive of Rs. 12 crores transferred to the Government of Andhra Pradesh as its share of expenditure) and Rs. 35.83 crores on the Power Project were commissioned in 1960-61 and 1973-74 respectively. The Government incurred a loss of Rs. 1.27 crores on the Hirakud Dam Project during 1975-76 after providing interest charges (Rs. 1.21 crores) on the capital and earned a net revenue of Rs. 4.71 crores from the Balimela Power Project during 1975-76 after providing interest charges (Rs. 2.46 crores) on the capital. More details are given in statement 3 of the Finance Accounts 1975-76.

The following table gives the working results of Hirakud Dam Project and Balimela Power Project for 1975-76 and the preceding two years :—

	1973-74	1974-75	1975-76
	(In crores of rupees)		
Total capital expenditure ..	1,00.64	1,02.73	1,04.84
Net revenue without taking interest.. charges into account.	0.98	3.03	7.11
Interest on capital ..	4.55	4.85	3.67
Net revenue (+)/loss (—) after meeting interest charges.	—3.57	—1.82	+3.44

(b) *Irrigation Projects*—The progressive capital outlay on the fourteen Irrigation Projects (for which capital and revenue accounts are kept) on 31st March 1976 was Rs. 89.55 crores. The Government sustained loss of Rs. 6.62 crores during the year 1975-76 after providing interest charges (Rs. 5.81 crores) on the capital.

The following table gives the working results for 1975-76 and the preceding two years :—

	1973-74	1974-75	1975-76
	(In crores of rupees)		
Total capital expenditure ..	75.38	78.94	89.55
Net revenue without taking interest .. charges into account	—0.71(a)	—0.84(a)	—0.82(a)
Interest on capital ..	4.07	5.76	5.80
Net revenue (+)/loss (—) after meeting interest charges	—4.78	—6.60	—6.62

The projectwise details are given in statement No.3 of the Finance Accounts 1975-76.

(a) Information about revenue receipts for 2 projects during 1974-75 and 11 projects during 1973-74 has not been received from the departmental authorities.

(c) Power Projects

(i) With the formation of the Orissa State Electricity Board in March 1961, the Government has been transferring all completed transmission, distribution and generating assets to the Board as and when these are completed. To end of 1975-76, assets provisionally valued at Rs. 65.50 crores have been transferred to the Board and the amount has been treated as loan to the Board in Government accounts ; the value of assets transferred to the Board has not been finally settled so far (April 1977). In addition, the Government has given Rs. 19.74 crores as cash loan to the Board for financing power schemes ; the cash loan includes Rs. 3.52 crores advanced during 1975-76 for expansion of Talcher Thermal Project. The Government has also invested Rs. 2.09 crores in the debentures floated by the Board and has guaranteed the loan raised by the Board to the extent of Rs.77.43 crores. Besides, assistance of Rs.3.35 crores has been extended to the Board during 1975-76 as subvention for carrying out rural electrification schemes (Rs.3.20 crores), and as subsidy for power in respect of electricity supplied to power intensive industries (Rs.0.15 crore).

(ii) The capital invested by the Government of Orissa to end of 1958-59 on the Machkund Hydro-electric (Joint) Scheme undertaken jointly with the Government of Andhra Pradesh was Rs.4.63 crores. Debits raised by the Government of Andhra Pradesh to the extent of Rs.65.19 lakhs representing Orissa's share of capital expenditure between 1959-60 and 1975-76 have not been accepted by the Government of Orissa so far (May 1977).

The State's share of power from the Machkund Scheme is drawn by the Orissa State Electricity Board directly for distribution to the consumers. The cost of power so drawn is payable by the Board to the Government. To end of March 1976 Rs.1,01.11 lakhs were due from the Board on this account. Besides, Rs.9.57 lakhs are in arrears from the Andhra Pradesh Government on account of royalty.

A summary of the financial results of the scheme during 1973-74, 1974-75 and 1975-76 is given below :—

	1973-74	1974-75	1975-76
	(In lakhs of rupees)		
Gross receipts ..	65.12	79.38	72.86
Working expenses ..	1,02.73	4.57	55.64
Interest on capital ..	17.60	17.60	17.60
Surplus of revenue (+)/excess expenditure (—)	—55.21	+57.21	—0.38

1.13. Plan outlay

The Fifth Plan envisaged a tentative outlay of Rs.5,67.01 crores in the State during the Plan period. In 1974-75, the first year of the Fifth Plan, the Government estimated a total Plan outlay of Rs.91.41 crores both for the State and the Centrally Sponsored Plan schemes. Against this, Rs.65.66 crores were spent during the year resulting in a shortfall of Rs.25.75 crores, details of which are given in paragraph 1.14 of the Report of the Comptroller and Auditor General for 1974-75 (Civil). The following table presents the proposed outlay and actual expenditure under the various sectors of development during the second year of the Fifth Plan :—

Sectors of Development	1975-76		
	Proposed outlay	Actual expenditure	Shortfall
	(In crores of rupees)		
Irrigation and Power ..	36.44	30.48	—5.96
Agriculture and Allied Services ..	15.75	13.19	—2.56
Social Services ..	35.43	23.45	—11.98
Industries and Mining ..	2.01	1.74	—0.27
Transport and Communication ..	6.69	6.75	+0.06
Miscellaneous ..	11.50	8.57	—2.93
Total ..	1,07.82	84.18	—23.64

The shortfall was mainly under (i) Irrigation and Power (Rs.5.96 crores) mainly due to less Central assistance received for Potteru Irrigation Project (Rs.1.40 crores), Rengali Project (Rs.2.13 crores) and decision of the Government not to advance loan to the Orissa State Electricity Board for execution of its Power Projects under the Plan sector (Rs.3.53 crores), partly offset by excess under other heads, (ii) Agriculture and Social Services (Rs.2.56 crores) owing to less Plan allocation under "Dry land Development" (Rs.1.25 crores) and non-sanction of schemes under Horticulture, Small and Marginal farmers and Agricultural Labour Projects (Rs.1.31 crores), (iii) Social Services (Rs.11.98 crores) chiefly due to non-receipt of Central assistance and non-sanction of schemes relating to welfare of scheduled tribes and (iv) Miscellaneous (Rs.2.93 crores) mainly under Co-operative sector owing to reduced Plan allocation.

CHAPTER 2

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

2.1. Summary

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

(1)	Grants/ Charged appropriation	Expenditure (3)	Savings(—)/ excess(+)		
			Amount (4)	Percentage (5)	
(In crores of rupees)					
Voted—					
Original	3,76.23	4,47.78	4,05.05	—42.73	10
Supplementary	71.55				
Amount transferred to the Contingency Fund under the Orissa Contingency Fund (Amendment) Ordinance 1975					
Supplementary	8.00	8.00	8.00	..	..
Charged—					
Original	88.31	1,21.76	1,41.63	+19.87	16
Supplementary	33.45				
Total		5,77.54	5,54.68	—22.86	4

The overall saving of Rs. 22.86 crores was the net result of saving of Rs. 58.18 crores in 26 grants/ charged appropriations (revenue: Rs. 42.85 crores and capital: Rs. 15.33 crores) and excess of Rs. 35.32 crores in 8 grants/ charged appropriations (revenue: Rs. 8.71 crores and capital: Rs. 26.61 crores).

The total expenditure of Rs. 5,54.68 crores represents gross expenditure of Government during 1975-76 and excludes recoveries which are adjusted in accounts in reduction of expenditure. During the year such recoveries amounted to Rs. 1,03.27 crores (voted: Rs. 1,00.19 crores and charged: Rs. 3.08 crores); the net total expenditure was Rs. 4,51.41 crores (voted: Rs. 3,12.86 crores and charged: Rs. 1,38.55 crores).

A further expenditure of Rs. 0.79 crore incurred during the year was met out of the advances from the Orissa Contingency Fund which was not recouped to the Fund till the close of the year.

(b) Further details are given below:—

	Revenue	Capital	Loans and Advan- ces	Transfer to the Contingency Fund	Public Debt	Total	
	(In crores of rupees)						
(1)	(2)	(3)	(4)	(5)	(6)	(7)	
Authorised to be spent (grants and charged appropriations)—							
Original	2,89.38	1,12.70	14.57	..	47.89	4,64.54	
Supplementary (November 1975 and March 1976)	50.45	13.94	7.37	..	33.24	1,05.00	
Amount transferred to the Contingency Fund under the Orissa Contingency Fund (Amendment) Ordinance, 1975							
Supplementary (November 1975)	..	..	..	8.00	..	8.00
Total	..	3,39.83	1,26.64	21.94	8.00	81.13	5,77.54
Actual expenditure (Grants and charged appropriations)		3,05.69	1,22.62	16.07	8.00	1,02.30	5,54.68
Shortfall(—)/ Excess(+)	..	—34.14	—4.02	—5.87	..	+21.17	—22.86
Percentage	..	10	3	27	..	26	4

2.2. Excess over grants/charged appropriations requiring regularisation

(a) *Excess over grants*—There were excesses of Rs. 8.71 crores in 4 grants in the revenue section and Rs. 5.44 crores in 4 grants in the Capital section; these excesses, details of which are given below, require regularisation under Article 205 of the Constitution:—

Revenue Section

Sl. No.	Number and name of grant	Total grant Rs.	Actual expenditure Rs.	Excess Rs.
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COMMERCE DEPARTMENT

(1) 6—Expenditure relating to the Commerce Department—

Original	..	2,17,43,000	} 2,61,70,000	2,73,46,340	11,76,340
Supplementary	..	44,27,000			

The excess was mainly under “Printing, storage and distribution of forms” (Rs. 16.75 lakhs) and “Government Press” (Rs. 19.33 lakhs), and was due to adjustment of cost of more materials received by the Government Press than anticipated; the excess was partly offset by saving under other heads.

Sl. No.	Number and name of grant	Total grant	Actual expenditure	Excess
		Rs.	Rs.	Rs.

WORKS DEPARTMENT

(2) 7—Expenditure relating to the Works Department

Original	..	17,26,23,000	} 21,13,96,000	26,48,50,679	5,34,54,679
Supplementary	..	3,87,73,000			

Reasons for the excess have not been intimated (April 1977).

Excess occurred under this grant during 1974-75 (Rs. 5,62.10 lakhs), 1973-74 (Rs. 7,78.63 lakhs), 1972-73 (Rs. 6,06.41 lakhs) and 1971-72 (Rs. 1,95.26 lakhs).

HEALTH AND FAMILY PLANNING DEPARTMENT

(3) 12—Expenditure relating to the Health and Family Planning Department

Original	..	16,21,04,000	} 19,48,70,000	20,39,11,732	90,41,732
Supplementary	..	3,27,66,000			

The excess was due mainly to (i) adjustment of cost of materials received for the National Malaria Eradication Programme, the Filaria Control Programme, the National T. B. Control Programme and the Family Planning Programme (Rs. 95.24 lakhs) for which no provision was made due to late receipt of allocation from the Government of India (ii) more compensation for sterilisation operations (Rs. 33.65 lakhs) owing to increased sterilisation cases and (iii) larger expenditure under "Hospitals and Dispensaries" (Rs. 45.51 lakhs) and "Primary Health Centres" (Rs. 42.94 lakhs). The excess was partly offset by savings under other heads.

URBAN DEVELOPMENT DEPARTMENT

(4) 13—Expenditure relating to the Urban Development Department

Original	..	6,31,94,000	} 8,03,41,000	10,37,54,934	2,34,13,934
Supplementary	..	1,71,47,000			

Reasons for the excess have not been intimated (April 1977).

Excess of Rs. 1,41.28 lakhs occurred during 1974-75 also.

Capital Section

Sl. No.	Number and name of grant	Total grant	Actual expenditure	Excess
		Rs.	Rs.	Rs.
WORKS DEPARTMENT				
(1) 7—	Expenditure relating to the Works Department—			
	Original ..	6,07,76,000	10,13,30,000	10,20,67,508
	Supplementary ..	4,05,54,000		
				7,37,508

The excess was due mainly to larger expenditure on residential buildings constructed through the Public Works Department (Rs. 28.78 lakhs), State Highways (Rs. 19.91 lakhs) and on the Police Housing Scheme (Rs. 12.71 lakhs); reasons for the excess have not been intimated (April 1977). The excess was partly offset by savings under other heads.

URBAN DEVELOPMENT DEPARTMENT

(2) 13—	Expenditure relating to the Urban Development Department—			
	Original ..	1,01,45,000	1,27,49,000	1,31,11,840
	Supplementary ..	26,04,000		
				3,62,840

The excess was due mainly to larger expenditure on external water supply and sanitary installations (Rs. 9.31 lakhs), the Police Housing Scheme (Rs. 3.57 lakhs) and the Rental Housing Scheme (Rs. 3.65 lakhs), reasons for which have not been intimated (April 1977); the excess was partly offset by savings under other heads.

FOREST AND ANIMAL HUSBANDRY DEPARTMENT

(3) 22—	Expenditure relating to the Forest and Animal Husbandry Department—			
	Original ..	12,52,09,000	12,71,00,000	16,44,52,206
	Supplementary ..	18,91,000		
				3,73,52,206

The excess was mainly under "Government trading in *Kendu* leaves" (Rs. 3,31.39 lakhs) and on operation and maintenance of mechanised boats, marketing of fish under "Exploitation and marketing of fish" (Rs. 37.75 lakhs). Reasons for the excess have not been intimated (April 1977).

AGRICULTURE AND CO-OPERATION DEPARTMENT

(4) 23—	Expenditure relating to the Agriculture and Co-operation Department—			
	Original ..	10,34,92,000	16,13,55,000	17,72,91,842
	Supplementary ..	5,78,63,000		
				1,59,36,842

The excess was due mainly to purchase of chemical fertilisers (Rs. 3, 33.95 lakhs) for which no provision was made and more expenditure under

“Purchase and distribution of quality seeds” (Rs. 1,06.18 lakhs), adequate provision for which could not reportedly be made. The excess was partly offset by savings under other heads.

(b) *Excess over charged appropriations*:—There were excesses of Rs. 21.17 crores in two appropriations in the capital section. These also require regularisation under Article 205 of the Constitution. The details are:—

Capital Section

Sl. No.	Number and name of appropriation	Total appropriation	Actual expenditure	Excess
		Rs.	Rs.	Rs.
FINANCE DEPARTMENT				
(1)	Internal debt of the State Government—			
	<i>Original</i> ..	21,37,98,000	50,26,88,000	71,33,54,288
	<i>Supplementary</i> ..	28,88,90,000		
				21,06,66,288

The excess was due mainly to repayment of (i) more overdrafts (Rs. 14,81.86 lakhs) obtained in February and March 1976 than anticipated and (ii) more ways and means advances (Rs. 10,25.10 lakhs) availed of by the Government.

The excess was partly offset by savings under other heads.

(2)	Loans and advances from the Central Government—			
	<i>Original</i> ..	26,51,25,000	30,85,83,000	30,96,39,806
	<i>Supplementary</i> ..	4,34,85,000		
				10,56,806

The excess was mainly on account of repayment of short term loans for agricultural purposes availed of from the Government of India during the year, reasons for which have not been intimated (April 1977).

2.3. Supplementary grants/charged appropriations

(a) During the year, supplementary provision of Rs. 1,13.00 crores (November 1975: Rs. 39.23 crores and March 1976 Rs. 73.77 crores) were obtained under 50 grants (Rs. 79.55 crores) and 31 appropriations (Rs. 33.45 crores). Of the total supplementary grants, Rs. 50.32 crores were obtained in 50 cases in the revenue section and Rs. 29.23 crores were obtained in 24 cases in the capital section. In the charged appropriations Rs. 0.13 crore were obtained in 26 cases in the revenue section and Rs. 33.32 crores were obtained in 9 cases in the capital section.

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

(i) *Unnecessary supplementary grants*

In the following cases the supplementary grants (exceeding Rs. 5 lakhs in each case) of Rs. 2,63·92 lakhs under three grants in the revenue section and Rs. 6,39·52 lakhs under one grant in the capital section remained wholly unutilised as the expenditure did not come even up to the original provision:—

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

(In lakhs of rupees)

Revenue Section

(1) 5—Expenditure relating to Finance Department	28,11·55	47·68	6,96·29	21,62·94
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Saving was due mainly to late sanction of increase in rates of dearness allowance and non-fixation of pay in the revised scales of pay of some Government employees.

(2) 11—Expenditure relating to the Tribal and Rural Welfare Department	13,91·53	84·16	8,12·08	6,63·61
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The shortfall was due mainly to non-receipt of Central assistance (Rs. 4,29·95 lakhs) mainly under "Special Area Development Programme", non-sanction of schemes by the Government of India mainly for housing facilities (Rs. 1,08·00 lakhs) and non-undertaking of schemes of "Prevention of podu cultivation" (Rs. 30·00 lakhs) and "Pilot project in scheduled caste concentrated areas" (Rs. 11·08 lakhs). Rupees 6,29·18 lakhs were surrendered during the year.

(3) 23—Expenditure relating to Agriculture and Co-operation Department	17,66·97	1,32·08	15,69·85	3,29·20
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The shortfall was due mainly to reduction in Plan allocations for pre-consolidation scheme (Rs. 1,25·38 lakhs) and non-sanction/reduced sanction of funds for co-operative schemes by the Government of India (Rs. 1,72·10 lakhs). Rupees 3,21·22 lakhs were surrendered during the year.

Capital Section

(4) 20—Expenditure relating to the Irrigation and Power Department.	41,61·16	6,39·52	40,27·99	7,72·69
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The shortfall was due mainly to less receipt of grant from Government of India (Rs. 3,33·84 lakhs), non-clearance of certain schemes by the Planning Commission (Rs. 1,16·63 lakhs), slow progress of works (Rs. 89·95 lakhs) and post-budget reduction in Plan outlay (Rs. 89·19 lakhs). Rupees 7,47·00 lakhs were surrendered during the year.

(ii) *Supplementary grants which proved excessive*

In the following cases, among others, the supplementary grants (exceeding Rs. 5 lakhs each) proved excessive. Against the supplementary provision of Rs. 23,96·88 lakhs in the revenue section and Rs. 11,08·24 lakhs in the capital section, Rs. 14,95·13 lakhs and Rs. 10,03·89 lakhs respectively were actually utilised resulting in savings of Rs. 9,01·75 lakhs in the revenue section and Rs. 1,04·35 lakhs in the capital section. The details are given below :—

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

(In lakhs of rupees)

Revenue Section

(1)	10—Expenditure relating to the Education Department	49,74·45	12,09·90	59,49·92	2,34·43
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The shortfall was due mainly to less sanction/non-sanction of certain schemes (Rs. 72·51 lakhs), non-drawal of enhanced dearness allowance by some drawing officers (Rs. 49·12 lakhs), non-appointment of Hindi teachers (Rs. 27·04 lakhs), post-budget decision to transfer the provision to grant No. 18 (Rs. 23·52 lakhs), delay in introduction of new structural pattern of education (Rs. 17·34 lakhs) and non-appointment/late appointment of staff (Rs. 8·03 lakhs).

(2)	17—Expenditure relating to the Rural Development Department	11,00·23	4,10·42	11,57·59	3,53·06
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The shortfall was due mainly to non-receipt of Central assistance.

(3)	18—Expenditure relating to the Community Development and Panchayati Raj Department	8,79·65	2,88·86	10,86·79	81·72
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The shortfall was due mainly to reduction in establishment of Sub-Assistant Engineers (Rs. 20·66 lakhs), non-finalisation of programme for education and welfare of handicapped (Rs. 20·00 lakhs), late introduction of the scheme "old age pensions for destitutes" (Rs. 11·66 lakhs) and discontinuance of the scheme "Survey in chronically drought affected areas" (Rs. 9·00 lakhs).

(4)	20—Expenditure relating to the Irrigation and Power Department	29,16·08	1,85·88	29,18·35	1,83·61
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The shortfall was mainly on account of adjustment of less interest charges on the capital invested on Hirakud Dam Project—Stage I (Rs. 2,82·52 lakhs) and Rengali Irrigation Project (Rs. 24·04 lakhs), reasons for which have not been intimated (April 1977).

(5)	22—Expenditure relating to the Forest and Animal Husbandry Department	9,82·63	3,01·82	12,35·52	48·93
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The shortfall was due mainly to less payment of share of net profit on *Kendu* leaf trade to local bodies for development works (Rs. 35·23 lakhs)

owing to non-ascertainment of net profit and non-sanction of funds by the Government of India for mixed plantation of fuel wood species (Rs. 10.00 lakhs).

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

Capital Section

(6)	3—Expenditure relating to the Revenue and Excise Department	51.00	2,10.00	2,24.72	35.28
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The shortfall was mainly on account of less requirement due to availability of loan to agriculturists from co-operative institutions and banks (Rs. 17.14 lakhs) and non-finalisation of compensation cases due to legal and technical difficulties (Rs. 15.87 lakhs).

(7)	5—Expenditure relating to the Finance Department	2,00.00	8,63.24	10,29.60	33.64
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The shortfall was due mainly to economy in granting motor car advances (Rs. 14.83 lakhs) and unnecessary provision made for recoupment of advances obtained from the Contingency Fund during 1974-75 (Rs. 13.95 lakhs) as no part of the expenditure in 1974-75 remained unrecouped at the end of that year.

(8)	6—Expenditure relating to the Commerce Department	29.30	35.00	29.87	34.43
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The shortfall was due mainly to non-finalisation of design of the lock gate to be fixed in Mundali Weir on Mahanadi (Rs. 20.00 lakhs) and late receipt of allocation of funds for development of Gopalpur Port from the Government of India (Rs. 11.92 lakhs).

(iii) Inadequate supplementary grants/charged appropriations

In the following 6 cases, among others, the supplementary grants (exceeding Rs. 5 lakhs in each case) of Rs. 43.73 crores proved inadequate; the final uncovered excess in these cases (5 grants and charged appropriation) was Rs. 34.99 crores. Reasons for the excess to the extent received are given in paragraph 2.2.

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

Revenue Section

(1)	7—Expenditure relating to the Works Department	17,26.23	3,87.73	26,48.51	5,34.55
(2)	12—Expenditure relating to the Health and Family Planning Department	16,21.04	3,27.66	20,39.12	90.42
(3)	13—Expenditure relating to the Urban Development Department	6,31.94	1,71.47	10,37.55	2,34.14

Sl. No.	Number and name of grant/ appropriation	Original grant/ appropriation	Supple- mentary grant/ appropriation	Expenditure	Excess
(1)	(2)	(3)	(4)	(5)	(6)
(In lakhs of rupees)					
Capital Section					
(4) 22—	Expenditure relating to the Forest and Animal Husbandry Department	12,52.09	18.91	16,44.52	3,73.52
(5) 23—	Expenditure relating to the Agriculture and Co-operation Department	10,34.92	5,78.63	17,72.92	1,59.37
(6)	<i>Internal debt of the State Government</i> ..	21,37.98	28,88.90	71,33.54	21,06.66

2.4. Unutilised provision

(a) Rupees 58.18 crores remained unutilised in 23 grants (revenue : Rs. 41.62 crores and capital : Rs. 15.26 crores) and 21 charged appropriations (revenue : Rs. 1.23 crores and capital : 0.07 crore). In 9 grants and 2 charged appropriations, the savings (more than Rs. 2 lakhs in each case) were more than 10 per cent of the total provision. The details are given in Appendix II.

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

Sl. No.	Number and name of grant/ charged appropriation and head/scheme	Provision	Saving	
			Amount	Percentage
(1)	(2)	(3)	(4)	(5)
(In lakhs of rupees)				
Revenue Section				
(1) 7—	Expenditure relating to the Works Department—			
	337—Roads and Bridges—			
	District and Other Roads ..	78.00	78.00	100
	Saving was due to non-approval of schemes by the Government.			
(2) 10—	Expenditure relating to the Education Department—			
	277—Education—			
	Special Education—			
	Adult Education—			
	Functional literacy centres for adult forums	19.18	16.60	87
	Saving was due to non-sanction of the scheme.			
(3) 20—	Expenditure relating to the Irrigation and Power Department—			
	312—Fisheries—Fishing Harbour and landing facilities—Major Works	45.00	45.00	100
	Saving was due to non-approval of estimates of works and non-receipt of Central assistance.			

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

Capital Section

(4) 20—Expenditure relating to the Irrigation and Power Department—

(a) 532—Capital Outlay on Multi-purpose River Projects—Potteru Irrigation Project—Irrigation Schemes	2,91·07	1,54·09	53
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The Project is under execution from 1972-73 at an estimated cost of Rs. 14,81·24 lakhs and is to be fully financed by the Government of India ; the total expenditure incurred on the Project to end of 1975-76 was Rs. 2,31·90 lakhs. Saving was due to less receipt of assistance from the Government of India.

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

(i) Bahuda Irrigation Project ..	21·00	11·61	55
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The estimate of the Project has been revised to Rs. 1,63·09 lakhs ; expenditure to end of the year 1975-76 was Rs. 1,44·31 lakhs. Saving was due mainly to reduction in Plan outlay.

(ii) Pillasalki Irrigation Project ..	28·00	21·38	76
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The Project has been estimated to cost Rs. 3,00·00 lakhs; the expenditure on the Project to end of 1975-76 was Rs. 7·75 lakhs. Saving to the extent of Rs. 13·40 lakhs was due to reduction in Plan outlay ; reasons for the remaining saving (Rs. 7·98 lakhs) have not been intimated (April 1977).

(iii) Darjang Irrigation Project	35·00	19·99	57
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The revised estimated cost of the Project is Rs. 4,55·34 lakhs ; the expenditure on the Project to end of 1975-76 was Rs. 4,25·83 lakhs. Saving was due mainly to reduction in Plan outlay.

(iv) Neso Irrigation Project ..	20·00	20·00	100
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The Project is estimated to cost Rs. 54·00 lakhs ; the expenditure to end of 1975-76 was Rs. 4·92 lakhs. Saving was due to reduction in Plan outlay.

Sl. No.	Number and name of grant/charged appropriation and head/scheme	Provision	Saving	
			Amount	Percentage
(1)	(2)	(3)	(4)	(5)
		(In lakhs of rupees)		
	(v) Pitamahal Irrigation Project	70.00	46.96	67
	The revised estimated cost of the Project is Rs. 2,60.88 lakhs ; the expenditure to end of 1975-76 was Rs. 2,26.09 lakhs. Saving was due to reduction in Plan outlay.			
	(vi) Dumerbahal Irrigation Project	25.00	10.15	41
	The revised estimated cost of the Project is Rs. 2,50.00 lakhs ; the expenditure to end of 1975-76 was Rs. 16.63 lakhs. Reasons for the saving have not been intimated (April 1977).			
	(vii) Dahuka Irrigation Project ..	40.00	28.80	72
	The revised estimated cost of the Project is Rs. 1,51.00 lakhs ; the expenditure to end of 1975-76 was Rs. 58.38 lakhs. Saving was due to reduction in Plan outlay.			
(c)	734—Loans for Power Projects— Loans to Orissa State Electricity Board for execution of Plan Scheme	3,53.00	3,53.00	100
	Saving was due to post-budget decision of the Government not to advance loan to the Orissa State Electricity Board for execution of Plan schemes.			
(5)	23—Expenditure relating to the Agriculture and Co-operation Department—			
	(i) 498—Capital outlay on Co-operation—			
	Credit Co-operatives ..	2,30.00	1,20.87	53
	Saving was due to cut in Plan allocation.			
	(ii) 505—Capital outlay on Agriculture—			
	Storage and Warehousing	49.35	27.52	56
	Saving was due to non-availability of seed potato during procurement season.			
	(iii) 698—Loans to Co-operative Societies—			
	Warehousing and Marketing Co-operatives	2,00.00	1,00.00	50

Saving was due to less amount sanctioned than anticipated, reasons for which have not been intimated (April 1977).

2.5. Advances from the Orissa Contingency Fund

A Contingency Fund of Rs. 2 crores has been placed at the disposal of the Governor to enable advances to be made from it for meeting unforeseen expenditure pending authorisation of such expenditure by the State Legislature.

The corpus of the Fund was increased to Rs. 5 crores and then to Rs. 10 crores by Ordinances promulgated in July 1975 and September 1975 respectively in order to meet the situation arising out of drought, flood and other unforeseen and emergent expenditure. The Ordinances were, however, not subsequently confirmed by the Acts of the Legislature and Rs. 8 crores were refunded to the Consolidated Fund during the year. The corpus of the Fund was thus again reduced to Rs. 2 crores.

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

An analysis of the sanctions for advances and expenditure against them revealed as follows :—

(i) In 1975-76, thirty-six sanctions for Rs. 83.26 lakhs were not operated upon during the year.

(ii) The other sanctions involving Rs. 10.10 lakhs issued in October 1975 and February 1976 were cancelled in December 1975 and May 1976 respectively.

(iii) Out of 39 sanctions operated upon the actual expenditure against 3 sanctions (Rs. 89.73 lakhs) was considerably less as indicated below :—

Sl. No.	Date of sanction	Amount advanced		Difference	
		Sanctioned	Drawn	Amount	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
(In lakhs of rupees)					
1.	30th September 1975	49.73	2.81	46.92	94
2.	8th October 1975	20.00	16.04	3.96	20
3.	4th February 1976	20.00	9.05	10.95	55

(iv) Out of the drawals of Rs. 2,04.73 lakhs during the year, Rs. 79.01 lakhs were not recouped to the Fund till the close of the year.

2.6. Shortfall/excess in recoveries

Under the system of gross budgeting followed by the Government, the demands for grants presented to the Legislature are for gross expenditure and exclude all credits and recoveries which are adjusted in the accounts in reduction of expenditure ; the anticipated recoveries and credits are shown separately in the budget estimates and supplementary schedules. Such recoveries as anticipated together with the actual recoveries effected and the resultant shortfall/excess during 1975-76 are given below :—

		Revenue	Capital	Total
(In crores of rupees)				
Anticipated recoveries	..	14.48	80.02	94.50
Actual	..	29.51	73.76	1,03.27
Shortfall (—)/Excess (+)	..	+15.03	—6.26	+8.77

2.7. Non-receipt of explanations for savings/excesses

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

During 1975-76, explanations for variations were called for from the controlling officers in respect of 2,781 heads (savings : Rs. 25.74 crores ; excess : Rs. 64.37 crores). Explanations for variations were received in 1,298 cases and are awaited (April 1977) in the remaining 1,483 cases (savings : Rs. 14.75 crores, excess : Rs. 27.82 crores) which formed 54 per cent of the number of heads for which variations were required to be explained.

Departments which have not furnished (April 1977) explanations for variation in a large number of cases are Irrigation and Power (462 heads), Works (411 heads), Forest and Animal Husbandry (195 heads) and Urban Development (109 heads).

CHAPTER 3
CIVIL DEPARTMENTS

COMMUNITY DEVELOPMENT AND SOCIAL WELFARE DEPARTMENT

3.1. Special Nutrition Programme

3.1.1. Introductory

As a measure against mal-nutrition and under-nutrition among children belonging to the lower socio-economic strata, the Government of India formulated a programme in July 1970 to provide supplementary nutrition to children in the age-group of up to 3 years in tribal areas and in slum areas of cities with a large concentration of slums. In July 1971, the Programme was extended to children in the age-group of up to 6 years and also to expectant and nursing mothers. Detailed instructions were issued regarding staff composition of feeding centres, number of feeding days, control, co-ordination, organisational set up, evaluation, etc., in July 1971.

The following scale of nutrition was to be provided under the programme:—

(i) Children (up to 1 year)	200 calories and 8 to 10 grams of proteins
(ii) Children (1 year to 6 years)	300 calories and 12 grams of proteins
(iii) Expectant / nursing mothers	500 calories and 20 to 25 grams of proteins

Any type of food could be used, the only condition being that it should meet the minimum nutritional standards mentioned above and the cost per beneficiary per day should not exceed 18 paise in the case of children and 25 paise in the case of mothers. The cost of transportation and administrative overheads were to be restricted to 2 paise and 3.5 paise respectively per beneficiary per day, subject to adjustment within the overall ceiling of 5.5 paise per day per beneficiary. According to the instructions issued (July 1971) by the Government of India, identity cards and nutrition assessment reports indicating the height, weight and the health status of the beneficiary were to be maintained in each centre and the health of beneficiaries checked by the Medical Officers twice a month and results recorded in the assessment reports, with a view to ascertaining the impact of the scheme. The feeding centres were required to be inspected at least twice a month to ensure that they were running effectively.

The Programme was implemented in the State from 1970-71 as a Centrally sponsored scheme up to March 1974, the entire cost of the Programme being borne by the Government of India. Thereafter, it was included in the Minimum Needs Programme under the State Plan and only the element of cost of food is borne by the Government of India; all other expenditure,

i. e., cost of transportation and administration is borne by the State Government. The Government of India made allocation of funds for the Programme in July 1970 and the Programme was actually commenced in the State in March 1971.

The Programme for rural areas was implemented through Block Development Officers in eleven out of the thirteen districts in the State (Cuttack and Puri being excluded) covering 75 Tribal Development Blocks and 68 other Blocks having tribal population of over 32 per cent. The urban feeding programme was implemented through Municipalities / Notified Area Councils in five cities, *viz.*, Bhubaneswar, Berhampur, Cuttack, Puri and Rourkela.

A general scrutiny of the records connected with the implementation of the Programme in the State supplemented by test check of records in three districts (Koraput, Mayurbhanj and Sundargarh) covered by the rural feeding programme and in one city (Rourkela) covered by the urban feeding programme, was conducted by Audit (May to July 1976) and the points noticed are mentioned in the following paragraphs.

3.1.2. Performance

An expenditure of Rs. 6.25 crores was incurred on the Programme till March 1976. The physical targets and achievements recorded in the periodical reports, expenditure incurred and grants received from the Government of India during the period from 1970-71 to 1974-75 are indicated below:—

Year	Number of beneficiaries				Expenditure (a)	Grants received from Government of India	
	Targets		Achievements				
	Urban	Tribal	Urban	Tribal			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	
		(In lakhs)			(Rupees in lakhs)		
1970-71	..	0.08	1.50	0.08	1.50	1.68	32.80
1971-72	..	0.25	2.69	0.25	2.69	60.77	85.55
1972-73	..	0.39	3.37	0.40	3.36	1,26.32(b)	1,26.90
1973-74	..	0.39	3.37	0.40	3.31	1,37.16	1,37.18
1974-75	..	0.40	3.31	0.40	3.31	1,47.87	1,03.22
1975-76	..	0.40	3.31	0.40	3.31	1,50.92	1,23.00
			Total	..	6,24.72	6,08.65	

(a) Figures for 1970-71 to 1973-74 include cost of food as well as of administration and transportation. Figures for 1974-75 and 1975-76 represent only cost of food; with effect from 1974-75 only cost of food is borne by the Government of India while cost of transportation and administration is borne by the State Government.

(b) Includes Rs. 3.42 lakhs spent on feeding 0.40 lakh beneficiaries in 492 temporary feeding centres between December 1972 and March 1973 in flood and drought affected areas of the districts of Balasore, Cuttack, Ganjam and Puri, in addition to the regular centres opened under the Programme.

The shortfall in utilisation of Central assistance during the years 1970-71 and 1971-72 was attributed (May 1973) by the State Government to the fact that its "administrative machinery was not sufficiently geared up to take the load of the Programme". In December 1974, the Government of India permitted adjustment of the unspent balances of the initial period against expenditure in subsequent years with specific instructions to limit the expenditure during 1974-75 to the amount available out of savings of past years besides the amount sanctioned for the year. The number of beneficiaries as at the end of 1973-74 were to be covered, if necessary, by reducing the number of feeding days.

3.1.3. Caloric content of food distributed

According to the guidelines issued by the Government of India in July 1971, the distribution of food was to be so regulated as to ensure minimum nutrition content within ceiling costs as given below :—

	Food supply per beneficiary per day		
	Nutritional content (in calories)	Celling cost (in rupees)	
Children—			
Age group of up to one year ..	200	} (increased to 20 paise from November 1974)	0.18
Age group of one to six years ..	300		0.25
Expectant / nursing mothers ..	500		0.25

The diet prescribed by the State Government during the different years was common to all the average caloric value ranging between 332 and 360 in rural areas and between 200 and 249 in urban areas. No distinction was made between children and expectant/nursing mothers or between children of different age-groups.

3.1.4. Interruptions in feeding programme

The guidelines envisaged distribution of food in the centres for 300 days in a year (at 25 days in a month) so as to provide sufficient quantities of nutritious food for six days in a week without any break. In the blocks and

centres covered by test check interruptions in food distribution ranging from 11 to 247 days in a year were noticed to have occurred as detailed below :

District City	Number of blocks covered in audit	Duration of interruption during the year		
		1973-74	1974-75	1975-76
(1)	(2)	(3)	(4)	(5)
				(In days)
<i>Rural feeding</i>				
Koraput ..	10	12 to 55	20 to 90	18 to 102
Mayurbhanj ..	7	12 to 141	12 to 195	29 to 178
Sundargarh ..	7	19 to 181	31 to 247	11 to 90
<i>Urban feeding</i>				
Rourkela ..	..	17	146	41

Details of similar interruptions in the previous years could not be ascertained as the records pertaining to the years 1970-71 to 1972-73 were not available in the centres.

The interruptions were attributed by the departmental officers generally to non-availability of stock of food-stuffs during the periods in question.

There was also short supply of different food materials in these blocks and centres ranging up to 91 per cent of the prescribed quantities as detailed below :

District City	Number of blocks covered in audit	Actual supply as percentage of prescribed quantities			
		Rice or wheat	Bread	Dal	Jaggery
(1)	(2)	(3)	(4)	(5)	(6)
<i>Rural feeding—</i>					
Koraput	10	30 to 96	..	25 to 96	9 to 95
Mayurbhanj ..	7	50 to 85	..	31 to 87	37 to 86
Sundargarh ..	7	35 to 78	..	30 to 63	34 to 62
<i>Urban feeding</i>					
Rourkela ..	Civil and Steel township	..	26 to 93	..	..

3.1.5. Supplementary nutritional fortification and health care

(a) The Programme contemplated provision of multivitamin tablets to all beneficiaries on alternate days and folic acid and iron to expectant mothers daily for adequate fortification against nutritional anaemia. These were not supplied in any centre from the inception of the scheme.

(b) Treatment of children for worms periodically, was not taken up as required under the Programme.

(c) Immunisation of beneficiaries against diphtheria, polio, tetanus and other infectious diseases prescribed under the Programme was not done.

3.1.6. *Health cards*

According to the instructions issued (July 1971) by the Government of India, identity cards and nutritional assessment reports indicating height, weight and health status of the beneficiary were to be maintained in each centre and the health of beneficiaries checked by Medical Officers twice a month and results recorded in the assessment reports with a view to ascertaining the impact of the scheme. The system of maintaining health cards was not enforced from the inception in any centre. In April 1974, 3.75 lakhs health cards were purchased at a cost of Rs. 2.06 lakhs. These remained unutilised although supplied to the centres. In response to enquiries in audit, the departmental officers stated (May-July 1976) that the medical check up of beneficiaries was not done by the Medical Officers. The matter was reported to the department in September 1976 and its reply is awaited (May 1977).

The impact of implementation of the scheme on the nutritional status of beneficiaries, thus, remained unassessed throughout.

3.1.7. *Extra expenditure on transportation of food-stuff*

Tenders for unloading of food-stuff received under the feeding programme at Rayagada (Koraput District) railhead and transportation to godowns and Block headquarters during the year 1974-75 were invited by the District Collector, Koraput in March 1974. Out of 5 tenders received in response, tender of 'J' was accepted in May 1974 as the lowest without taking into account the fact that the tenderer had stipulated a special condition that transport charges from godowns to Block headquarters were payable at the rates quoted by him for the entire distance from starting point to destination and back even though in the tender notice only rates for transportation up to destination were invited. Orders were issued in the same month for him to do the carriage pending finalisation of contract. The special condition of the tenderer for payment of transportation charges also for the backward journey to the starting point was reiterated by the tenderer in a representation to the Government in September 1974. In a report submitted (November 1974) to the Government the District Collector stated that the special condition for payment of transport charges for backward journey being at variance with the tender notice was not acceptable. No decision was taken during the course of the year 1974-75. In June 1975, the Government decided in consultation with the Law Department that the special condition formed a part of the tender and payment was to be made accordingly.

The contractor carried 7,001 quintals of food-stuff to different Block headquarters during 1974-75 and a total payment of Rs. 0.84 lakh was made for the to and fro journey. Computed with reference to the lowest rates offered by tenderer 'K' for single forward journey only the amount payable would have been Rs. 0.47 lakh including unloading charges. The acceptance of the tender of 'J' thus resulted in extra expenditure of Rs. 0.37 lakh.

3.1.8. Uneconomic purchase of food-stuff

In order to continue the feeding programme for 1975-76 uninterrupted, the Government issued orders in March 1975 to purchase food-stuffs required for consumption during April 1975 from "the existing contractors offering lowest rates", pending finalisation of regular tenders. The Collector, Koraput, placed orders on 9th April 1975 for supply of 958 quintals of *Butto dal* to the district stock at Rayagada at Rs. 317.00 per quintal (exclusive of 3 per cent sales tax) with a firm 'T', who had supplied *dal* earlier on one occasion in December 1974 at the same rates, but had no regular contract for supply during 1974-75. This supply, though ordered to be completed within ten days (*i. e.*, by 19th April 1975), was actually made on 27th April 1975. As per the weekly bulletin of prices issued by the Market Intelligence Branch of the Food and Civil Supply Department, the local price of *Butto dal* in Rayagada market was Rs. 300 per quintal from 14th March 1975 to 4th April 1975 ; the price further came down to Rs. 260 per quintal during the week ending 11th April 1975. As per departmental records the consumption of *Butto dal* during the period was as below :

		(In quintals)
Opening balance on 1st April 1975	..	53
Receipt on 27th April 1975	..	958

		1,011

Issued in April 1975	..	30
Issued in May 1975	..	186

Balance as on 1st June 1975	..	795

The Government decided in May 1975 to purchase food-stuffs from the local market after observance of all formalities. The lowest rate as per the fresh tenders received on 20th May 1975 was Rs. 259.05 per quintal inclusive of all taxes for delivery at Rayagada. The extra expenditure on the purchase of 958 quintals of *Butto dal* in April 1975 (although not required for immediate distribution) without invitation of tenders was Rs. 0.55 lakh based on the market rates prevalent for the week ending 11th April 1975.

3.1.9. Food-stuffs held by storage agents

In Mayurbhanj district, the District Collector appointed 'A' for the years 1972-73 and 1973-74 and 'B', a public sector undertaking for the year 1974-75 as agents for storing and transporting food-stuffs to different Block headquarters. The parties did not hand over balance food-stuffs of 107.12 quintals (value : Rs.0.23 lakh) and 345.22 quintals (value : Rs.0.65 lakh) on termination of their contracts in March 1974 and March 1975 respectively. The value of 452.34 quintals of food-stuffs retained by the parties amounted to Rs.0.88 lakh and has remained unrealised so far (May 1977).

In response to audit enquiries it was stated (July 1976) by Special Officer, Feeding, Mayurbhanj, that the public sector undertaking had been asked to deposit the amount and that action would be taken to realise the amount from party 'A'. As against the amount of Rs.0.23 lakh recoverable from party 'A', security deposit of Rs.0.10 lakh only is held by the Department. No security was realised from the public sector undertaking.

3.1.10. Acceptance of higher tenders

The District Collector, Mayurbhanj called for tenders in May 1972 for appointment of an agent for clearing, storing and transporting of food-stuff for the district during 1972-73 with the condition that the successful tenderer was to provide godown facilities of his own in Baripada town with a storage space area of not less than 6,000 square feet. Out of the three tenders received two parties quoted their rates as below :—

Party	For clearance and transportation to District godown	For stocking in District godown	For transportation to Blocks	
			Within 10 kilometres	Beyond 10 kilometres
(Rate per quintal in paise)				
'X'	30	35	3 per Km. (with a minimum of 67 paise per quintal)	2½ per kilometre
'Y'	44	44	67	2½ per kilometre

As regards storage and transport facilities available with them, party 'X' stated that he had a godown space area of more than 6,000 square feet and three trucks and 'Y' stated that he had six rented godowns and two trucks of his own. Enquiries made by the Collector through the

Tehsildar, Baripada and Regional Transport Officer, Mayurbhanj, disclosed (June 1972) that parties 'X' and 'Y' had a godown area of 2,911 square feet and 3,854 square feet respectively at their command, and that party 'Y' had received a notice to vacate within a week an area of 725 square feet taken by him on rent and that a further area of 802 square feet hired by him was unfit for storage of food-stuffs. Thus, the effective storage space available with 'Y' was only 2,327 square feet as against 2,911 square feet available with 'X'. Nevertheless, the Collector accepted the higher tender of 'Y' in July 1972 on the ground that party 'X' had lesser space at his command than party 'Y'. The rates of 'Y' which were the highest (out of three tenders) were accepted for the year 1973-74 also on the same grounds. The extra expenditure during 1972-73 and 1973-74 due to non-acceptance of the lowest valid tender amounted to Rs.0.14 lakh.

A test check of payments made to party 'Y' disclosed the following further points :—

(i) For transportation to Blocks beyond 10 kilometres during 1972-73, payments were made to him at higher rates (50 paise for clearance and storage and 3 paise for transportation), resulting in additional expenditure of Rs.0.02 lakh.

(ii) During both the years 1972-73 and 1973-74 payment for transporting food-stuffs to Blocks beyond 10 kilometres by means of bullock carts was made at 30 paise per quintal per kilometre although no separate rate for such transportation was stipulated in the tender given by the party. The tendered rates for transportation to Blocks beyond 10 kilometres for the years 1972-73 and 1973-74 (irrespective of the means of transportation) were 21 paise and 3 paise per quintal per kilometre respectively. The excess payment with reference to these rates was Rs. 0.29 lakh. The Collector, Mayurbhanj was unable to clarify the circumstances under which the higher rate was paid.

3.1.11. *Loss due to non-enforcement of contract terms*

The Government decided in September 1972 to permit purchase and issue of local food-stuffs under the feeding programme and two suppliers for 1973-74 and four suppliers for 1974-75 were approved by the Department after completing tender formalities for supply of *dal* and jaggery to the districts against requirements of the Collectors. According to the terms of the contracts, when, in the opinion of the Collector, the Nutrition Programme suffered or was likely to suffer due to non-delivery or late delivery of goods by these approved suppliers, they were to purchase food-stuffs from the open market and the excess cost, if any, was realisable from the security deposits of the suppliers.

It was seen during test check of the records relating to local purchase of food-stuffs made in 3 districts (Koraput, Sundargarh and Mayurbhanj) and from information furnished by one district (Balasore) that the nominated suppliers either did not supply the commodities required by the districts at all or had only made part supplies. Consequently, the Collectors had to purchase food-stuffs from the open market at higher rates. The excess expenditure on such local purchases made in the above four districts during 1973-74 and 1974-75 was Rs.4.68 lakhs (*dal* : Rs.4.65 lakhs ; jaggery : Rs.0.03 lakh) and the liabilities of the four suppliers for the excess expenditure in terms of the respective contracts were as follows :

Name of the supplier	Amount (In lakhs of rupees)
P ..	0.08
M ..	0.94
K. C. ..	0.40
K. A. ..	3.26
	<hr/>
	4.68
	<hr/>

In response to enquiries in audit about enforcement of recovery, it was stated by the Government (August 1976) that the prices of *dal* and jaggery had abnormally increased during 1974-75 after the Government executed agreements with the parties and that the parties were exempted in regard to jaggery. There was, however, no provision in the agreement for grant of such exemption nor was any specific order issued granting such exemption.

Security deposits of three of the suppliers, totalling Rs.1.06 lakhs (M : Rs.0.24 lakh, K. C. : Rs.0.35 lakh and K. A. : Rs.0.47 lakh), were released in June and July 1976 without effecting recovery of any extra cost. Information pertaining to supplier 'P' was not available as the files were reported to have been seized by the Vigilance Department.

3.1.12 *Extra financial aid for supply of bread*

The feeding programme in Rourkela city during the years from 1972-73 onwards provided for supply of bread to the beneficiaries as a part of the diet distributed. The supply of bread during all these years was entrusted to a bakery at Rourkela. The agreement for the year 1975-76 provided for the rate payable for bread supplied and also stipulated the ingredients of each piece of bread together with the value of each ingredient working up to the cost of a piece of bread. In arriving at the cost of bread, the value of sugar element in the bread was taken on the basis of price of Rs.505 per quintal although sugar was being supplied to the bakery throughout at controlled rate of Rs.215 per quintal as per instructions of the Government in February 1972.

The extra financial benefit allowed during different years to the bakery for supply of bread due to the fact of supply of sugar at controlled rates not being taken into account was Rs.0.37 lakh as shown below :

Year	Quantity of sugar supplied (in quintals)	Value at controlled rate of Rs. 215 per quintal (Rupees in lakhs)	Rate for sugar adopted in the analysis of argeement (In rupees per quintal)	Value of sugar supplied as per rates adopted in the analysis	Difference (5) minus (3)
(1)	(2)	(3)	(4)	(5)	(6)
		(Rupees in lakhs)			
1972-73	.. 24	0.05	300	0.07	0.02
1973-74	.. 182	0.39	300	0.55	0.16
1974-75	.. 42	0.09	300	0.12	0.03
1975-76	.. 53	0.11	505	0.27	0.16
				Total	0.37

The matters mentioned above were reported to the Government in September 1976 ; reply is awaited (May 1977).

HEALTH AND FAMILY PLANNING DEPARTMENT

3.2. Purchase of medical stores

According to the orders (June 1961) of the Government, indents for medical stores were to be sent by various hospitals and dispensaries to the Health Directorate for examination and invitation of quotations from approved manufacturers for items not available with the Government Stores Depot at Calcutta. A purchase committee constituted in the Directorate has to select suitable firms from amongst the tenderers with whom annual rate contracts were to be entered into for supply of stores. The approved price list of medical stores for the year as decided by the purchase committee was to be made available to all the indenting officers. Indenting officers were to place orders on the approved firms at the approved rates.

A test check of the records in the Health Directorate and eleven out of 31 indenting offices in the State conducted by Audit (January to April 1976) in respect of purchases made during 1972-73 to 1974-75 disclosed the following:

(a) In twenty-five cases, the rates mentioned in the approved price list were found to be higher than those approved by the purchase committee. The excess expenditure in respect of purchases made in seven indenting offices amounted to Rs. 0.20 lakh.

(b) Fifty-seven dispensing chemicals marked as 'special' were recommended to be purchased from selected firms by a sub-committee of the purchase committee. This was not approved by the purchase committee which, however, approved lower rates of other firms. The unapproved firms and their rates were, however, included in the approved price lists notified by the Directorate to all indenting officers. The extra expenditure incurred in eleven indenting offices on purchases from these unapproved firms amounted to Rs. 1.02 lakhs compared to the lower rates that were approved by the purchase committee.

(c) In fifteen cases, rates higher than the rates quoted by the firms were entered in the comparative statements and approval of the committee was obtained on the basis of the inflated rates, which were later circulated amongst the indenting officers. The excess expenditure on the supplies obtained at the higher rate in nine of the indenting offices amounted to Rs. 0.08 lakh.

(d) In sixty-two cases, lowest offers of tenders had not been incorporated in the comparative statements for consideration by the purchase committee and this led to acceptance by the committee of relatively higher rates of other firms. The additional expenditure caused thereby in respect of supplies received in ten of the indenting offices amounted to Rs. 1.55 lakhs.

The matter was reported to the Government in December 1976; reply is awaited (May 1977).

3.3. Loss/non-accountal of stock of insecticides and drugs

Under the National Malaria Eradication Programme (N. M. E. P.), insecticides for spraying and drugs for medical treatment are allotted by the Director, National Malaria Eradication Programme, Delhi to the Assistant Director, Public Health (Malaria), Orissa as per his requirement. The latter in turn allots the required stocks to the fourteen N. M. E. P. units in the State. Insecticides are received from the suppliers by the units directly as per allotment made to them, while the drugs are received by the Assistant Director and are supplied to the units. Payments to the suppliers are made by the Pay and Accounts Officer, Director General of Supplies and Disposals on the acknowledgements of the consignees. The insecticides and drugs are issued by the units to the peripheral centres. The value of stores received between 1969-70 and 1974-75 as certified by the Assistant Director, Public Health (Malaria) was Rs. 2,22.61 lakhs. According to the Assistant Director (July 1976), the certification up to 1973-74 was on the basis of allotments by the Director, N. M. E. P. while that for 1974-75 was on the basis

of actual receipts. There was no system to effect reconciliation between the allotments received from the Director, National Malaria Eradication Programme, Delhi and the value of materials received from the suppliers by the various units. There was also no internal audit arrangement to check the distribution and utilisation of stocks received in the units.

Test check of records of the Directorate of Public Health and 4 N. M. E. P. units, conducted in May-June 1976 disclosed the following:—

(a) There was no system of reconciliation between the quantities of stores shown as issued by the units and those accounted for by the receiving centres. In 4 units stores valuing Rs. 0.28 lakh out of Rs. 0.30 lakh shown as issued to the peripheral centres between March 1969 and May 1976 were either not accounted for or short accounted by the centres. In two of these cases the Zonal Officer, Berhampur recommended in February 1976 to the Assistant Director, Public Health (Malaria) the recovery of Rs. 0.04 lakh being value of unaccounted/short accounted stores from the Centre Inspectors. In the other cases the Unit Officers stated (June 1976) that the shortages would be investigated. Further developments are awaited (May 1977).

(b) Physical verification was not conducted in 3 units since inception and in one other unit since October 1968.

(c) In 32 cases insecticides and drugs valued at Rs. 1.41 lakhs were alleged to have been stolen during 1974-75 (Rs. 0.77 lakh in 23 cases) and 1975-76 (Rs. 0.64 lakh in 9 cases).

The stages at which the cases were pending are mentioned below:

	Number	Amount (Rupees in lakhs)
1. Awaiting departmental and criminal investigation	25	1.32
2. Departmental action having been started has not been finalised	1	0.01
3. Awaiting orders for recovery or write off	4	0.04
4. Pending in courts of law ..	2	0.04
Total ..	<u>32</u>	<u>1.41</u>

The matter was reported to the Government in September 1976; reply is awaited (May 1977).

HOME DEPARTMENT

3.4. Misappropriation in Cuttack Jail

In the course of audit in the Cuttack Jail in February 1975 it was noticed that acquittances for a sum of Rs. 1,120 out of Rs. 14,136 drawn by the Superintendent, Cuttack Jail from the treasury in July 1974 towards salaries of staff were not forthcoming. Following an audit observation to this effect the Superintendent of Cuttack Jail, after further investigation, reported to the Inspector General of Prisons in December 1975 misappropriation of Rs. 0.42 lakh by the Accountant of the Jail during the period from January 1972 to August 1975. A detailed check conducted by Audit between April 1976 and July 1976 at the request of the Government (January 1976) showed that the misappropriation occurred as mentioned below :—

(i) Under rules of the Government, only the number of warders for whom salaries are drawn is shown in the pay bills presented to the treasury and the names of warders are permitted to be omitted. The drawing officer is, however, required to record a certificate on the bill that all persons whose names are omitted from the pay bill had actually been employed during the month and the emoluments drawn for them working up to the total of the bill are duly shown in the office copy of the bill. The number of warders for whom salary was drawn from the treasury during the period from January 1972 to August 1975 ranged from 69 to 79 whereas the number of warders in position and to whom disbursement was made ranged from 65 to 72. The number of warders for whom pay was drawn without mention of their names in the bills under the rules was, thus, shown in excess of the numbers to whom payments were due although the certificate prescribed in the rules about the actual employment of the number of warders whose pay was drawn had been recorded by the disbursing officer on the bills presented at the treasury.

(ii) The totals on the office copies of the bills were inflated in some cases by addition of lump amounts without mentioning the names, to correspond to the amounts drawn on the bills presented at the treasury and the amounts drawn were also entered in the cash book as disbursed. The prescribed certificate to the effect that the acquittance rolls had been checked was not recorded by the drawing officer on the office copies of the pay bills.

(iii) In the case of warders absent during a month either on suspension or with or without leave, an absentee statement is required to be attached to the office copy of the bill. These absentee statements were not, however, available with the office copies of bills in the office.

The Inspector General of Prisons, Orissa, while accepting the above position as factual, stated (March 1977) that necessary steps were being taken separately for initiating departmental proceedings against the officer concerned.

The matter was reported to the Government in December 1976 ; reply is awaited (May 1977).

3.5. Construction of barracks for Seventh Battalion

The Inspector General of Police accorded (March 1975) nine separate sanctions for construction of nine barracks for the Seventh Battalion of the Orissa Military Police at a total cost of Rs. 0.90 lakh. The sanction to each estimate was within the ceiling limit of Rs. 10,000 up to which he was empowered to accord sanction for a non-residential building. The Inspector General of Police had in October 1976 estimated the total amount of funds required for construction of accommodation for the battalion at about Rs. 2 crores but as funds were not available for the purpose in 1973-74 and 1974-75, it was decided to construct the barracks departmentally out of grants placed at his disposal for "Petty construction and repairs".

On the basis of allotments made by the Inspector General of Police, the Commandant of the Battalion drew the entire amount of Rs. 0.90 lakh in advance in March 1975 on a fully vouched contingent bill without any sub-voucher and handed it over to a Subedar Major to be retained outside the Government cash chest. Sub-vouchers are still awaited (May 1977).

Of this amount, Rs. 0.62 lakh were advanced to a Sub-Inspector in charge of building work during April-May 1975 against four separate requisitions given by him for purchase of materials for the construction, without obtaining the accounts for the amounts already advanced. Following the delay in commencement of execution by the Sub-Inspector, an assessment conducted by the Department revealed that as against the sum of Rs. 0.37 lakh stated by the Building Sub-Inspector to have been spent mainly towards collection of building materials, the value of materials collected was only Rs. 0.31 lakh. The official has not so far (April 1977) accounted for the balance advance of Rs. 0.31 lakh. The irregularity was attributed by the Inspector General of Police to "irregular payment of advances and lack of supervision by superior officers". The Sub-Inspector was reported (October 1976) to be under suspension from December 1975 pending final orders on the enquiry proceedings.

The Inspector General of Police stated (October 1976) that of 9 barracks that were to be put up, four had been completed. Further funds have been sought for (March 1976) for the completion of the other five barracks which had reached plinth level ; the sanction is awaited (May 1977).

The matter was reported to the Government in September 1976 ; reply is awaited (May 1977).

3.6. Unplanned acquisition of machinery

Three power driven Workshop machines were purchased by the Superintendent of Police, Police Motor Transport, for the Workshop at Cuttack at a cost of Rs. 0.52 lakh in June 1973 and March 1974. The machines could not, however, be installed for want of room for their installation and non-provision of power supply. A proposal for construction of a room was taken up in December 1973. The machines were stated (August 1976) by the Inspector General of Police to have been installed in February 1975 after construction of a room in that month (cost of construction : Rs. 0.05 lakh). Even after installation, two of the machines (cost : Rs. 0.31 lakh) have remained unutilised so far (March 1977) for want of power supply, the proposal for which was stated to have been initiated by the Superintendent of Police, Police Motor Transport only in July 1974, more than one year after purchase of machine. The work was administratively approved by the Government in May 1975 but has not been taken up so far (April 1977) due to non-allotment of funds for the purpose.

The matter was reported to the Government in July 1976 ; reply is awaited (May 1977).

FOREST, FISHERIES AND ANIMAL HUSBANDRY DEPARTMENT

3.7. Irregularities in handling of cash

The financial rules require that no money shall be drawn from treasury unless it is required for immediate disbursement and that where amounts are advanced by the disbursing officer to other officers entrusted with their disbursement, the amount so advanced should be treated as a part of the cash balance until proper accounts of the payment made are rendered by the officer receiving the advance ; the rules also require the maintenance of a register of advance to watch the settlement of the outstanding advances.

A test check of the accounts of the Deputy Director, Artificial Insemination, Cuttack conducted in July 1976 disclosed the following points:—

(i) Amounts totalling Rs. 0.62 lakh drawn from the treasury between September 1974 and June 1975 towards supplies and services rendered by several firms were given to the Artificial Insemination Inspector at headquarters for disbursement and the amounts were shown in the cash book as finally paid to the firms without any stamped receipts in support thereof. No watch was also kept over submission of stamped receipts.

(ii) The disbursements to some of the payees were actually made long after the dates on which payments were shown in the cash book as having been made. A few instances are given below :—

Date of payment as per cash book	Amount (In rupees)	Date of acknowledgement by the payee	Remarks
20th September 1974	3,422	19th March 1975	
31st March 1975	1,974	13th May 1975	
11th April 1975	1,660	2nd May 1975	
19th April 1975	4,843	19th April 1976	
19th April 1975	5,007	23rd April 1976	
31st March 1975	4,842	3rd August 1976	In May 1976, the firm complained that it had been paid only Rs. 3,000 and that balance of Rs. 1,842 was not paid.

(iii) Stamped acknowledgements in support of payment entries for Rs. 0.26 lakh recorded in the cash book have not been received so far (April 1977).

The Deputy Director stated (July 1976) that amounts paid to the Inspector for disbursement to different suppliers were "shown in the cash book as final payment as per the practice in vogue" and that the matter had been brought to the notice of the Director, Animal Husbandry and Veterinary Services for further action.

The matter was reported to the Government in December 1976 ; reply is awaited (May 1977).

3.8. Purchase of weighbridges

Mention was made in paragraphs 8.11 and 8.12 of the Report of the Comptroller and Auditor General of India—Revenue Receipts—for the year 1974-75 regarding undue concessions in the matter of collection of royalty for bamboo in forest areas leased out to two paper mills in the State. In March 1972, the Government sanctioned the purchase of two weighbridges at a cost of Rs. 0.60 lakh for installation in the same month in the premises of the two paper mills to check the correctness of weight of bamboo removed on payment of royalty. The weighbridges were purchased in March 1972 but were not installed.

The agreements for the lease of bamboo areas finalised with the two paper mills in 1973 (one case operative from October 1970 to September 1982 and the other operative from October 1973 to September 1989), however, provided for payment of royalty with reference to weight of cut bamboos (whether removed or not) in tonnes, determined notionally by conversion factors specified in the agreements. In one case the conversion factor was to be with reference to the number of bamboos and in the other case with reference to the length of bamboo in running feet. Neither of the agreements envisaged determination of royalty payable on the basis of actual weight of bamboo by using weighbridges.

Both the weighbridges were nevertheless, installed in the premises of the paper mills (one in August 1976 and the other in September 1976) at a cost of Rs. 0.12 lakh. After installation of weighbridges the Chief Conservator of Forests sought (September 1976) guidance from the Government as to how the weighbridges were to be utilised in view of provision in the lease agreement for payment of royalty without reference to the actual weight of bamboos removed. Further developments are awaited (May 1977).

The matter was reported to the Government in October 1975 ; reply is awaited (May 1977).

MINING AND GEOLOGY DEPARTMENT

3.9. Misappropriation of cash

An instance of double drawal of Rs. 3,351 from the treasury during March 1975 by presentation of two different contingent bills for one and the same supply by a firm was detected (May 1975) by the Directorate of Mines in the course of disposal of correspondence with the firm. One of the drawals was found not supported by the bill of the firm. The internal audit organisation of the Department which had not checked the records of the Directorate since 1971-72 undertook a check of the records for the years 1973-74 and 1974-75 between June and September 1975 which disclosed further misappropriations totalling Rs. 12,062 as follows:

	Amount (In rupees)
Excess payments by manipulations and alterations in bills/acquittance rolls	1,247
Duplicate payments shown in the cash book without supporting acknowledgements	8,238
Fictitious payments for stipends for non-existent trainees	2,577
	<hr/> 12,062 <hr/>

The entire sum of Rs. 12,062 was made good by the cashier (partly in August 1974 and the balance in September 1975). In September 1975, the Department reported the matter to police and the Drawing and Disbursing Officer and the Cashier were placed under suspension.

Audit of the accounts records for the period from April 1972 to September 1975 undertaken at the instance of the Government between October 1975 and March 1976 showed further irregularities involving Rs. 0.18 lakh as detailed below :—

Particulars	Amount (In rupees)
(i) Payments shown twice for pay and allowances and cost of drilling materials	8,216
(ii) Payments not supported by bills or payees receipts	4,953
(iii) Excess payments ..	1,517
(iv) Payments for materials returned to suppliers..	1,209
(v) Other fictitious entries ..	1,872
	17,767

It was also seen that the following requirements *inter alia* of the financial rules were not observed :—

(i) The register of undisbursed pay and allowances of staff was not maintained.

(ii) Payment entries recorded in the cash book were attested without reference to the numbers of bills and supporting acknowledgements of payees and in some cases when bills in support were not available.

(iii) The cash book was not closed regularly. The cash balance was not verified regularly at the end of each month; nor was surprise verification of cash conducted.

(iv) Analysis of balance at the end of the month was not done during the period from September 1974 to September 1975.

(v) Departmental receipts were not remitted into the treasury promptly. Receipts collected between April 1973 and December 1975 amounting to Rs. 0.44 lakh remained unremitted up to the time of audit; of this amount Rs. 10,000 were utilised for departmental expenditure in contravention of the rules.

The matter was reported to the Government in June 1976; reply is awaited (May 1977).

LAW DEPARTMENT

3.10. Orissa Hindu Religious Endowment Administration Fund

The Orissa Hindu Religious Endowment Fund was created under the provisions of the Orissa Hindu Religious Endowment Act, 1939 for administration of the Hindu religious institutions in the State. From January 1955 the administration of the institutions is regulated under the Orissa Hindu Religious Endowment Act, 1951. There were 11,312 institutions in the State governed by the Act at the end of March 1976.

Under the provisions of the Act, the Government advanced to the Fund loans amounting to Rs. 1.08 lakhs during 1947-48 (Rs. 0.70 lakh), 1950-51 (Rs. 0.03 lakh) and 1953-54 (Rs. 0.35 lakh) to meet the administration expenses. The loans were to be repaid in annual instalments (ranging up to twenty) and carried interest of $3\frac{1}{4}$ to 4 per cent per annum. No loan was advanced thereafter. A sum of Rs. 0.29 lakh was refunded during 1956-57 (Rs. 0.14 lakh) and 1959-60 (Rs. 0.15 lakh). The overdue principal and interest on account of these loans as at the end of March 1976 amounted to Rs. 0.79 lakh and Rs. 0.82 lakh respectively. The Commissioner of Endowments stated in July 1976 that the delay in repayment was due to non-realisation of contribution from the Jagannath Temple, puri. The Government stated in December 1976 that the Temple was exempted in November 1970 from payment of the arrears of contribution to the Endowment Fund and that corresponding relief of Rs. 1.80 lakhs is proposed to be paid from the Consolidated Fund to the Endowment Fund.

The Fund was renamed as the Orissa Hindu Religious Endowment Administration Fund on its reconstitution in January 1955 under the Act of 1951. The Act *inter alia* provides that the pay and allowances of the Commissioner and his establishment appointed under the Act shall be paid initially from the Consolidated Fund of the State and be subsequently reimbursed to the State Government from the Endowment Fund. Rupees 51.97 lakhs were paid out of the Consolidated Fund of the State between 1955-56 and 1975-76 on account of pay and allowances of the commissioner and his establishment, of which, Rs. 23.76 lakhs were reimbursed from the Fund leaving a balance of Rs. 28.21 lakhs at the end of March 1976. The yearwise break-up of the outstandings is given below:—

Year	Amount (Rupees in lakhs)
1955-56	..
to	..
1972-73	..
1973-74	..
1974-75	..
1975-76	..
	28.21

The delay in reimbursement was attributed by the Government (December 1976) to non-realisation of arrear contributions from the religious institutions owing mainly to depletion of the income of the institutions due to various land reform laws enacted, natural calamities and lack of adequate field staff for realisation.

The Act of 1951 contemplates levy of various fees from the religious institutions administered thereunder, contributions of not less than 7 per cent from institutions having an annual income exceeding Rs. 250 and audit fees not exceeding 1½ per cent from institutions with annual income exceeding Rs. 2,000. There were 7,008 such assessable institutions as at the end of March 1976. The arrears of fees and contributions from these institutions as at the end of 1975-76 amounted to Rs. 41.21 lakhs; of these, Rs. 38.75 lakhs relate to 1970-71 and earlier years.

EDUCATION AND YOUTH SERVICES DEPARTMENT

3.11. Orissa Loan Stipend Fund

The Orissa Loan Stipend Fund was constituted in 1951-52 with the object of giving interest-free loans to deserving students for higher education in the fields of science, medicine, technology, etc. The Fund is made up of grants from the Government, donations by private individuals and institutions, interest on investments and the amounts recovered from the loanees. The Orissa Loan Stipend Fund Rules, 1954 provide for investment of the surplus of a year in securities approved by the Finance Department.

The table below gives details of the receipts into and outgoings from the Fund for the five years ending 1975-76, as per departmental records :—

Year	Receipts during the year			Loans given	Closing balance
	Government grants	Recoveries of loans	Total		
	(In lakhs of rupees)				
(1)	(2)	(3)	(4)	(5)	(6)
1971-72 ..	7.00	14.93	21.93	22.23	12.53
1972-73 ..	7.00	14.53	21.53	21.10	12.96
1973-74 ..	7.00	13.75	20.75	21.12	12.59
1974-75 ..	7.00	17.62	24.62	24.17	13.04
1975-76 ..	7.00	27.58	34.58	22.73	24.89

Test check in July 1976 of the loan registers and other records pertaining to the Fund maintained by the Education Department disclosed the following:—

(i) No interest was earned by the Fund during the period as no part of the surplus balances was invested after 1968-69.

(ii) The loan ledgers maintained in the Department were incomplete in as much as loans amounting to Rs. 0.19 lakh advanced prior to 1958-59 and recoveries amounting to Rs. 4.04 lakhs effected between 1950-51 and 1975-76 had not been posted in the accounts of individual loanees for want of complete details.

(iii) Mention was made in paragraph 43 of the Audit Report 1969 regarding sums overdue for recovery out of loans advanced from the Fund which stood at Rs. 1,12.11 lakhs as at the end of 1967-68. The balance of loans out of the Fund as on 31st March 1976 was Rs. 2,25.04 lakhs, the number of loanees being 10,135. Of this, the amount overdue for recovery was stated (November 1976) by the Department to be Rs. 1,23.32 lakhs. The yearwise analysis of the overdue loans was, however, not available with the Department. The Government stated (December 1976) that it was not possible to work out the yearwise analysis as the number of loanees was large and the rates of recoveries were not uniform.

FINANCE DEPARTMENT

3.12. Excess compensation on allocation of Entertainment Tax

The Orissa Entertainments Tax Act, 1946 provides for payment to Municipal Councils and Notified Area Councils constituted under the Orissa Municipal Act, 1950, of sums equal to 50 per cent of the entertainment tax collected in their respective areas after deducting four per cent thereof towards collection charges.

A surcharge on entertainment tax at specified rates was levied in January 1972, in order to raise resources for the Bangla Desh refugee relief operations undertaken by the Central Government; the levy of the surcharge was abolished with effect from 28th July 1973.

Test check of records of the Cuttack-I (East) Commercial Taxes Circle, conducted by Audit in September 1975, disclosed that the amount payable to the Cuttack Municipality for the year 1973-74 was computed after including the surcharge of Rs. 0.63 lakh, for the refugee relief operation also in the amount of tax allocable. Consequently the

Cuttack Municipality was paid Rs. 0.30 lakh in excess of that admissible on account of the tax collected. On enquiry in audit in September 1975, three other circles also confirmed that the surcharge collected under the Act had been included in the sums taken into account for determining the compensation payable to the bodies in those circles; the amounts of surcharge so included were, however, not recorded separately. Replies from remaining 18 circles in the State were awaited (May 1977). In the absence of these details the total excess compensation paid to the Municipalities/Notified Area Councils in the State during the different years could not be determined.

On this being brought to his notice, the Commissioner of Commercial Taxes stated (August 1976) that "action has been taken to collect correct figures of collection of Entertainment Tax for 1973-74 from different circles" and that grants to different local bodies will be calculated and "excess payments, if any, will be adjusted".

The matter was reported to the Government in November 1975; reply is awaited (May 1977).

GENERAL

3.13. Misappropriations, losses, etc.

Cases of misappropriations, losses, etc., of Government money reported to Audit up to the end of March 1976 and on which final action was pending at the end of September 1976 were as follows:—

	Number	Amount (In lakhs of rupees)
Cases outstanding at the end of September 1975	1,066	1,05.80
Cases reported during April 1975 to March 1976	175	18.93
Cases disposed of till September 1976	135	5.64
Cases outstanding at the end of September 1976	1,106	1,19.09

Departmentwise analysis of outstanding cases are given in Appendix III. The period for which these are pending finalisation is given below:—

	Number	Amount (In lakhs of rupees)
(i) Over five years (1948-49 to 1970-71)	546	67.89
(ii) Between three years and five years (1971-72 to 1972-73)	187	12.62
(iii) Up to three years ..	373	38.58
	<hr/>	<hr/>
Total ..	1,106	1,19.09
	<hr/>	<hr/>

The reasons for which the cases were outstanding are—

	Number	Amount (In lakhs of rupees)
(i) Awaiting departmental and criminal investigation	397	51.05
(ii) Departmental action having been started has not been finalised	396	23.86
(iii) Departmental proceedings having been finalised recovery is in progress	126	6.83
(iv) Criminal proceedings having been finalised, execution/certificate cases for recovery of the amount are pending	45	13.05
(v) Awaiting orders for recovery or write off	74	16.65
(vi) Pending in courts of law ..	68	7.65
	<hr/>	<hr/>
Total ..	1,106	1,19.09
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CHAPTER 4

WORKS EXPENDITURE

IRRIGATION AND POWER DEPARTMENT

4.1. Balimela Hydro Electricity Project*Introduction*

4.1.1. The Balimela Hydro Electricity Project was taken up by the Government in 1964 for utilisation of the Orissa share of water released from the Balimela Dam Project, a joint venture of the Governments of Orissa and Andhra Pradesh, for generation of power. Some observations on the execution of the Balimela Dam Project were included in Paragraph 4.1 of the Report of the Comptroller and Auditor General for the year 1974-75. Observations relating to the execution of the Balimela Hydro Electricity Project are contained in the following paragraphs :—

4.1.2. The Preliminary Project Report of 1960 of the Balimela Hydro-Electricity Project envisaged installation of capacity to generate 240 megawatts (M. W.) of power with 5 units of 48 M. W. each with provision for a sixth unit of the same capacity to be added subsequently. In 1964, the State Government decided in consultation with the Central Water and Power Commission to instal six units of 6 M. W. each in the first stage itself with a provision for two more units of similar capacity to be installed subsequently under the second stage. The layout plan was thus to cover infrastructure for a total number of 8 units. The object of the first stage was to generate firm power of 135 M. W. with an installed capacity of 360 M. W.

4.1.3. The salient features of the Project as finally adopted were as follows :—

(a) Water conductor system

The water conductor system consisted of a Head Race channel 2,000 metres long designed to carry 6,000 cusecs of water from the reservoir, followed by a Head Race tunnel, 400 metres long, an open surge tank with two expansion galleries and four steel lined Penstock tunnels each of which bifurcated into 2 open steel Penstocks. At the exit face of the Penstock tunnels there was to be a Valve House to accommodate 8 butterfly valves for regulating the flow of water into the Penstocks and the generating units (6 in the first stage and 2 more in the second stage) to be housed in a Power House (length : 129 metres and width : 44 metres). After power generation, the water was to be discharged into the Potteru river through a Tail Race channel, 1,847 metres long for eventual utilisation for irrigation purposes.

(b) Electrical system

The first stage of the power plant provided for installation of 6 vertical shaft turbines and the second stage 2 more.

4.1.4. *Project estimates*

(a) As per the original Project Report (1960) the estimated cost was Rs. 11,72.47 lakhs (civil works : Rs. 7,26.84 lakhs and electrical works : Rs. 4,45.83 lakhs). In September 1964 the Project estimate was revised to Rs. 21,82.69 lakhs (civil works : Rs. 13,05.64 lakhs and electrical works : Rs. 8,77.05 lakhs) and the Government accorded administrative approval for this amount in April 1966. The estimates for the civil works were thereafter enhanced from time to time to Rs. 14,90.98 lakhs in August 1966, to Rs. 18,61.83 lakhs in 1972 and finally to Rs. 20,70.64 lakhs in September 1975. Similarly, the estimates for electrical works were also revised from time to time (to Rs. 13,75.20 lakhs in March 1971 and to Rs. 17,09.65 lakhs in September 1975). These revised estimates are awaiting approval of the Government and the Central Power Commission (April 1977). Technical sanction to the Project as a whole has not been accorded so far (May 1977).

(b) The following table shows the Project estimates of 1964 and 1975 and the actual expenditure incurred as per departmental records up to March 1977 :—

Sub-heads	Estimate 1964	Revised Estimate 1975 (unsanctioned)	Expenditure up to March 1977
(In lakhs of rupees)			
Civil works—			
Works ..	13,37.98	20,47.32	19,76.93
Establishment, audit and pensionary charges	1,20.26	1,27.47	1,02.88
Tools and plant ..	11.40	19.23	9.58
Suspense ..	1.00	2.00	24.24
Deduct—			
Receipts and recoveries	(—)1,65.00	(—)1,25.38	(—)33.35
Total—Civil works ..	13,05.64	20,70.64	20,80.28

Sub-heads	Estimate 1964	Revised Estimate 1975 (unsanctioned)	Expenditure up to March 1977
Electrical works—			(In lakhs of rupees)
Works ..	8,64.52	16,24.10	14,76.35
Establishment, audit and pensionary charges	72.10	1,55.21	91.47
Tools and plant ..	7.93	12.34	(—)0.20
Suspense ..	1.00	4.00	82.40
<i>Deduct—</i>			
Receipts and recoveries	(—)68.50	(—)86.00	(—)2.65
Total—Electrical ..	8,77.05	17,09.65	16,47.37
Grand Total ..	21,82.69	37,80.29	37,27.65

The increase in cost as per the revised estimate of 1975 was attributed to the following :—

Particulars	Amount
	(In lakhs of rupees)
(a) Increase in the cost due to higher tendered rates ..	2,39.73
(b) Increase in cost due to changes in designs ..	2,74.87
(c) New items not contemplated in the original estimate	72.53
(d) Increase in cost of material, freight, in customs duty etc.	4,11.72
(e) Increase in cost of establishment ..	1,77.30
(f) Other reasons ..	4,21.45
Total	15,97.60

4.1.5. Construction Programme

According to the construction programme prepared in 1967, the entire Project was to be completed by June 1970, the first two units to be commissioned in 1968 and four other units by June 1969. In March 1968 after discussion with the Central Water and Power Commission the construction programme of both the Joint Dam and the Power Project was revised. The revised schedule for completion of the Power Project and the actual dates of commissioning the units are indicated below :—

	Revised scheduled date	Date of commissioning
Unit I	.. August 1972	15th August 1973
Unit II	August 1972	26th January 1974
Unit III	.. June 1973	15th August 1974
Unit IV	.. June 1973	26th March 1975
Unit V	.. June 1973	7th May 1976
Unit VI	.. June 1973	December 1976
All other civil construction works	1973-74	In Progress (May 1977)

The main factors that contributed to the delay in commissioning as mentioned in the revised estimates prepared in 1975 were (i) abnormal delay in the shipment of certain critical items by the foreign suppliers for commissioning of units I and II and (ii) delay in deputation of specialists by the suppliers.

4.1.6. Head Race Channel

The Head Race Channel commencing from RD *minus* 500 to RD 6,000 feet (bed width : 50 to 53 feet, average depth : 55 feet and full supply depth : 32 feet) constitutes the first part of the water conductor system connecting the Reservoir with the pressure tunnel and is designed to carry 6,000 cusecs of water up to the tunnel mouth.

The construction of the Head Race Channel involving mainly excavation in all kinds of soil and rock was estimated (January 1963) to cost Rs. 24.8 lakhs. Due to changes in design and in the specifications on the advice of the Central Water and Power Commission, the estimate was revised (August 1963) to Rs. 79.96 lakhs. The designs and specifications were again modified thereafter eliminating the proposed concrete lining of the channel and the work was administratively approved (September 1965) at a cost of Rs. 52.93 lakhs. After completion of the work in 1972 a revised estimate for Rs. 81.04 lakhs was prepared in 1975 on the basis of actual expenditure and is pending approval by the Government (May 1977).

The work for the entire length was first put to tender in March 1963. Before a decision was taken on these tenders, the designs were changed and fresh tenders were called for in August 1963. Five tenders received in response ranged between 69 and 209 per cent over the estimated cost. The lowest tenderer was called for negotiation in December 1963. But the contractor did not agree to reduce the rates. The Chief Construction Engineer rejected (December 1963) all the tenders without reference to the contract committee and the Government as required under the rules. In December 1963, the Chief Construction Engineer ordered invitation of fresh tenders by dividing the work into three reaches but no approval of the Government was obtained for splitting up the work as required under the rules. Subsequently, in July 1964, the work between RD 00 feet to RD 5,000 feet was divided into 5 different reaches and tenders were invited separately for each of these reaches and the portions from RD *minus* 500 to RD 00 and from RD 5,000 to 6,140 feet were not put to tender.

On the basis of tenders invited in July 1964 the work was entrusted to different contractors at the lowest tendered rates as indicated below :—

Particular of reaches	Tenderer	Estimated cost	Tender value	Excess over estimate	Stipulated date of completion
(1)	(2)	(3)	(4)	(5)	(6)
(In lakhs of rupees)					
Reach I RD 0 to 1,000 feet	'B'	5.01	5.39	..	30th June 1966
Reach II RD 1,000 to 2,000 feet		6.97	5.40	(—)22.63 per cent	30th June 1966
Reach III RD 2,000 to 3,100 feet	'K'	13.44	11.89	(—)11.55 per cent	30th June 1966
Reach IV RD 3,100 to 4,000 feet	'M'	7.47	9.91	32.70 per cent	29th September 1966
Reach V RD 4,000 to 5,000 feet		18.42	13.76	(—)25.75 per cent	6th March 1967

Even after the splitting up, two of the reaches were estimated to cost more than Rs. 10 lakhs, but the tenders for these reaches were also not got approved by the tender committee as required under the rules.

Contractor 'B' who executed Reach I was entrusted (October 1964) with the excavation from RD *minus* 500 to RD 00 at his tendered rates for Reach I. The section between RD 5,000 to 6,140 feet was entrusted (June 1964) to contractor 'P' who was executing the main tunnel work, against a supplementary agreement to the tunnel work agreement at fresh rates quoted by him.

The following points were noticed in audit:—

(1) The work was not completed in any of the reaches within the time originally stipulated in the contracts. In Reaches II, III, IV and V the contractors left the work (June 1968) incomplete and the balance work was got completed through other agencies. The extent of delay in completion of the works is indicated in the table below :—

Reach Number	Date of commencement	Stipulated date of completion as per the original agreement	Actual date of completion	Delay	
				Years	Months
(1)	(2)	(3)	(4)	(5)	
I	7th October 1964	30th June 1966	June 1968	2	0
II	Ditto	Ditto	March 1972	5	9
III	Ditto	Ditto	March 1972	5	9
IV	29th September 1964	26th September 1966	June 1972	5	9
V	6th September 1965	6th March 1967	October 1972	5	6

(2) Work in Reach III RD 2,000 to RD 3,100 feet was stipulated for completion by June 1966 but was left incomplete by contractor 'K' in June 1968. The balance work was got executed through another contractor 'C' on fresh tenders invited in November 1970 and was completed in March 1972. The extra cost of execution of the balance work was Rs. 0.65 lakh as compared with the rates of contractor 'K'. The agreement of 'K' was, however, closed in March 1971 without imposing any penalty or recovering the extra cost from him.

(3) (a) As mentioned earlier, the work of excavation in the reach from RD 5,000 to RD 6,140 was not put to tender but was awarded in December 1970 to contractor 'P' who was executing the main tunnel work at rates quoted by him on the ground that it was not possible to introduce another agency in that area without disturbing the working arrangements of contractor 'P'. The work in the portion between RD 5,000 and RD 6,000 actually involved open excavation in hard rock for which a rate of Rs. 610 per 1,000 cubic feet quoted by the contractor was accepted. This rate was considerably higher than the rate provided in the main tunnel work agreement for excavation in hard rock, which was Rs. 420 per 1,000 cubic feet. The rate for comparable work in the adjacent reach RD 4,000 to RD 5,000 was only Rs. 440 per 1,000 cubic feet. The extra expenditure due to acceptance of the higher rate for open excavation, for which the rates are ordinarily lower than those for tunnel excavation, without invitation of tenders for the portion entrusted to 'P' was Rs. 1.96 lakhs (8.89 lakhs cubic feet of hard rock) computed with reference to the hard rock excavation rate provided in the contract for the tunnel.

(b) According to the contract for the main tunnel the contractor had to make his own arrangements for *adits* (approach tunnels) at his own expense for working from the tunnel face at RD 6,140. The tunnelling work

commenced in June 1964. After 6 years of its commencement it was decided by the Additional Chief Engineer in December 1970 to shift the tunnel face to RD 6,000 feet. As already mentioned the tunnelling work from RD 6,000 feet to RD 6,140 feet was also entrusted to the same contractor 'P' at the same rates at which main tunnelling work was entrusted to him. For tunnelling work in RD 6,000 feet to RD 6,140 feet, however, the contractor was paid for quantities including those for the *adit* tunnel, the cost of which should have been borne by him. The department did not have the measurements of the *adit* tunnel.

Further, prior to the decision to shift the tunnel face from RD 6,140 feet to RD 6,000 feet, the contractor had already done excavation in the surface portion of the open cut from RD 6,140 to RD 6,000 of the open channel and been paid Rs. 0.43 lakh for the same. Due to the decision to shift the tunnel face to RD 6,000 this excavation on the surface became superfluous and the expenditure of Rs. 0.43 lakh thereon became infructuous.

(4) As per the special conditions of the agreement executed by different contractors for the various reaches it was the responsibility of the contractors to keep the reaches free from water and the cost of drainage was to be considered as included in the rates for excavation without any allowance being made for the nature of the material excavated *viz.*, dry or wet. Nevertheless, payments totalling Rs. 0.30 lakh were made for silt clearance to the contractors of Reaches IV (Rs. 0.08 lakh) and V (Rs. 0.22 lakh) at rates specified in the agreements for excavation of ordinary soil.

4.1.7. Intake structure

(i) The intake structure of the pressure tunnel comprises the trash rack, gate shaft and gate house. According to the design of the Project Estimate 1964, all the three components of the structure were to have been located at RD 6,140 feet of the headrace channel to which reference has been made earlier. The trash rack itself is a metal screen installed at the point of intake of the tunnel to prevent entry of trash materials into the tunnel.

The Project Estimate 1964 made a lump provision of Rs. 30 lakhs for the three components of the intake structure.

(ii) The work on the intake structure (excluding the metal portion of the trash rack) was put to tender in 1964 as a constituent of the work of "construction of Power Tunnel, Gate shaft, Surge tank and Penstock tunnels for Balimela Power House" and the entire work was awarded to contractor 'P' at his lowest negotiated rates. As mentioned earlier, in December 1970, 'P' was also entrusted with the work in the reach from RD 5,000 to RD 6,140 of the headrace channel without invitation of tenders on the ground

that award of the reach to any other contractor would disturb working arrangements for the tunnel work. The agreement originally stipulated completion of the work by June 1967. Due, however, to changes in design of the tunnel and reported non-availability of spares for machinery employed, extension of time was granted for completion of the head race tunnel from time to time till the end of December 1972.

(iii) In June 1970, contractor 'P' pleaded for advancement of the tunnel length from RD 6,140 feet to RD 6,000 feet to facilitate early completion of the work and this was accepted by the Chief Construction Engineer (now Additional Chief Engineer). Simultaneously, the design was modified and the location of the trash rack was shifted to the altered point of intake of the the tunnel at RD 6,000 feet while the location of the gate shaft and gate house remained unaltered at RD 6,140 feet. To suit the new location of the trash rack, its diameter was also reduced from 65 feet to 34 feet.

(iv) According to clause 11 of the conditions of the existing agreement the contractor could be directed by the Engineer-in-charge to execute the work as per the revised designs at the contract rates. But the works of excavation and concreting of trash rack foundation was put to retender in November 1971. On enquiry by Audit, the Additional Chief Engineer stated (May 1974) that the changes in design altered the scope of the corresponding item of the contract and thus constituted extra items to the contract and that it was decided to invite tenders for the work so as to have definite and competitive rates for the item before taking up execution.

(v) In response, only a single tender from the same contractor 'P' was received quoting much higher rates for different items of work as well as stipulating several unusual conditions. Particulars of some special conditions stipulated in the tender are given below :—

Special conditions stipulated	Remarks
Recovery of hire charges for concrete mixers supplied to him for the actual number of hours worked.	In ordinary practice, recovery of hire charges is made from the date of handing over from the workshop up to the date of return by the contractor.
Refund of security deposit within 3 months of completion of work.	According to Rule 3.5.20 of the Orissa Public Works Department Code security deposit is refundable after 6 months from the date of satisfactory completion of work provided that the contractor's final bill has been paid.
Stoppage of work on date of entry of water or by August 1972, whichever was earlier.	Stoppage of work before completion is not ordinarily provided for in any contract. Non-completion of work by stipulated date constitutes breach of contract.

The single tender for Rs. 7.99 lakhs (20 per cent excess over the estimate) was accepted by the Additional Chief Engineer without prior approval of the contract committee/Government and order to commence the work was issued by him on 4th February 1972 for completion by 3rd June 1972. Running account payments (Rs. 1.53 lakhs) were also made on the basis of an interim agreement drawn for the purpose (later substituted by a formal agreement).

The contract committee to whom the tender was submitted for consideration recommended acceptance of the single tender after it was observed by the member representing the Law Department that "a change in the special conditions at this stage may create complications as the offer of the firm and the acceptance of the Additional Chief Engineer is already complete."

(vi) The payment to 'P' for work on the trash rack (final bill paid in March 1974) was Rs. 9.78 lakhs. It exceeded the amount payable with reference to the rates of his earlier contract by Rs. 4.29 lakhs.

(vii) According to the revised design, the trash rack was located in the open cut portion of the channel at RD 6,000 feet. Water was impounded in the reservoir on 15th August 1972 since which date there was water in the channel. It was, however, seen that measurements of work had been recorded by 14th August 1972 (as per fourth running bill measured on 14th August 1972 and paid on 23rd August 1972) only for work up to RD 1,445 feet (whereas the drawings and designs required execution up to RD 1,483 feet). Additional quantities of work were thereafter found to have been recorded in the measurement books as measured between March 1973 and June 1973, *i. e.* seven to eleven months after stoppage of work in August 1972. The value of work paid on four more running account bills against measurements recorded after August 1972 amounted to Rs. 2.33 lakhs. The matter was referred to the Department and Government in January 1976 for clarification. No reply has been received (May 1977).

(viii) The tender notice stipulated that the basic unit rate was to be quoted on the basis of a standard usage of 18 CWT of cement per 100 cubic feet of concrete. If any additional cement was specified to be used, the unit rate quoted was to be increased by the value of additional cement used at issue rates. Up to August 1970, 0.74 lakh cubic feet of concrete work was executed, 14,065 bags were shown as issued to the contractor for use on the work. The requirement of cement as per the contract worked out to 12,754 bags. No directions requiring the contractor to use additional quantity of cement were on record. The department, however, paid Rs. 0.46 lakh to the contractor in March 1974 towards the cost of 3,103 bags of cement said to have been used in excess of the standard specified in the contract. Even assuming that the entire quantity of 14,065 bags issued to the contractor

were consumed on the work as per directions of the department, the contractor should have been paid extra only for 1,311 bags issued in excess of the standard requirements. The excess payment of Rs. 0.27 lakh being the cost of 1,792 bags for cement not utilised in the work is recoverable from the contractor.

4.1.8. Head Race Tunnel

The Head Race Tunnel is a (13,200 feet long, 25 feet diameter) horse-shoe shaped rock tunnel designed to carry 6,000 cusecs of water under pressure control up to the surge shaft. The work involved mainly underground excavation in hard rock by blasting and concrete lining of the tunnel surface. Administrative approval for the work was accorded by the Government in June 1964, for Rs. 293 lakhs and the estimate was technically sanctioned by the Additional Chief Engineer for Rs. 261 lakhs in September 1965.

In June 1964, the work together with the works on gate shaft, penstock tunnels and surge shaft was put to tender at an estimated cost of Rs. 360 lakhs. Six tenders were received and all the works were awarded (June 1964) to the lowest tenderer 'P'. The contract stipulated completion of all the works by June 1967. With a view to having a tunnel of larger capacity to carry adequate water for running 8 generating units, the design was modified in June 1964 by increasing the diameter from 20 feet to 25 feet and the thickness of lining from 12 inches to 18 inches. The length of the tunnel was also increased from 8,000 feet to 13,200 feet. Because of these changes in design and non-availability of spares for machinery employed, the contractor was granted extension of time up to December 1972. The works were completed by December 1972.

The following points were noticed in Audit :—

(1) The Head Race Tunnel was opened for trial operation on fifteenth August 1972 and for continuous operation from fifteenth August 1973. Table below indicates the details of the measurements as recorded in the measurement books during this period.

Date of measurement	Bill number	Rock excavation	(In cubic feet)	
			Concrete lining	
28th June 1972	..	95th R/A	92,28,207.934	23,18,281.643
6th September 1972	..	96th R/A	92,28,207.934	23,67,240.643
11th October 1972	..	97th R/A	92,28,207.934	23,81,825.320
6th December 1972	..	98th R/A	92,28,207.934	23,87,946.582
20th January 1973	..	99th R/A	93,09,248.229	23,87,946.582
27th March 1973	..	100th R/A	93,09,248.229	24,45,946.582
18th May 1973	..	101st R/A	93,09,248.229	24,45,946.582
14th September 1973	..	102nd R/A	95,80,640.13	26,76,936.10
29th September 1973	..	103rd R/F	95,30,393.68	26,18,635.60

It was seen that the measurements recorded on 14th September 1973 showed the quantity of rock excavation executed up to the previous bill as 92,46,458 cubic feet. As will be seen from the statement above, the quantity shown as executed in the 101st R/A bill paid immediately preceding this bill was 93,09,248.229 cubic feet. No explanations or reasons were available on record to indicate why this quantity was reduced even though it had been earlier recorded as duly measured. At the same time a fresh excavation of additional quantity of 3,31,181 cubic feet was recorded thereby raising the progressive quantity excavated to 95,80,640 cubic feet. Out of the fresh excavation of 3,31,181 cubic feet recorded as measured, 3,29,829 cubic feet were shown as pertaining to the section from RD 6,000 to RD 6,247 feet. The work done in this section was last recorded as measured and paid for in January 1970 and no further measurement was recorded until September 1973 by which time the tunnel itself had been opened for continuous operation from 15th August 1973. As per measurements recorded on 29th September 1973, there was again a reduction in the quantity of rock excavation by 50,246 cubic feet reportedly on account of disallowances for overcuts during excavation.

It would further be seen from the table that measurements were shown to have been taken twice in September 1973 which was not possible after the water was let into the tunnel continuously without any break from 15th August 1973. Net payments made on the basis of measurements recorded after August 1973, that is, after water was let into the tunnel amounted to Rs. 11.57 lakhs as shown below:

Item of work	Rate (Rupees)	Unit (In cubic feet)	Quantity	Amount (Rupees in lakhs)
Excavation in hard rock ..	150	100	2,21,145	3.32
Cement concrete in tunnelling ..	530	100	1,72,699	9.15
				12.47
			Less rebate of 7.25 per cent	0.90
				11.57

During discussion in August 1976 the Additional Chief Engineer agreed that no measurement could possibly have been taken when the tunnel was flooded with water and that the matter required investigation. The matter was also referred to the Government in January 1976 and further developments are awaited (May 1977).

(2) According to the contract, the pay line of the tunnel is defined as a line parallel to the minimum excavation line (profile line) and 6 inches away from it towards rock face. Any excavation done beyond the pay line for any reasons whatsoever was not to be paid for and was to be filled back with concrete at the contractor's cost. The contract, however, provided an

exception in cases where overbreakages exceeded 100 cubic feet at any spot due to geological fault, which in the opinion of the Engineer, the contractor could not prevent in spite of careful blasting ; in such cases the pay line was to be suitably modified to include this unavoidable overbreakage.

The report of the Geological Survey of India (1964) on the basis of which the tunnel alignment was adopted mentioned that (i) "drilling has established fresh and sound rock in the in-let and out-let portals" and (ii) "as per present exploratory results a minimum sound rock of over 28 metres is available along the alignment".

As per the final cross section of the tunnel prepared by the department and accepted by the contractor, quantity of excavation in the tunnel bounded by the pay line marked on approved sections measured 84.54 lakh cubic feet. The department has, however, allowed 95.30 lakh cubic feet of excavation in the final bill. The value of work done on overbreakages, beyond the pay line and included in the final bill was Rs. 67.87 lakhs. The final bill prepared in September 1973 for a *minus* amount of Rs. 2.63 lakhs awaits recovery (April 1977).

Measurements in respect of overbreakages were recorded at every 10th chain but not for particular spots and did not also indicate that the overbreakages were due to geological faults. The Irrigation and Power Department stated (March 1976) that it was seized of the problem of overbreakages in the tunnel works and had appointed a committee to go into the question ; its report is awaited (May 1977).

(3) As per the terms of the contract, the mix design of cement concrete was 18 Cwt of cement per 100 cubic feet of concrete and if any additional cement was specified to be used, the unit rate of payment was to be increased by the value of additional quantity of cement at issue rate. There was no record of specific directions to the contractors regarding the extent to which additional cement was to be used. The revised estimate prepared (1975) on the basis of actual work done adopted the actual mix proportion as 21.68 bags per 100 cubic feet. On this basis payment for additional consumption of cement was admissible for 3.40 bags per 100 cubic feet of cement concrete (21.68 bags actually used *minus* 18.28 bags equivalent of 18 Cwt already included in the unit rate as per contract). The contractor was entitled to payment for 89,046 bags of cement used extra with reference to the final record of measurement of 26.19 lakh cubic feet of cement concrete work, whereas he was paid for additional cement of 98,806 bags. The value of 9,760 bags of cement paid to the contractor over and above the quantity admissible amounted to Rs. 1.03 lakhs. During discussion, the Additional Chief Engineer explained (August 1976) that overpayment occurred due to a computation mistake.

4.19. Penstock Tunnels

The construction of four concrete Penstock Tunnels each 183 metres long (diameter: 3.73 metres) estimated to cost Rs. 47.10 lakhs was entrusted to contractor 'P' on tender basis in June 1964 as a constituent of the work "construction of Power Tunnel, Gate Shaft, Surge tank and Penstock tunnels for Balimela Power House".

According to the original design the tunnels were to be executed with 'C' class reinforced concrete with heavy reinforcements to be provided around the surface of the tunnels. The contract provided for payment at Rs. 500 per 100 cubic metres of class 'C' reinforced concrete; according to the conditions of the contract, this rate was applicable for use of 18 cwt of cement per 100 cubic feet of concrete work. In actual execution, the design was changed to provide for steel pipes being inserted inside the tunnels and to fill the gap between the tunnel surface and the steel liner with concrete; as stated by the Department (June 1975) the change was adopted to give more strength and durability to the water conductor system. The item of work class 'C' R. C. C. lining behind steel liner was treated as an extra item and a rate of Rs. 573.75 per 100 cubic feet was approved by the Additional Chief Engineer in December 1970. According to the Executive Engineer (June 1975), the rate was finalised after negotiation with reference to actual observation during execution by using 19.75 bags of cement per 100 cubic feet of concrete work.

The work which was scheduled to be completed by June 1967 was actually completed in December 1972 and the final bill was paid in March 1974. As per the final bill 3.91 lakh cubic feet of cement concrete behind steel liner was executed and payment of Rs. 22.44 lakhs (at Rs. 573.75 per 100 cubic feet) and Rs. 0.25 lakh towards cost of additional 2,271 bags of cement as having been used on this item was made to the contractor. The contractor, thus, got paid for a total of 79,512 bags of cement—for 77,241 bags of cement as a component of the rate of Rs. 573.75 per 100 cubic feet (at Rs. 19.75 bags per 100 cubic feet for 3.91 lakh cubic feet) and for 2,271 bags separately. It was, however, seen from the statement of materials consumed in support of the final bill that only 72,668 bags of cement had been issued to the contractor and was actually consumed on this item. The contractor was, thus, found to have been allowed payment for cost of 6,844 bags of cement in excess of the actual consumption. The excess payment amounted to Rs. 0.74 lakh. On this being brought to his notice, the Executive Engineer stated (June 1975) that the amount would be recovered from other dues of the contractor. The recovery is still awaited (May 1977).

4.1.10. Tail Race Channel

After utilisation in power generation the water discharged is conveyed to the nearby river Potteru through the Tail Race Channel (length: 1847 metres; bed width: 24.38 metres; maximum discharge capacity: 8000 cusecs) for eventual utilisation for irrigation purposes.

As per administrative approval accorded in 1964, the Tail Race Channel was estimated to cost Rs. 64.80 lakhs. A revised estimate prepared in September 1975 for Rs. 85.50 lakhs is awaiting sanction (May 1977). The work was divided into five reaches for purposes of execution. Work in reaches III and IV (RD 1,500 to RD 3,300) was entrusted after tender to contractor 'K' (being the lowest tenderer for both reaches) in November 1967 for completion by November 1969. As per the estimate and tender documents, work in reach III required excavation in hard rock (30,000 cum) only and the agreement provided a rate of Rs. 1,575 per 100 cum for the item. The agreement for reach IV provided for excavation in hard rock (35,000 cum) at Rs. 1,575 per 100 cubic metre and for excavation in all kinds of soil including disintegrated medium and soft rock other than hard rock (65,000 cum) at Rs. 900 per 100 cum. During execution, a strata requiring excavation in all kinds of soil other than hard rock was met with in reach III also and the contractor demanded (April 1969) the same rate of Rs. 900 for this item in this reach as in reach IV and stopped further work in both reaches pending acceptance of the rate by the Department. The departmental analysis for the additional item in reach III (further quantity left and executed by the next agency to attain completion was only 1,114 cum) worked out to Rs. 781.20 per 100 cum. No agreement could be reached on the demand of the contractor and the agreements for both reaches were rescinded (April 1969) under orders of the Additional Chief Engineer which envisaged imposition of full penalty. No penalty has, however, been imposed so far (May 1977).

The final bills of 'K' working up to a *minus* amount of Rs. 2.09 lakhs is awaiting settlement; the various factors that contributed to the *minus* amount are given below:—

	Amount (Rupees in lakhs)	
(i) (a) Excess measurements recorded and paid on running bills	0.63	} 0.31
(b) Deduct value of work to be billed	0.32	
(ii) Cost of materials awaiting recovery		0.54
(iii) Hire charges of tools and plant awaiting recovery		0.60
(iv) Cost of electrical energy awaiting recovery		0.64
Total		2.09

The security deposit of the contractor for the work held by the Department was Rs. 0.39 lakh only.

The balance of work in both the reaches was put to fresh tender in November 1970 and was entrusted to the lowest tenderer 'R' in January 1971, for completion by June 1971.

The execution of the balance work by 'R' involved an additional cost of Rs. 1.35 lakhs with reference to amount that would have been payable to 'K'.

4.1.11. Classification of excavation items as hard rock

Mention was made in paragraph 4.1.39 of the Report of the Comptroller and Auditor General of India—Civil for 1974-75 of classification of quantities of excavated materials as hard rock in excess of the blasting potential of the gelatine used, entailing payment at higher rates for excavation work to contractors in the Balimela Dam Project.

Instances of similar payment for hard rock excavation in excess of the blasting potential of the gelatine used were noticed in audit of the Balimela Hydro Electricity Project also as indicated below:—

Particulars of work	Agency employed	Gelatine issued (In kilograms)	Hard rock excavation possible at 4 cubic metres per kilogram	Excavation paid for as hard rock	Difference between column 5 and column 4.
(1)	(2)	(3)	(4)	(5)	(6)
				(In cubic metres)	
Excavation of Head Race Channel—					
RD 00—RD 2,000	.. Contractor 'B'	2,625	10,500	27,362	16,862
	.. Contractor 'K'	1,320	5,280	7,963	2,683
	.. Job-workers	1,075	4,300	8,238	3,938
RD 2000—RD 3100	.. Contractor 'K'	7,200	28,800	34,717	5,917
	.. Job-workers	2,725	10,900	13,932	3,032
RD 3,100—RD 4,000	.. Contractor 'M'	11,450	45,800	54,487	8,687
RD 4,000—RD 5,000	.. Contractor 'M'	10,250	41,000	50,435	9,435
Excavation of Power House Foundation	Different Contractors	66,075	64,300	3,08,008	43,708

According to the Superintending Engineer, Balimela Dam Circle (November 1975) one kilogram of gelatine issued by the department could blast 3 to 4 cubic metres depending on rock formation. In March 1976, the department stated that the Additional Chief Engineer was being asked to give his technical opinion and details of use of excavation materials after verification of records. Further developments are awaited (May 1977).

4.1.12. Disposal of empty cement bags

In all cases where cement was to be used, the contracts entered into with the different agencies for execution of the works, provided for departmental issue of cement with the condition that the empty cement bags should be returned to the departmental stores in good and serviceable condition failing which recovery would be made from the contractors at specified rates. Test check in audit of the accounts of the following works which were completed between June 1967 and December 1972 disclosed that empty cement bags had not been returned by the contractors and recovery as specified in the contracts was not made from the contractors.

Particulars of work	Agency employed	Rate stipulated for recovery for bags not returned	Number of cement bags used as per bills paid	Number of bags for which cost recovered	Number of bags shown as returned	Number of bags unaccounted	Value at contract recovery rates (Rupees in lakhs)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Construction of Head Race Tunnel	Contractor 'P'	Re. 0.50	8,20,044	..	62,854 (upto September 1973)	7,57,190	3.79
Construction of Surge Shaft							
Construction of Gate Shaft							
Construction of Trash Rack Structure	Contractor 'P'	Re. 0.80	16,116	..	..	16,116	0.13
Construction of Erectors Hostel	Contractor 'K'	Re. 0.50	4,529	..	..	4,529	0.02
							3.94

The empty cement bags which were shown as returned were also not taken to stock. Their disposal could, therefore, not be verified.

The matters mentioned above were reported to the Government in January 1976; reply is awaited (May 1977).

DELTA IRRIGATION SCHEME

4.2. Construction of Head Regular at Mundali

The construction of the head regular of headworks at Mundali of the Delta Irrigation Scheme was entrusted (contract value: Rs. 4.90 lakhs) in August 1960 to a contractor by the Chief Engineer. The contract provided a rate of Rs. 25 per 100 cubic feet for blasting hard rock, the quantity of which as per tender schedule was 3.60 lakh cubic feet. The work was to be completed by May 1962.

While the work was in progress it was decided to have excavation done in a length of 50 feet of the canal also along with the foundation on consideration of safety of structure. The contractor, while informing the department in March 1961 about completion of 3.44 lakh cubic feet of excavation in hard rock in foundation, demanded enhancement of the rate for excavation in hard rock to Rs. 60 per 100 cubic feet for further hard rock excavation to be done. In November 1961 the Executive Engineer reported to the Superintending Engineer that the additional quantity was not stipulated in the tender and that during discussions for determination of the rate for the additional quantity taking into account all relevant data including departmental analysis kept for the purpose the latter had agreed to a rate of Rs. 36.90 per 100 cubic feet. Based on this payment at the enhanced rate was made by the Executive Engineer for 3.52 lakhs cubic feet of additional quantity of hard rock excavation through 6 running bills between November 1961 and May 1962. In December 1961, the Superintending Engineer sought the approval of the Chief Engineer for the enhanced rate, stating that the rate was allowed for the quantity not included in the tender schedule taking into consideration all the relevant data. In May 1962 the Chief Engineer informed the Superintending Engineer that "normally extra quantity of work is paid at the same rate noted in the agreement and higher rate, if any, should have been accepted by the proper authority i. e., the authority accepting the tender" (in this case, the Chief Engineer). He also ordered (May 1962) that no rate higher than the contract rate could be allowed. In June 1962, the Chief Engineer ordered stoppage of payment at the higher rate and recovery of the excess payment already made. The excess payment was recovered from the sixth running account bill of the contractor; the payment thereof was accepted by the contractor under protest in May 1964. The work was completed in October 1962 and as per the final bill prepared in May 1965 the total quantity of hard rock blasted was 7.30 lakh cubic feet.

The contractor went in (August 1964) for arbitration through the Court claiming *inter alia* a rate of Rs. 60 per 100 cubic feet for excavation

in hard rock. The Arbitrator appointed by the Court awarded (June 1972) the rate of Rs. 36.90 per 100 cubic feet for the additional quantity of 3.70 lakh cubic feet, in consideration of the fact that the department did not reject the rate of Rs. 60 claimed by the contractor and that the rate of Rs. 36.90 was approved by the Superintending Engineer for the extra quantity and that the firm was paid at this rate from the 12th to 17th running account bills. On an application by the Department (July 1972) the Sub-Judge held (February 1973) that the claim had been decided "on a misconception of the provisions in the agreement" and remitted the award to the Arbitrator for reconsideration and submission to the Court on the ground that "there was an error apparent on the face of the award". The Department did not file any further counter-statement before the Arbitrator. The Arbitrator finally awarded (December 1973) "after hearing the parties once again and examining certain new documents produced by the parties and having duly considered and weighed the effect of the said documents", payment at Rs. 36.90 per 100 cubic feet for the additional quantity. It was stated by the Executive Engineer (November 1976) that the Department was represented on the date of hearing but no new documents were produced as verified from records.

The award was made rule of the Court, with the department raising no objection to the award and an amount of Rs. 0.77 lakh was paid by the department in December 1974 in terms of the award.

The Government observed (December 1974) that proper steps had not been taken by the Executive Engineer to examine the correctness of the revised award and as a result the award was not appealed against and was allowed to acquire finality.

The matter was reported to the Government in March and May 1976 ; reply is awaited (May 1977).

4.3. Excavation of Daya West Branch canal—Mile 15 to Mile 21

Mention was made in paragraph 4.1.33 of the Report of the Comptroller and Auditor General of India for 1973-74 regarding certain aspects of the construction of the Daya West Branch canal. Some further observations are contained in the succeeding paragraphs. Work on excavation of the canal (part of Delta Irrigation System) between RD 15 mile 1,980 feet and RD 21 mile 3,960 feet was entrusted on the basis of lowest tenders in March 1968 to contractor 'S' against 3 agreements for the following reaches (January 1967), for completion by March 1969:—

- (i) RD 15 mile 1,980 feet to RD 17 mile,
- (ii) RD 17 mile to RD 19 mile, and
- (iii) RD 19 mile to RD 21 mile 3,960 feet.

Prior to entrusting the work to the contractor, land required for the work including borrow areas had been acquired by the Department. According to conditions of the contracts which also indicated the borrow areas, it was "the contractor's responsibility to get earth for embankments from private lands if necessary"; the tender call notice which formed a part of the contract also required that his rates were to be inclusive of this. This was also made clear to the contractor by the Executive Engineer in his order (March 1968) entrusting the work.

The works remained under execution by the contractor up to June 1970 up to which extension of time was granted on his applications on grounds of untimely rains and stagnation of water in the borrow area. The contractor failed to complete the works even by the extended date and the Additional Chief Engineer, on the recommendation (June 1970) of the Executive Engineer on grounds that the works were lingering on "due to land trouble and water in the borrow areas", ordered (August 1970 /December 1970) termination of all the three contracts without imposing any penalty. The final bills of the contractor have not been settled so far (May 1977).

Tenders were invited afresh for the incomplete portion of earthwork (2.96 lakh cubic metres) and work reawarded to the same contractor on the basis of lowest tender in January 1971 at a higher rate of Rs. 335 per unit of 100 cubic metres against his earlier contract rates of Rs. 175 per unit in the first and third reaches and of Rs. 189 per unit in the second reach even though the fresh tendering was due to termination of the contract of the same tenderer due to his unsatisfactory performance. The work was stipulated for completion by July 1971 extended later (February 1973) by the Additional Chief Engineer up to March 1973. The contractor executed 2.75 lakh cubic metres of earthwork by May 1973 and stopped further work; extension of time beyond March 1973 has not been granted so far. Further earthwork of 0.08 lakh cubic metres was got executed between June and September 1973 through other agencies at the rates of the later contract of 'S'. Computed with reference to the original contract of 'S', the extra expenditure on execution of 2.83 lakh cubic metres earthwork (Total value: Rs. 9.48 lakhs) at enhanced rate due to termination of the earlier contracts (without penalty) and reaward of the work to the same contractor by invitation of tenders afresh, amounted to Rs. 4.39 lakhs. The final bill of 'S' against the later contract has also not been settled so far (April 1977).

In the course of execution, the side slopes were reduced under instructions of the Superintending Engineer at site of work (May 1969) from the approved design section of 1:2 and 1:4 to 1:1½ and 1:2 on the

ground that in this portion of the canal running through a valley it was difficult to get earth from borrow area as water was appearing in pits within 3 to 4 feet depth. In November 1973, the Superintending Engineer reported to the Additional Chief Engineer that heavy seepage was noticed on releasing water in the canal completed (in September 1973) with reduced side slopes and proposed resectioning of the canal at an estimated cost of Rs. 7.84 lakhs in order to provide the originally designed side slopes which were necessary for functioning of the canal. The resectioning was undertaken in reaches from RD 15 mile 1980 feet to RD 19 mile through various agencies. Expenditure incurred on resectioning up to June 1976 was Rs. 4.60 lakhs. Computed with reference to the rates of 'S' in his original contract, the extra expenditure on resectioning (up to June 1976) amounted to Rs. 2.55 lakhs. According to the Executive Engineer (December 1976) resectioning in the reach from RD 19 mile to RD 21 mile 3,960 feet was yet to be taken up.

The matter was reported to the Government in October 1976; reply is awaited (May 1977).

4.4. Excavation of Daya West Branch canal—RD 22 miles 3,300 feet to 23 miles 3,300 feet

The work "Excavation of Daya West Branch canal from RD 22 miles 3,300 feet to 23 miles 3,300 feet" (Puri District) was entrusted to contractor 'S' in November 1963, for completion within one year. The contract provided *inter alia* the rate of Rs. 24 per 100 cubic feet for excavation in laterite rock, sand stone, stony earth mixed with stone and boulders and disintegrated rocks and that in case of rock other than laterite, blasting materials would be supplied to the contractor by the department, at his cost. Execution of work continued up to June 1971, up to which period extensions of time were granted by the department from time to time.

In November 1970, the contractor represented to the department that from January 1970 he met with very hard rock while excavating in the above reach of the canal and asked for fixation of a rate of payment for the extra item of work.

In April 1971, the Superintending Engineer reported to the Additional Chief Engineer that during actual execution the contractor had to excavate in stratified phillite with quartz (Khandolite) and hard granite and recommended the rate of Rs. 39.62 per 100 cubic feet which was provided in the prevailing schedule of rates for "Blasting hard or sheet rock". The payment at this rate for blasting in stratified phillite with quartz (khandolite) and hard granite with explosives and stacking the debris clear of work was approved by the Additional Chief Engineer in August 1971.

On receipt of the orders, a total quantity of 17.11 lakh cubic feet of earlier excavation (out of total of 47.42 lakh cubic feet already paid at the original contract rate of Rs. 24 per 100 cubic feet) was reclassified, on the basis of section measurements taken afresh in the cutting section, as involving blasting in stratified phillite with quartz and hard granite. Out of quantity reclassified 12.08 lakh cubic feet was in respect of work measured prior to January 1970 and 5.03 lakhs cubic feet in respect of excavation done after January 1970. The contractor in his representation of November 1970 stated that he met with hard rock in January 1970 and had also given an undertaking on 27th December 1969 that he had no claim till that date. Payment of Rs. 0.79 lakh was made in September 1971 on account of the difference between the enhanced rate of Rs. 39.62 per 100 cubic feet and the contract rate of Rs. 24 per 100 cubic feet for 5.03 lakh cubic feet of excavation done after January 1970.

In October 1971 the contractor demanded payment at the higher rate for the reclassified quantity of 12.08 lakh cubic feet excavated prior to January 1970 also. On receipt of the contractor's representation the Superintending Engineer inspected the site and reported to the Chief Engineer (December 1973) that his inspection of the excavated materials lying at site showed that the materials measured under the item of stratified phillite with quartz and hard granite was "almost of very soft variety of stones even softer than sandstone and only 1,630 cubic feet of black hard granite rocks have been recovered and stacked from the entire quantity of 17,10,502 cubic feet". On the basis of this report, the Additional Chief Engineer and the Government were informed by the Audit in February 1974 that there was an excess payment of Rs. 0.78 lakh to the contractor due to reclassification of excavation in August 1971 for a quantity of 5.01 lakh cubic feet at Rs. 39.62 per 100 cubic feet with reference to the original contract rate of Rs. 24 per 100 cubic feet suggesting recovery of the amount. The claim of the contractor for enhanced rates for 12.08 lakh cubic feet of excavation prior to January 1970 was rejected by the Government in December 1975 in view of the undertaking he had given on 27th December 1969 to the effect that he had no claim till that date. However, no action was taken for recovery of the amount excess paid for 5.01 lakh cubic feet of excavation.

In July 1976, the Government stated that the Additional Chief Engineer has been reminded in the matter. Further developments are awaited (May 1977).

4.5. Infructuous expenditure on aqueduct over Dengijori sluice

The Dengijori sluice was constructed in 1948-49 on the right embankment of river Taunla (a branch of Devi River) to drain out the stagnant water of the catchment area between the right embankment and the adjacent

Niali-Madhab road. When the Kakatpur Branch canal of the Delta Irrigation System was constructed in 1963 on the right bank of the Taunla river, the sluice closed. As the closure of the sluice was causing accumulation of stagnant water in the catchment area, the Department decided in 1970 to divert the alignment of the Kakatpur Branch canal taking it through an aqueduct to be constructed over the sluice and drain out the stagnant water through the sluice which was to be reopened. The construction of the aqueduct over the Dengijori sluice at RD 31 mile 1,550 feet at an estimated cost of Rs. 1.84 lakhs was technically sanctioned by the Chief Engineer, Irrigation in November 1970.

The work was commenced in December 1970. During the course of execution, the Executive Engineer, Prachi Division, reported to the Superintending Engineer in February 1971 that although the aqueduct was designed on the consideration that the existing drainage sluice was safe and could carry the extra load, on clearance of the overburden of the closed sluice, cracks were noticed in the old structure "continuous in all spans including the arch itself, piers and abutment and foundation". The Additional Chief Engineer, Irrigation after inspection of the site in February 1971 observed that the damage was only due to unequal settlement particularly due to difference in levels between sill level and the river bed and that by properly negotiating the downstream fall and upstream cut off, the structure might be quite safe and ordered continuation of the work as per the design already approved. The work was completed in August 1971 at a cost of Rs. 1.79 lakhs.

In August 1972, the Sub-divisional officer, Kantapada, proposed an estimate for remodelling the drainage sluice in order to protect the aqueduct and this was technically sanctioned by the Additional Chief Engineer in August 1973 for Rs. 2.43 lakhs. Before the remodelling work was taken up for execution, the Director of Designs after inspection of the site in March 1974 accompanied by the Superintending Engineer observed that cracks had appeared in the sluice in "all possible directions" and recommended abandonment of the combined structure (sluice-cum-aqueduct). Later, the Additional Chief Engineer after inspection of the site ordered (April 1975) the replacement of the sluice-cum-aqueduct, which had started failing, by a new one.

The construction of a new aqueduct over the Dengijori Nulla at a new site at RD 50.362 kilometres over the Kakatpur Branch canal at an estimated cost of Rs. 2.50 lakhs, was undertaken in January 1976; the new aqueduct programmed for completion by July 1976 is in progress (May 1977).

In the mean time an expenditure of Rs. 0.26 lakh was incurred in 1974 on protective measures to the existing sluice-cum-aqueduct.

The matter was reported to the Government in March 1976; reply is awaited (May 1977).

4.6. Excavation of Nuagaon distributary—Third reach

Tenders were invited in April 1968 for the work "Excavation of Nuagaon Distributary—Third Reach (Balance work)" (estimated cost: Rs. 2.18 lakhs). The schedule of items of work attached to the tender notice included the following items of earthwork:—

- (1) Earthwork in hard soil with initial lead and initial lift, including rough dressing, etc.
- (2) 9 extra leads of 30 metres each over initial lead of 30 metres.
- (3) 10 extra leads of 30 metres each over initial lead of 30 metres.

Two tenders were received, out of which the tender of 'B' was adjudged to be lower on the basis of the comparative statement for the items as appearing in the tender schedule and was accepted in July 1968. In the agreement with 'B', however, the second and third items mentioned above were described as "up to 9 leads of 30 metres each over initial lead of 30 metres" and "up to 10 leads of 30 metres each over the initial lead of 30 metres", respectively.

In the course of execution, earth to the extent of 33,765 cubic metres was actually brought from borrow areas involving 3 to 8 extra leads. Payment for the carriage of this quantity involving lesser leads was, however, made at the rate for "9 extra leads" in terms of the description of the item in the agreement as "up to 9 leads". Had the agreement been drawn up strictly in conformity with the nomenclature contained in the schedule of items for the work put to tender, items for leads other than 9 leads and 10 leads would have constituted extra items. Under the contract, for extra items of work not included in the contract, the contractor should have been paid at the prevalent schedule of rates. On this being pointed out by Audit in October 1971, the Additional Chief Engineer ordered (October 1973) recovery from the contractor of the extra payments made to him. In November 1973, the Executive Engineer assessed the amount recoverable to be Rs. 1.01 lakhs as detailed below:

Extra leads	Volume of earth-work	Rate at which payment made	Rate payable as per schedule of rates	Excess payment	
				Rate	Amount
(1)	(2) (In cubic metres)	(3) (In rupees)	(4)	(5) (In rupees)	(6) (In rupees)
Three	115.83	375	36	339	393
Four	8,575.83	375	50	325	27,871
Five	8,534.94	375	65	310	26,458
Six	6,108.53	375	80	295	18,020
Seven	2,875.25	375	95	280	8,051
Eight	7,554.18	375	110	265	20,019
			Grand Total	..	1,00,812
					or Rs. 1.01 lakhs,

The Executive Engineer informed (November 1973) the contractor of the proposed recovery consequent on correction of the error in the nomenclature of the item for extra leads as adopted earlier in the agreement, calling upon him to attend his office for attesting the correction. The contractor, however, did not (November 1973) agree to the changes and threatened legal action. On a further reference (July 1974) in the matter being made by the Superintending Engineer, the Government held (January 1975) that the orders of the Additional Chief Engineer were not in conformity with the terms and conditions of the agreement and that since the agreement had been executed with the knowledge of its contents it could not be contended that there was any mistake therein. The Government also ordered that charges should be framed against the Executive Engineer for his acts of omission and commission which resulted in the excess payment. Further developments are awaited (May 1977).

The matter was brought to the notice of the Government in September 1975; reply is awaited (May 1977).

RENGALI MULTIPURPOSE PROJECT

4.7. Purchase of stone crushers

Tenders were invited by the Executive Engineer, Talcher Irrigation Division (now Camps and Buildings Division, Rengali) in March 1973 for supply of 4 diesel driven stone crushers (estimated value: Rs. 2.80 lakhs) and 6 electric driven crushers (estimated value: Rs. 2.70 lakhs) with spare parts for two years and six conversion kits. Four tenders were received in response, two of which were received after the scheduled time for receipt and opening of sealed tenders; none of these were supported by earnest money deposit as required in the tender call notice. The comparative position of different tenders was as follows:—

(1)	Offers received within time		Offers received after time	
	Firm G. C. (2)	Firm G&A (3)	Firm H (4)	Firm M (5)
	(In rupees)			
Electric driven stone crushers	33,892	31,500	51,500	52,811
Spare parts for two years	18,318	..	..	30,000
Conversion kits	3,490	4,400	..	8,285
Diesel driven crushers	40,731	45,600	55,050	57,866

The Additional Chief Engineer recommended (August 1973) to the Government to purchase from 'M', the highest tenderer 10 electric crushers with totally enclosed fan cooled (TEFC) motors along with spares for two

years and conversion kits; the rate offered by firm 'M' was open for sixty days i. e., up to 18th June 1973. Purchase of diesel crushers was not considered on the grounds that power supply was anticipated by November 1973. Before any decision was taken by the Government, firm 'M' intimated in November 1973 increase in rates of all items tendered, (increased price of electric crushers: Rs. 0.65 lakh each) which were valid for a further period of sixty days from the date of offer. The Additional Chief Engineer recommended to the Government (February 1974) purchase of ten crushers at the enhanced rate. No recommendation was made with respect to spares and conversion kits. The Government accorded sanction in March 1974 to the purchase at the enhanced rates and the Additional Chief Engineer placed orders (March 1974) on the firm, but without stipulating any date for completion of supply. The firm supplied only two crushers in July 1974 without motors and starters. On 2nd September 1974, the firm intimated that there had been a further increase in the price of the electric motors and there was also likelihood of delay in delivery of such motors. It offered alternatively to supply crushers with motors of a different type (SPDP-screen protected drip proof in place of TEFC—totally enclosed and fan cooled) at Rs.0.63 lakh each or to supply diesel driven crushers at Rs. 0.73 lakh each. Without enforcing the terms of the earlier supply order, the Additional Chief Engineer revised the purchase order (7th September 1974) for supply of eight electric crushers instead of ten, with SPDP type of motors stipulating completion of supply by October 1974.

The supply was completed in December 1974. *Ex-post facto* sanction for purchase of different type of crushers at the revised rate was accorded by the Government in May 1975. The extra expenditure incurred on the purchase of these crushers computed with reference to the rate initially offered in April 1973 was Rs. 0.83 lakh. In September 1976 the Chief Construction Engineer (formerly designated Additional Chief Engineer) clarified on enquiry by Audit that TEFC motors give trouble-free service whereas SPDP motors require frequent maintenance.

In September 1974, the Additional Chief Engineer proposed to the Government purchase of 2 diesel crushers at Rs. 0.73 lakh each (the rate quoted by firm 'M' in September 1974) for work during shut down of electric power and also in remote areas where electricity was not available. The Government sanctioned the purchase in May 1975 and order was placed with the firm by the Additional Chief Engineer in June 1975. Supply was completed in February 1976. According to the Chief Construction Engineer (September 1976) the diesel driven crushers were to be transferred to other works. Further developments are awaited (May 1977). The extra expenditure incurred on the purchase of these crushers computed with reference to the first offer received in April 1973 was Rs. 0.32 lakh.

In April 1974, the Additional Chief Engineer approached the Government for sanction for purchase of spares and conversion kits at the enhanced prices of Rs. 0.35 lakh and Rs. 0.10 lakh respectively quoted by firm 'M' in November 1973. The Government sanctioned the purchase in October 1974. In the meantime, the firm intimated further increase in the prices for spares to Rs. 0.60 lakh in September 1974 and for conversion kits to Rs. 0.12 lakh in November 1974. Revised supply order for these was placed (for spares in January 1975 and for conversion kits in June 1975) at the higher rates quoted in September and November 1974, after obtaining fresh sanctions of the Government. On enquiry by Audit, the Chief Construction Engineer intimated (September 1976) that "the question of spares and kits was left out inadvertently while seeking sanction of the Government in February 1974". The purchase orders did not stipulate the period for supply. Conversion kits and spare parts were supplied by the firm by December 1975. The extra expenditure incurred on the purchase of spares and conversion kits computed with reference to the first offer received in April 1973 was Rs. 3.11 lakhs.

Failure to avail of the offer of the firm within the specified period of validity of the tender and acceptance of subsequent revisions in the rates resulted in an overall extra expenditure of Rs. 4.26 lakhs. The Additional Chief Engineer stated (April 1976) that 'due to urgency', purchase orders were issued in favour of the firm 'M' which was the only tenderer (in April 1973) 'as per specification and size though their rate was high'.

The Government stated (May 1977) that the stand of the Chief Construction Engineer that calling for further quotations as and when the prices were increased by the firm would have caused delay in supply was hardly convincing. They also stated that no enquiry was made as to the price prevailing in the market before increase in rates by the firm was accepted.

4.8. Salia Medium Irrigation Project

4.8.1. The Salia Medium Irrigation Project was administratively approved by the Government in 1960 at an estimated cost of Rs. 69.78 lakhs. The Project envisaged construction of an earth dam with a chute spillway across river Salia and a dyke and canal system consisting of two main canals, eleven distributaries and eight minors so as to provide *Kharif* irrigation for 20,000 acres in the districts of Ganjam and Puri and *rabi* irrigation for 6,750 acres in Puri District.

Work on the Project was commenced in 1960-61 and was programmed for completion in 1961-62. During the course of execution after more drilling data was available, the estimates were revised in July 1967 to Rs. 2,93.84 lakhs the increase in cost (321 per cent) being due mainly to new structures and further excavation necessitated by changes in designs (Rs. 65.11 lakhs), higher tenders and increase in cost of labour and material (Rs. 82.64 lakhs) and other factors (Rs. 76.31 lakhs).

The revised estimate has not received the sanction of the Government so far (May 1977). In the meantime a second revised estimate for Rs. 443 lakhs prepared by the Executive Engineer in November 1976 has also been submitted to the Government in March 1977 for sanction.

4.8.2. Expenditure on the Project up to March 1976 amounted to Rs. 4,08.89 lakhs. The work which was programmed for completion in 2 seasons was stated by the Executive Engineer to have been completed in March 1977 i. e., 16 years after commencement though the headworks comprising the earth dam, dyke and spillway were partly completed in 1970 and some irrigation was started from 1970-71.

The delay in completion was attributed (April 1974) by the Chief Engineer, Irrigation to (a) paucity of funds, (b) delay in acquisition of land and (c) delay in receipt of machinery.

Points noticed in test check of the records of the Project in June 1976 are mentioned in the succeeding sub-paragraphs.

4.8.3. Irrigation provided

The original estimate contemplated supply of water for irrigation from 1962-63. Although irrigation was started from 1970-71 after the headworks and the dyke were completed partially, the targeted command could not be achieved due to the canal system not being completed. The length of the canals completed and the actual irrigation as recorded by the Executive Engineer of the Irrigation Department as compared to targets were as shown below :

Year	Length of canals completed	Puri District		Ganjam District	
		<i>Kharif</i>	<i>Rabi</i>	<i>Kharif</i>	<i>Rabi</i>
(1)	(2)	(3)	(4)	(5)	(6)
	(In kilo-metres)	(In acres)			
(Cultivable command target)		(15,000)	(6,750)	(5,000)	..
1970-71 ..	20.25	6,000	2,000	} Nil ..	}
1971-72 ..	25.16	7,225	2,325		
1972-73 ..	31.60	7,225	2,325		
1973-74 ..	41.80	7,986	3,972		
1974-75 ..	54.14	11,000	5,075		
1975-76 ..	88.52	14,482	8,149		
		<u>53,918</u>	<u>23,846</u>	..	..

As against the total irrigation of 77,764 acres up to 1975-76 recorded in the books of the Division, the Tahsildar, Banpur intimated Audit in August 1976 that only an area of 13,693 acres (1,207 acres in 1973-74 and 12,486 acres in 1975-76) had been certified for assessment of water rate by the Executive Engineer to the Revenue authorities and that the position of assessment of water revenue was as follows :

(Area in acres)	Remarks
666	Gochar and homestead lands not assessable to water rates.
5,394	Assessed to water rates during 1976-77 ; the demand was Rs. 0.43 lakh.
7,633	Final assessment yet to be made.
<u>13,693</u>	

Reasons for non-certification of the remaining area leading to short assessment of water rates are awaited (May 1977) from the Department.

4.8.4. Other Points of Interest

(a) *Excavation of Sumandal Canal (Ganjam District)*—The work of excavation in reach RD 00 feet to 25,252 feet of the canal was awarded to contractor 'A' in February 1973 at contract value of Rs. 0.89 lakh for completion by June 1973. The progress of execution remained slow and in March 1974 the contractor stopped further work after executing 0.22 lakh cubic metres of earthwork (34 per cent of contract quantity of 0.65 lakh cubic metres). The Executive Engineer rescinded (March 1974) the contract "with full penalty" ; the nature and amount of penalty were not mentioned but on enquiry by Audit, the Executive Engineer stated (June 1976) that the contract was rescinded with forfeiture of security deposit. Amount of deposit available was Rs. 0.03 lakh only. This has also not been forfeited so far (May 1977). The final bill of the contractor has not been settled so far (May 1977). The extra cost on execution of balance work through other agencies amounted to Rs. 0.15 lakh. In September 1975, the contractor submitted a claim for Rs. 1.25 lakhs towards compensation for closure of his contract. The Executive Engineer stated (April 1977) that the award of the arbitrator has been contested and is pending in the court of the Sub-Judge, Bhubaneswar.

(b) *Construction of aqueduct over river Salia at Banpur*—The work was entrusted for execution to contractor 'K' in January 1966 for completion by May 1967. Mention of the aspects involving extra expenditure of

Rs. 0.26 lakh on laying well caps for the aqueduct was made in paragraph 61 of Audit Report 1969. The designs and drawing for the work envisaged construction of Reinforced Cement Concrete wells (in foundation) which were to be filled with sand and the contract with 'K' provided for an item "Supplying and filling sand in 9 inches thick layers, well watered and rammed including cost and conveyance of all materials, with all leads and lifts complete 1,353 cubic metres" with agreement rate of Rs. 250 per 100 cubic metres. The contract also stipulated that the surplus materials and debris should be removed from the site as directed by the engineer-in-charge at the cost of the contractor.

During execution, the contractor put in a claim (February 1967) to the Additional Chief Engineer for payment for the following items of work extra at rates shown thereagainst on the ground that the items were not covered by the agreement :—

Item	Rate claimed (Rupees)	Unit (Cubic metres)
Removal of materials obtained from inside the wells	1,500	Each well
Supplying and filling sand inside wells	1,250	100

Although the Superintending Engineer reported (March 1967) to the Additional Chief Engineer that those items of work were not outside the scope of the contract, the Additional Chief Engineer decided to call for fresh tenders for these two items only. The lowest tender of the same contractor 'K' was accepted and a second contract was executed (April 1967) with 'K' providing for payment at Rs. 893 per 100 cubic metres for removal of excavated material from the wells and at Rs. 1,200 per 100 cubic metres for supplying and filling sand therein. The total extra payment made to the contractor on these counts amounted to Rs. 0.50 lakh.

(c) *Construction of spillway*—The work of construction of spillway between R. L. 115 feet to the first transverse panel joint estimated to cost Rs. 9.27 lakhs was put to tender in January 1969. Of 5 tenders received, tender of contractor 'K' (tender value : Rs. 10.88 lakhs) which was the lowest contained an offer that he would execute the work at Rs. 5,000 below the lowest tenderer provided his (own) tender was not the lowest and that the amount of the lowest tender was not below the estimated cost. Before submission of the tenders to the contract committee constituted by the Government, negotiation was conducted by the Chief Engineer with 'K' as a result of which the tender value was brought down to Rs. 10.70 lakhs. On consideration of the tenders in June 1969, the contract committee (represented by the Irrigation and Power, Law and Finance Departments) set aside the

tender of 'K' on grounds of being unusual, speculative and conditional and recommended acceptance of tender of 'O', a State Government undertaking, which reduced its rates on certain items on negotiation at the instance of the committee to bring down the tender value (from Rs. 11.17 lakhs) to Rs. 10.65 lakhs.

The work was, however, awarded by the Government in December 1969 to 'K' at rates negotiated with him earlier on the grounds that recommendation of the contract committee to reject the lowest tender of 'K' and negotiation with higher tenderer 'O' was not proper. The work was completed in June 1972. With reference to the volume of work actually executed on different items, the extra cost on award of work to contractor 'K' as compared to the negotiated rates of 'O' amounted to Rs. 0.78 lakh.

(d) *Construction of earth dam (RD 00 to RD 1.390 feet)*—The work was awarded to contractor 'V' the lowest tenderer (tender value : Rs. 18.68 lakhs) in February 1968 for completion by May 1969. It involved approximately 106 lakh cubic feet of earthwork which constituted the major component of the work. In May 1968, the Chief Engineer recommended the rescission of the contract to the Government on the ground that the contractor had executed only 7,500 cubic feet of earth work by then and the entire working season of 1967-68 was lost due to "complete negligence" and "inexperience of the contractor". On the basis of the recommendation, the Government ordered (May 1968) rescission of the contract under clause 3(a) of the agreement which provided for forfeiture of security deposit. As per the final bill of the contractor, (measurements recorded in August 1968 and bill paid in March 1974) he had executed 5.60 lakh cubic feet out of 141 lakhs cubic feet of contracted quantity of earthwork prior to rescission of contract. In September 1968 the contractor claimed refund of security deposit together with compensation of Rs. 2.56 lakhs for loss sustained due to termination of the contract. The matter went up for arbitration. As per the award given in December 1973 and accepted (February 1974) by the Government, the security deposit of Rs. 0.50 lakh was also refunded to the contractor in March 1974 ; the arbitrator held that action of the Department to rescind the contract was not proper.

The balance work was entrusted in December 1968 to the third lowest tenderer of July 1967 'B', after negotiation, for completion by April 1969, preference over the second lowest tenderer was given on grounds that 'B' was experienced and would be able to complete the work before the next *kharif* season commencing in May 1969. The work was actually completed by 'B' in November 1970, up to which time extension was also granted. Award of work to 'B' resulted in extra cost of Rs. 3.49 lakhs as compared to rates of the earlier contractor 'V'.

(e) *Miscellaneous*—A traxcavator borne on the accounts of the Project was lent out on hire to the Orissa State Commercial Transport Corporation (a State Government undertaking) between July 1970 and March 1971. Hire charges amounting to Rs. 0.81 lakh are outstanding (April 1977) for recovery.

The matter was reported to the Government in August 1976 ; reply is awaited (May 1977).

WORKS DEPARTMENT

4.9. Construction of a high level bridge over river Lanth on Bolangir-Bhawanipatna Road

According to the orders of the Government (January 1970), no tenders should be invited for works, unless designs, drawings and estimates were sanctioned. Contrary to these orders the work "Construction of high level bridge over river Lanth on Bolangir-Bhawanipatna Road (S. H. No. 2) (with approaches)" was put to tender by the Department in April 1970 before administrative approval or technical sanction was accorded. Six tenders were received (May 1970). The contract committee which considered the tenders observed (October 1970) that the standing instructions of the Government had been violated but recommended acceptance of the lowest tender of firm 'I' (tender value : Rs. 24.89 lakhs) in view of the urgency, subject to relaxation by the Government of requirements of standing instructions. The recommendation was accepted by the Government in November 1970. The work was commenced in February 1971. Administrative approval was given by the Government in August 1970 for Rs. 32.34 lakhs and technical sanction to the estimate was accorded by the Chief Engineer in August 1971.

As per the agreement executed (February 1971) with firm 'I' the work was due for completion by August 1972. However, by June 1973, the firm executed only two out of 16 well foundations required for the bridge while the others were half done and stopped further work. On account payments amounting to Rs. 11.31 lakhs were made to the firm up to August 1973. In September 1974 the Chief Engineer reported to the Government that the firm expressed (December 1973) its inability to execute further work unless revised rates were allowed to it. In January 1975 the Chief Engineer ordered closure of the contract with 'I' strictly as per terms of the agreement and invitation of fresh tenders. In May 1975 the balance work was awarded to contractor 'A' (contract value : Rs. 35.63 lakhs) after obtaining fresh tenders at an extra cost of Rs. 13.50 lakhs with reference to the rates of firm 'I'. As per contract with 'A' the work was due for completion by January 1977.

The account of firm 'I' has not been settled so far (April 1977). Scrutiny of the records disclosed the following further points :—

(i) Under the terms of the contract the department can impose compensation for delay up to 10 per cent of the value of the contract and in addition either forfeit the security deposit or have the balance portion of the work executed through other agencies and recover the entire cost from the contractor. No action has so far (April 1977) been taken by the Department to enforce the terms of the contract as ordered by the Chief Engineer in January 1975.

(ii) Unused materials valued at Rs. 0.22 lakh out of those issued by the Department to firm 'I' were yet to be returned by the firm (September 1976).

(iii) Three compressors issued to the firm were returned by him but not in running condition. The Department estimated the cost of repairing these at Rs. 0.25 lakh. The Executive Engineer stated (September 1976) that the amount would be recovered from the final bill.

(iv) The half-sunk wells left incomplete by firm 'I' in June 1973 were covered by sand. An amount of Rs. 0.28 lakh was paid to 'A' up to August 1976 on clearance of sand from the half-sunk wells. No decision has been taken so far (May 1977) about recovery of the extra expenditure from 'I'.

(v) Tilt and shift beyond permissible limits in the two pier wells completed by firm 'I' prior to June 1973 were noticed by the Department and the Chief Engineer had ordered recovery of the cost of remedial measures taken by the department; the amount recoverable from the firm 'I' on this account has been assessed as Rs. 0.20 lakh by the department.

The matter was reported to the Government in August 1976; reply is awaited (May 1977).

4.10. Expenditure on Forms Press building at Cuttack

Construction of Government Press Extension (Forms Press) building at Madhupatna, Cuttack was commenced by the Cuttack Roads and Buildings Division in February 1973 on the basis of drawings and designs approved by the Chief Engineer in November 1972 and by the Superintendent, Government Press in December 1972. While the work was in progress on the basis of the approved drawings revision of drawings was considered in September 1973 by a committee consisting of representatives of the administrative department and the

engineering authorities, so as to "achieve light and ventilation to various sections which was not adequate in the earlier plan." A revised design was approved by the Chief Engineer in October 1973. Consequent on revision in design, a portion of the walls already executed was dismantled. The cost of dismantled portion of walls and dismantlement charges amounted to Rs. 0.52 lakh ; the Division stated (May 1976) that the value of materials recovered on dismantlement was nil.

The matter was reported to the Government in July 1976 ; reply is awaited (May 1977).

RURAL DEVELOPMENT DEPARTMENT

4.11. Panipoila Minor Irrigation Project

The Panipoila minor irrigation project for providing irrigation to 1,200 acres in Nayagarh Block in Puri District was administratively approved by the Rural Development Department in August 1971 at an estimated cost of Rs. 12.44 lakhs. On the basis of tenders invited in April 1971, the headworks of the project (earth dam, head regulator, escape and surplus channel) were entrusted to the lowest tenderer 'R' (contract value : Rs. 9.66 lakhs) in September 1972 due for completion by March 1973.

After re-examination of the field-data during the course of execution, the design of the dam was changed (November 1971) and the height of the dam increased by 5 feet with a view to increasing the *ayacut* of the Project to 1,500 acres.

The contractor represented in June 1972 that (i) the height and width of the dam and the distance of the borrow area were changed and (ii) a new item of "sand chimney" was required to be executed. He asked for closure of his contract without prejudice. As per provisions of the contract, the engineer-in-charge had powers, in case of alterations or additions to the original designs/specifications, to direct the contractor to execute the additional quantities and items of work at the agreement rates or at the sanctioned schedule of rates, wherever the rate for any item was either not provided in the agreement or could not be derived from the contract rates. However, on the recommendations (July 1972) of the Executive Engineer and the Superintending Engineer, the Chief Engineer ordered closure of the existing contract and invitation of fresh tenders for the balance work. The final payment against the contract is yet to be settled (April 1977).

On re-invitation of tenders in July 1972 contractor 'R' tendered again and the work was re-awarded to him in October 1972 as he was the lowest tenderer. The work was completed in March 1975.

The re-awarding of the work to the same contractor by invitation of tenders afresh, instead of enforcing the provisions of the earlier contract, resulted in an extra cost of Rs. 4.22 lakhs computed with reference to rates in the original contract and in the sanctioned schedule of rates for the item of "sand chimney".

Although the revision in the designs was undertaken with a view to increasing the *ayacut* from 1,200 acres to 1,500 acres, in the revised estimate of the Project submitted by the Chief Engineer in July 1972 for Rs. 27.93 lakhs the *ayacut* was proposed to be retained at 1,200 acres only and the extra capacity of the reservoir was proposed to be utilised for providing 18 inch depth of irrigation between July and October in place of 9 inch depth envisaged earlier. The revised estimate is to be approved by the Government (April 1977).

The matter was reported to the Government in January 1976 ; reply is awaited (May 1977).

4.12. Kukurpeta Minor Irrigation Project

The work "Improvement of Kukurpeta Minor Irrigation Project" was administratively approved by the Government in April 1969 for Rs. 14.06 lakhs. Mention was made in paragraph 50 of the Report of the Comptroller and Auditor General for 1971-72 regarding the extra expenditure of Rs. 0.35 lakh due to award of the work to a contractor who was not the lowest tenderer. The work was commenced in August 1969 and was to be completed by May 1971. During the course of execution of the work, a breach occurred in the earth dam on 1st July 1970. The Superintending Engineer after inspection of the site reported (July 1970) to the Chief Engineer that "the immediate cause of the breach was development of piping originating high up in the upstream slope, possibly where new earth-cover was less" and that "the damages done to the structure under construction were to be made good by the contractor without compensation" in terms of the special conditions of the contract. However, in November 1970, the Government decided that in view of the fact that there were sudden abnormal rains the breach in the embankment might be closed at Government cost. In a communication to Audit in September 1971 the Government described the abnormal rain, as amounting to a natural calamity. The closure of the breach along with other safety measures like raising the height of the embankment was got done through the contractor under the

contract for the main work, at a cost of Rs. 2.39 lakhs ; of this, the expenditure on restoration of the breach was Rs. 1.04 lakhs. The work was completed in September 1971 and final payment was made in March 1972.

The Board of Revenue to which a reference was made by the Government reported in August 1973 that according to statistical data the rainfall in the area (Chhendipada Block) of the Project "during the period in question" (from 29th June 1970 to 2nd July 1970) "was neither unusual nor sudden" and the rainfall on the day prior to the date on which the breach occurred was to "be treated as normal rainfall of the season" "not sufficient to cause any natural calamity". In May 1974, the Government ordered recovery of Rs. 2.71 lakhs on account of the liability of the breach from the contractor 'B'. These orders were later revised in February 1975 on the basis of legal opinion that it would not be correct for the Government to turn round and reopen the matter for the purpose of fixing liability on the contractor since the Chief Engineer had categorically and consistently reported that the contractor had done the work according to specifications and the breach in the embankment was on account of piping. The Chief Engineer was, however, ordered to fix responsibility on engineers-in-charge of the Project for failure to inspect and verify the old dam and to detect the piping action within the body of the embankment before improvement was suggested and plans and estimates were prepared. The Chief Engineer reported (March 1975) to the Government that the breach was not due to any human error but was due to unprecedented flood which resulted in the catastrophe and sought for modification of the Government orders. Further developments are awaited (May 1977).

The expenditure incurred up to March 1977 was Rs. 13.01 lakhs. Technical sanction is awaited (May 1977).

The headworks were completed in September 1971 but the main canal is yet to be excavated from RD 2,000 feet to RD 14,500 feet. Work on Karadabahal Branch canal has not been started yet. Outlets are yet to be fixed and structures at the tail are to be completed.

In November 1976 the Executive Engineer stated that the work on the distribution system was left incomplete by the cultivators with whose contribution the work was to be executed.

Pending completion of the work irrigation is provided only to a part of the *ayacut* (789 acres in *kharif* and 485 acres in *rabi* as against 1,450 acres in *kharif* and 300 acres in *rabi* as per estimates).

The matter was reported to the Government in November 1976 ; reply is awaited (May 1977).

4.13. Irregular accounting of withdrawals in advance of requirements

According to Financial rules when works are to be executed by the Engineering Department on behalf of other departments, budget provisions for such works are to be placed at the disposal of the officers by whom the works are to be executed and amounts are to be withdrawn by those officers as and when required. Mention was made in Audit Reports 1966 and 1967 (Paragraphs 30 and 28 respectively) about irregular withdrawals from the Consolidated Fund by various departments of the Government and remittance to Engineering Departments as deposits for works to be executed by them. The Committee on Public Accounts (1971-72) in its Third Report (Fifth Assembly) presented in July 1971 observed (paragraph 99) that such a procedure had the effect of carrying over funds voted by the Legislature for being spent before the close of the financial year to a subsequent financial year and that it was highly irregular. The Committee recommended that steps should be taken to place funds at the disposal of the Engineering Departments by way of allotments (instead of deposits) so that they could "draw funds only when required".

A test check of records pertaining to 29 divisions (Roads and Buildings Wing ; 10 divisions, Irrigation wing : 6 divisions and Rural Engineering Organisation : 13 divisions) disclosed that the following departments remitted Rs. 1,23.38 lakhs during 1972-73 to 1975-76 to 24 divisions (Roads and Buildings wing : 9 ; Irrigation wing : 6; Rural Engineering Organisation : 9) as deposits for execution of various departmental works after charging off the expenditure to the budgets of the years concerned :—

Department	Amounts remitted to		
	Roads and Buildings wing	Irrigation wing	Rural Engineering Organisation
	(In lakhs of rupees)		
Tribal and Rural Welfare ..	50.22	..	22.60
Education ..	0.27	..	12.20
Forest and Animal Husbandry ..	10.61	..	..
Police ..	10.31	..	..
Fisheries ..	..	9.47	..
Revenue ..	2.59	1.83	..
Seven other Departments ..	4.06	0.07	0.18
Total	78.06	11.37	34.98*

*Yearwise details of remittances for Rs. 4,74.65 lakhs were not available with the 5 divisions.

The unspent balance out of such deposits in these 29 divisions at the end of March 1976 amounted to Rs. 1,15.91 lakhs as shown in the table below :—

Department	Amount with divisions			Total
	Roads and Buildings wing	Irrigation wing	Rural Engineering Organisation	
(1)	(2)	(3)	(4)	(5)
	(In lakhs of rupees)			
Tribal and Rural Welfare ..	12.69	..	32.41	45.10
Community Development ..	0.09	..	13.65	13.74
Health ..	1.11	..	11.15	12.26
Education ..	0.33	..	9.54	9.87
Revenue ..	1.45	0.03	6.10	7.58
Agriculture ..	..	0.07	2.85	2.92
Fisheries ..	..	1.98	..	1.98
Forest and Animal Husbandry	1.79	..	..	1.79
Nine other Departments ..	20.63	..	0.04	20.67
Total ..	38.09	2.08	75.74	1,15.91

The matter was reported to the Government in December 1976 ; reply is awaited (May 1977).

CHAPTER 5

STORES AND STOCK ACCOUNTS

5.1. Synopsis of important stores accounts

A synopsis of important stores and stock accounts for 1975-76 (other than those of commercial and *quasi*-commercial departments/ undertakings, etc.) to the extent received is given in Appendix IV.

A—PUBLIC WORKS

5.2. Receipt of stores and stock accounts

The materials procured for the Public Works Divisions are initially held in stock for keeping an effective watch except where they are purchased for specific works in which case they are debited to the materials-at-site account of the works concerned. For materials held in stock, the divisional officers, who maintain account of these materials, are required to furnish annually to Audit a consolidated account showing the value of stores purchased during the year, stores issued for consumption and the balance held in stock at the close of the year. A number of Roads and Buildings, Irrigation, Public Health and and Rural Engineering divisions have not sent these accounts (May 1977) ; the years for which the annual consolidated accounts have not been sent to Audit and the value of stores held by these divisions at the end of March 1976 are shown below :

Year for which consolidated accounts not sent	Number of divisions	Value of stores held (Rupees in lakhs)
1964-65 to 1971-72	.. 56	2,21.66
1972-73	.. 19	68.33 (For 17 divisions)
1973-74	.. 22	1,47.68 (For 20 divisions)
1974-75	.. 24	89.51 (For 15 divisions)
1975-76	.. 25	1,95.64 (For 16 divisions)

5.3. Physical verification of stores

The rules require that the stores held in stock should be verified physically at least once in a year and the results of verification placed on record. Mention was made in paragraph 5.3 of the Report of the Comptroller and Auditor

General for 1974-75 about non-receipt of reports of physical verification from the divisions from the year 1969-70 to 1974-75. The delay in submission of these reports continued to persist in 1975-76 as indicated below :—

Reports pertaining to the year	Number of divisions					Total
	Roads and buildings	Irrigation	Rural Engineering	Public Health	National Highways and Projects	
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1969-70 ..	..	1	1	..	..	2
1970-71 ..	..	1	1	..	..	2
1971-72 ..	1	2	1	..	..	4
1972-73 ..	1	2	2	..	..	5
1973-74 ..	1	2	1	..	..	4
1974-75 ..	1	2	2	..	..	5
1975-76 ..	15	23	10	10	16	74

5.4. Reserve limit of stock

According to rules, the divisional officers are not authorised to keep stock in excess of monetary limits prescribed by the Government. At the end of 1975-76, reserve stock limit had not been fixed for the following 74 divisions ; value of stores held by these divisions as at the end of March 1976 was Rs. 8,41.36 lakhs. The departmentwise break-up is given below :—

Department	Number of divisions	Value (Rupees in lakhs)
1. Roads and Buildings	.. 23	3,63.90
2. National Highways and Projects	.. 10	98.56
3. Irrigation	.. 15	52.02
4. Rural Engineering	.. 15	1,93.63
5. Public Health	.. 11	1,33.25
Total	74	8,41.36

5.5. Minus balance in stock accounts

The stores and stock accounts of 11 divisions in the following branches showed *minus* balances amounting to Rs. 52.65 lakhs at the end of 1975-76 :—

Department	Number of divisions	Minus balance (Rupees in lakhs)
1. Roads and Buildings ..	5	11.70
2. Projects ..	2	4.14
3. Irrigation ..	1	2.35
4. Rural Engineering ..	1	15.13
5. Public Health ..	2	19.33
Total ..	11	52.65

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

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

According to rules, the divisions should conduct a special review of stock balances and other suspense accounts early in March every year and forward an annual certificate of balances to Audit by end of May. Such certificates for 1975-76 have not been received from 40 out of 175 divisions; such certificates relating to earlier years also were awaited from 15 divisions (May 1977).

5.7. Shortages, discrepancies and losses in stock

Physical certification of stores in twenty divisions by the stores verification party of the Government during 1975-76 disclosed shortages (Rs. 17.80 lakhs), discrepancies (Rs. 39.39 lakhs) and losses (Rs. 1.25 lakhs); the division-wise details are given in Appendix V.

These shortages, discrepancies and losses are yet to be investigated and reconciled (May 1977) by the divisions.

5.8. Special Tools and Plant of Hirakud Dam Project

(i) The capital and depreciation account of each machinery as prescribed under rules and regulations relating to the Hirakud Dam Project has not been maintained for keeping a continuous record of capital cost, adjustment of depreciation charges and allocation of maintenance and operation charges. In the absence of these records, no agreement has been made between the depreciated value of the machinery with that shown in the Project accounts since inception (1947).

In course of audit conducted in July 1973 it was seen that depreciation charges of machineries had not been adjusted in accounts since 1958 and the expenditure on maintenance and operation of the machineries incurred from 1962-63 onwards was still to be allocated to respective works of the Hirakud Dam Project. According to the position at the end of 1975-76, the value of special tools and plant as per the Project accounts is Rs. 9,73.46 lakhs, while the depreciated balance of available machinery as per divisional tools and plant register worked out to Rs. 6,33.42 lakhs. The reconciliation of the difference is stated by the Stores and Mechanical Division to be in progress (May 1977).

(ii) Machinery valued at Rs. 15.18 lakhs was given on loan by the Stores and Mechanical Division to the Central Workshop Division, Hirakud during 1956-71. This has neither been taken back nor finally transferred to that Division (May 1977).

(iii) The Hirakud Land Organisation sold 19 tractors, 15 transport vehicles and 7 scrapers along with spare parts and ordinary tools and plant at a cost of Rs. 29.88 lakhs to the Delta Irrigation Project during 1959-61. Of these, 7 trucks (Rs. 0.34 lakh) and 4 scrapers (Rs. 0.19 lakh) continued to lie in the storeyard of the Hirakud Land Organisation at Sambalpur without physical transfer to the concerned division of the Delta Irrigation Project. According to a report furnished by the Land Acquisition Officer, Hirakud Land Organisation to the Additional Chief Engineer, Irrigation in August 1970, the trucks were rendered unworkable due to certain parts being inter-changed by the purchasing authorities to bring the other 7 trucks to running condition while the scrapers required minor repairs to be brought to working condition. The vehicles and scrapers are still lying at Sambalpur in the premises of Hirakud Land Organisation (May 1977).

5.9. Unutilised materials

The following materials purchased by the Capital Construction Division No. I were found to have remained unutilised for periods ranging between 8 and 12 years as indicated below:—

Description of material	Year of Purchase Quantity purchased	Quantity remaining unutilised at the end of March 1976	Purchase value of quantities remaining unutilised as in column 3 (Rs. in lakhs)	Reasons for non-utilisation
(1)	(2)	(3)	(4)	(5)
(1) Exhaust fans	1963 180 fans	158 fans	0.42	180 exhaust fans of 18" sweep were purchased and fixed in January 1963 in the Library building of the Utkal University instead of 9" exhaust fans suggested by the architect. As per the report of the Executive Engineer to the Superintending Engineer made in April 1976 the 18" fans had caused vibration to the building and considering the structural stability, 158 of these fans were removed immediately as per the direction of the architect. These fans were not used again.
(2) Cement water proofing compound	1967 95.675 tonnes	16.664 tonnes	0.81	According to the Executive Engineer the materials could not be utilised due to frequent changes in the design of works.
(3) Binding wire	1967 24.850 tonnes	10.369 tonnes	0.33	

A survey report in respect of 158 exhaust fans was submitted by the Executive Engineer to the Superintending Engineer in April 1976 proposing sale by public auction; decision thereon is awaited (May 1977).

The other materials were reported (September 1974) by the Executive Engineer to the Chief Engineer to be surplus to requirements and proposed for disposal "without allowing further deterioration". Orders of the Chief Engineer are awaited (February 1977) by the Division.

The matter was reported to the Government in July 1976; reply is awaited (May 1977).

B—CIVIL DEPARTMENTS

5.10. Receipt of stores and stock accounts

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

Stores and stock accounts have not been received (April 1977) from the following departments:—

Department	Stores and stock accounts	Year from which outstanding
Agriculture and Co-operation	Chemical fertilisers	1967-68
Health and Family Planning	Instruments and appliances, medicines and drugs, bedding and clothing and miscellaneous stores of the Government headquarters hospitals including medical college hospitals	1975-76
	Costly and life saving drugs of sales stores (medicines)	1974-75
Home	Orissa Police Motor Transport Workshop (spare parts, vehicles, etc.)	1975-76
	Jail manufactory (manufactured stores, raw materials, etc.)	1975-76
	Jail maintenance (rations, equipment, etc.)	1975-76
Forest, Fisheries and Animal Husbandry	Tools and miscellaneous stores of the Forest Department	1968-69
Commerce	Stationery articles, watermark plain paper, printing and binding materials, plant and machinery, spare parts and miscellaneous stores of the Orissa Government Press	1973-74

FINANCE DEPARTMENT

5.11. Shortage of stamps

A physical verification of stamps conducted by the internal auditors of the Directorate of Treasuries and Inspection in the Bhadrak Sub-treasury between May and June 1973 followed by a special audit by the Audit office, disclosed shortages of stamps valuing Rs. 0.76 lakh (net), the details of which were as follows:—

Category of stamps		Shortage	Excess	Net shortage
		(In lakhs of rupees)		
Entertainment tax	..	0.03	..	0.03
Non-Judicial	..	0.20	0.02	0.18
Judicial	..	0.53	..	0.53
Postage	..	0.03	0.10	0.02
		—————	—————	—————
Total	..	0.79	0.03	0.76
		—————	—————	—————

The case was reported by the department to Police authorities in February 1975 and is awaiting finalisation (May 1977).

CHAPTER 6
COMMERCIAL ACTIVITIES

6.1. General

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

On 31st March 1976, there were 19 departmentally managed commercial and *quasi*-Commercial undertakings. *Pro forma* accounts for 1975-76 have not been received in respect of 17 undertakings. The extent of arrears in submission of *pro forma* accounts is shown below:—

Name of the undertaking	Year from which accounts are in arrears
A—State trading schemes—	
(i) Grain Purchase Scheme	.. 1967-68
(ii) Grain Supply Scheme	.. 1963-64(a)
(iii) Scheme for Trading in Iron Ore through Paradip Port	1967-68(b)
(iv) Cloth and Yarn Scheme	.. 1965-66(c)
(v) 1. State Trading in <i>Kendu</i> leaves(d)	.. 1969-70(f)
2. Nationalisation of <i>Kendu</i> leaves	.. 1972-73
B—Transport—	
(vi) State Transport Service(e)	.. 1970-71
C—Education—	
(vii) Text Book Press, Bhubaneswar	.. 1966-67
D—Cold Storage Plants—	
(viii) Cold Storage Plant, Cuttack	.. 1973
(ix) Cold Storage Plant, Bhubaneswar	.. 1966
(x) Cold Storage Plant, Sambalpur	.. 1967
E—Leather units—	
(xi) Government Leather Industries- <i>cum</i> -Tannery, Titlagarh	1973-74
(xii) Government Tannery, Boudh	.. 1973-74
(xiii) Government Shoe Factory, Cuttack	.. 1974-75

(a) Inoperative from 1st January 1959.

(b) Inoperative from 1966-67.

(c) Inoperative from 1954-55.

(d) Nationalised in 1972-73.

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

(f) Accounts for 1969-70 and 1970-71 compiled by the Department in April 1976 are under revision.

Name of the undertaking	Year from which accounts are in arrears
F—Others—	
(xiv) K. S. Potteries Development Centre, Jharsuguda ..	1974-75
(xv) Scheme of Exploitation and Marketing of Fish ..	1975-76
(xvi) Government Tile Factory, Panikoili ..	1975-76
(xvii) Government Tile Factory, Balasore ..	1975-76

The assets and liabilities of the inoperative and closed schemes have not been disposed of/liquidated (May 1977).

The summarised financial results of the commercial undertakings whose *pro forma* accounts have been received subsequent to those mentioned in paragraph 6.1 of the Report of the Comptroller and Auditor General of India (Civil) for the year 1974-75 are given in Appendix VI.

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

Undertaking	Year in which personal ledger account was opened	Accounts for 1975-76			
		Opening balance	Credits	Debits	Closing balance
(1)	(2)	(3)	(4)	(5)	(6)
(In lakhs of rupees)					
State Trading Schemes—					
(i) Purchase and distribution of quality seeds to cultivators	1969-70	1,25.37	3,17.76	3,86.18	56.95
(ii) Cuttack Milk Union Scheme	1971-72	(—)4.54	0.52	0.51	(—)4.53
(iii) Poultry Development Scheme ..	1974-75	1.53	..	..	1.53
Cold Storage Plants—					
(iv) Cold Storage Plant, Similiguda ..	1965-66	4.90	1.06	1.34	4.62
(v) Cold Storage Plant, Parlakhemundi	1970-71	0.95(a)	1.23	0.47	1.71
(vi) Cold Storage Plant, Bolangir ..	1971-72	3.09(a)	2.24	1.57	3.76
(vii) Cold Storage Plant, Kuormunda	1973-74	0.90	0.74	2.06	(—)0.42

(a) The closing balances of Cold Storage Plant, Parlakhemundi and Cold Storage Plant, Bolangir as on 31st March 1975 were mentioned as Rs. 0.75 lakh and Rs. 2.92 lakhs respectively in the Report of the Comptroller and Auditor General of India for 1974-75 (Civil). The differences between the closing balance as on 31st March 1975 and the opening balance as on 1st April 1975 is due to correction of certain errors in accounts.

Besides these, in the following cases where personal ledger accounts were opened for schemes of commercial nature, there were no transactions for periods ranging from two to five years, as indicated against each:—

Undertaking	Year in which personal ledger account was opened	Year in which transactions occurred last	Balance as per account (Rupees in lakhs)
Trading in scrap iron and other materials	1963-64	1973-74	19.42
Trading in mustard oil	1964-65	1970-71	9.81
Marketing of fish and by-products	1971-72	1972-73	3.95
Purchase, sale and fair price scheme	1967-68	1973-74	(—)4.64
Purchase of store materials for development works—			
(i) by District Collectors	..	1972-73	(—)2.97
(ii) by Block Development Officers	..	1971-72	18.16

The personal ledger accounts had not been closed (May 1977); preparation of *pro forma* accounts had not been prescribed in these cases also.

FOREST, FISHERIES AND ANIMAL HUSBANDRY DEPARTMENT

6.2. State Trading in Kendu Leaves

6.2.1. Introduction

Mention was made in paragraph 97 and 6.5 of the Reports of the Comptroller and Auditor General of India for the years 1970-71 and 1973-74 (Civil) respectively regarding the performance of the scheme of "State Trading in Kendu leaves" up to 1972-73. Under the set-up introduced under the Orissa Kendu Leaves (Control of Trade) Act 1961, the collection and procurement of *kendu* leaves for sale by the Government was entrusted to private agencies. From 1966 onwards, the Orissa Forest Corporation Limited was also allowed to participate in the collection and procurement along with private agencies in some areas. In November 1972, the Government decided to do away with private agencies in the field of trading in *kendu* leaves and nationalised the operation from January 1973. After nationalisation, the Forest Department started collection of *kendu* leaves directly from the growers/pluckers and processing, bagging and storage of the processed leaves, and entrusted the Orissa Forest Corporation Limited with marketing the processed leaves on behalf of the Government.

Pro forma accounts of the scheme for 1969-70 onwards have not been finalised (May 1977).

6.2.2. *Agreements with the Orissa Forest Corporation limited*

The first agreement governing the targets for delivery of processed *kendu* leaves by the Department to Orissa Forest Corporation Limited (here-after referred to as the Company) and the financial arrangements for the period from January 1973 to March 1974, was executed in March 1973. The agreements for 1974-75 and 1975-76 were executed in May 1974 and June 1975 respectively.

The points noticed during test check of the records of the Department in July 1976 are mentioned in the succeeding sub-paragraphs.

6.2.3. *payment towards administrative expenses, interest and margin*

The agreements specified the rates of royalty and collection charges receivable by the Government from the Company for the *kendu* leaves delivered. The agreements also envisaged reduction in these rates to the extent decided by the *Kendu* Leaves Co-ordination Committee (constituted by the Government in January 1973 under the Chairmanship of the Chief Secretary of the State with representatives of both the Government and the Company as its members) in case the average sale price fell short of the anticipated price specified therein. In all the three agreements executed up to the end of 1975-76, the amount specified for payment by the Company was less than the anticipated average sale price by Rs. 25 per quintal; the Company was thereby allowed to retain the difference of Rs. 25 per quintal from out of the sales. Besides this, as per the terms of the agreements for 1973-74 and 1974-75, the Company was to get from out of the royalty charges payable to the Government, its administrative expenses limited to Rs. 25 lakhs plus bank interest charges. As per the provisional figures made available (June 1976) by the Company, its administrative expenses for 1973-74 and 1974-75 were Rs. 39.52 lakhs and Rs. 38.19 lakhs respectively and the bank interest charges amounted to Rs. 20.97 lakhs and Rs. 6.14 lakhs respectively. With reference to the volume of processed leaves of 3.52 lakh quintals and 3.40 lakh quintals actually handled during these years, the average rate of administrative expenses and bank interest charges per quintal during 1973-74 and 1974-75, worked out to Rs. 17.18 and Rs. 13.04 respectively. The agreement for 1975-76 stipulated payment to the Company at the rate of Rs. 25 per quintal towards administrative expenses, bank interest and margin, for four lakh quintals of processed leaves scheduled to be handled during the year. According to the provisional figures of the Company, its expenditure on these accounts for 1975-76 was Rs. 58.34 lakhs (administrative expenses: Rs. 53.67 lakhs and bank interest charges: Rs. 4.77 lakhs). The amount payable to the Company (Rs. 99.50 lakhs) for 3.98 lakh quintals of processed leaves relating to the year 1975-76 was, thus, in excess of the expenditure of the Company by Rs. 41.16 lakhs. Clarification as to the basis for determination of the rate at Rs. 25 per quintal for 1975-76 was called for from the Government in May 1976 and is awaited (May 1977).

6.2.4. *Shortfalls in achievement*

In paragraph 6.5.2 of the Report of the Comptroller and Auditor General of India for the year 1973-74 (Civil), it was mentioned that the production of *Kendu* leaves during the five years up to 1972-73 ranged from 3.20 lakh quintals (1969-70) to 3.81 lakh quintals (1972-73). The performance in regard to delivery of processed leaves by the Department to the Company, against the targets stipulated in the agreements executed for the subsequent three years was as follows:

Period	Quantity of leaves	
	Stipulated for delivery	Actually delivered
	(In lakh quintals)	
From January 1973 to March 1974	.. 3.60 to 4.00	3.52
1974-75	.. 3.60 to 4.00	3.40
1975-76	.. 4.00	3.98

According to the agreements, the Department was to receive from the Company royalty on *kendu* leaves delivered to it at Rs. 100 per quintal in 1973-74 and 1974-75 and Rs. 110 per quintal in 1975-76, in addition to collection and processing charges at specified rates. The value of the shortfall (royalty lost), with reference to the minimum production targets fixed by Government for the three years, was of the order of Rs. 30.20 lakhs.

The shortfall in production for the year 1974-75 was attributed (October 1974) by the Additional Chief Conservator of Forests (*Kendu* leaves) to non-availability of adequate working funds during the peak working season, *i. e.*, March and April 1974. The agreements with the Company prescribed the quantum and time schedule for advance payments of its dues to the Department. The amounts that were receivable from the Company in those months, as per the agreement, and the amounts actually received, are indicated as under :

Month	Advances stipulated to be received by the Department as per agreement	Amount actually received
	(Rupees in lakhs)	
March 1974	.. 15.00	..
April 1974	.. 1,35.00	50.00

6.2.5. *Quality of production*

The agreements entered into with the Company stipulated the proportion of various grades of processed *kendu* leaves to be delivered to it. The table below indicates the stipulated quantities with the percentages of different grades of leaves to be delivered and the actual quantity delivered (with percentages) during the three years up to 1975-76:—

Grade	1973-74			1974-75			1975-76		
	Stipulated for delivery (Percentage)	Actual delivery		Stipulated for delivery (Percentage)	Actual delivery		Stipulated for delivery (Percentage)	Actual delivery	
		Quantity (lakh quintals)	Percentage		Quantity (lakh quintals)	Percentage		Quantity (lakh quintals)	Percentage
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
First	10 to 15	0.15	4.18	10	0.13	3.81	7	0.12	2.99
Second	20 to 25	0.31	8.91	20	0.34	9.94	15	0.26	6.65
Third	40 to 50	1.14	32.50	40 to 50	1.32	38.76	40	1.28	32.19
Fourth	Rest (10 to 30)	1.01	28.68	Rest (20 to 30)	1.14	33.49	38	1.72	43.06
Mixed	..	0.68	19.26	..	0.20	5.91	..	0.35	8.71
Phal	..	0.23	6.47	..	0.27	8.09	..	0.25	6.40

The stipulated percentages of the first and second grade leaves were reduced while that of the fourth grade was increased from year to year. The percentage of the first and second grade leaves actually delivered was substantially lower than the stipulated percentages of these grades. Thus, the production of superior grade leaves has been on the decline.

6.2.6. *Claims for variation in royalty*

The agreements for the years 1973-74 and 1974-75 provided that the rates of royalty specified as payable by the Company for the *kendu* leaves made over would be increased or decreased depending on increase or decrease in the average sale value on sale by the Company, over that contemplated in the agreement for the concerned year; the increase or decrease was to be by such amount as decided by the *Kendu* Leaves Co-ordination Committee. The position in respect of the two years was as follows:—

(a) In 1973-74, the average sale price worked out to Rs. 248.86 per quintal as against the rate of Rs. 250 per quintal contemplated in the agreement. On account of the shortfall, the Company claimed (April 1976) refund of Rs. 4.01 lakhs from the Government. In a meeting of the Co-ordination Committee held in July 1976, the Secretary, Finance

Department observed that "the matter had to be closely examined by taking the entire position into consideration indicating justification for the shortfall in the average sale price fetched". A joint inspection in April and June 1974 by officials of the Department and the Company, to analyse the reasons for rejection of 0.34 lakh quintals of *kendu* leaves (produced in 1973-74) by the customers, disclosed that the defects in the leaves were due to long storage resulting in discoloration, delay in delivery, fungus attack, cracks rendering the leaves unfit for *bidi* manufacture, substandard leaves, defective binding and other reasons. The claim of the Company on the Department for Rs. 4.01 lakhs remained to be settled (May 1977).

(b) In 1974-75 the average sale price was Rs. 267.01 per quintal as per the provisional figures worked out by the Company. Although this was in excess of the rate of Rs. 255 per quintal contemplated in the agreement for that year, the Department had not claimed (April 1977) any additional royalty under the terms of the agreement.

For the year 1975-76, the corresponding provision in the agreement was modified to provide only for relief to the Company only in case of shortfall in the average sale price from the rate (Rs. 275.50 per quintal) contemplated in the agreement. The provision for payment by the Company of additional royalty in case of increase in actual sale price was omitted.

6.2.7. Excess expenditure on departmental operations

Besides royalty, the Scheme contemplated recovery from the Company of charges incurred by the Department on account of collection and processing of the *kendu* leaves. The rates specified in the agreements for the different years for such recovery were as under :—

Year	Collection and processing charges per quintal (In rupees)
1973-74	125.00
1974-75	130.00
1975-76	140.50

The following points were noticed during test check of the records of the divisions between April 1973 and March 1975 :—

(a) The rate fixed by the Government for purchase of *kendu* leaves from growers and pluckers during the different years was as given below—

Year	Rate
1973-74	.. One paisa per 40 leaves from pluckers One paisa per 30 leaves from growers
1974-75 } 1975-76 }	.. One paisa per 30 leaves (both from growers and pluckers).

There was excess expenditure of Rs. 1.37 lakhs on purchase of *kendu* leaves between April 1973 and March 1975 as shown in the table below :

Division	Period	Quantity of leaves purchased (in lakhs of <i>Kerries</i> of 10 leaves each)	Amount payable at 30 leaves per <i>paisa</i>	Amount actually paid	Amount paid in excess
(1)	(2)	(3)	(4)	(5)	(6)
(In lakhs of rupees)					
Sambalpur	.. 1973-74	21,53.86	7.18	7.42	0.24
Keonjhar	.. 1973-74	15,96.90	5.32	5.69	0.37
	1974-75	15,52.30	5.17	5.93	0.76
Total					1.37

The Divisional Officer, Keonjhar attributed (July 1975) the excess expenditure to purchases having been made at higher rates in some cases without the approval of the Government. Reasons for the excess expenditure in Sambalpur Division were not available (May 1977).

(b) The Government also fixed (January 1973) the ceiling limits for expenditure on different operations required to be conducted before delivery of *kendu* leaves to the Company so as to keep the total cost in 1973-74 within Rs. 125 per quintal. Test check of records of various divisions, conducted between April 1975 and March 1976, disclosed that the actual expenditure incurred by the divisions on some operations were in excess of the prescribed ceiling limits, as shown in the table below :—

Nature of operation	Prescribed ceiling limit per quintal (In rupees)	Number of divisions involved	Quantity processed (in lakhs of quintals)	Admissible expenditure	Actual expenditure	Excess expenditure
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(Rupees in lakhs)						
Coppicing	.. 4.00	2	0.45	1.80	3.00	1.20
Drying of leaves	.. 2.00	3	0.48	0.96	3.61	2.65
Processing and binding.	22.50	4	0.82	18.45	24.94	6.49
Transport	.. 3.00	2	0.38	1.14	2.61	1.47

While reviewing the expenditure for 1973-74, the Government had observed (January 1975) that the average cost of departmental operations in the State during that year worked out to Rs. 130 per quintal as against Rs. 125 per quintal fixed for the purpose. On the basis of the total production of 3.52 lakh quintals during the year, the extra expenditure on departmental operation, in excess of the rates adopted for realisation from the Company would amount to Rs. 17.60 lakhs. The excess expenditure was attributed (January 1975) by the Department to rise in the wage rates and cost of binding and processing materials.

The ceiling rates for different operations, applicable for the subsequent period, were enhanced (January 1975) to an aggregate of Rs. 145.37 per quintal. The rate provided in the agreement for 1974-75 for recovery on account of departmental operation, at Rs. 130 per quintal was, thus, short of the authorised expenditure by Rs. 15.37 per quintal. With reference to the total production of 3.40 lakh quintals during 1974-75, the realisable amount fell short of the authorised expenditure by Rs. 52.26 lakhs.

Test check of the records relating to the period from January 1973 to March 1975 disclosed that the expenditure incurred on some of the operations continued to be in excess of the revised rates fixed by the Government for 1974-75, as shown in the table given below :—

Nature of operation	Prescribed ceiling limit per quintal (In rupees)	Number of divisions involved	Quantity processed (in lakhs of quintals)	Admissible expenditure	Actual expenditure		Excess
					(Rupees)	(in lakhs)	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(7)
Coppicing ..	8.30	1	0.19	1.58	1.99	0.41	
Drying of leaves ..	3.00	3	0.45	1.35	3.35	2.00	
Transport ..	4.00	2	0.38	1.52	2.76	1.24	

The reasons for the excess expenditure had not been investigated (April 1977).

The aggregate of the ceiling rates for departmental operations was revised (January 1975) by the Government to Rs. 145.37 per quintal. The Co-ordination Committee, however, recommended (February 1975) restriction of the rate to Rs. 140.50 per quintal and this rate was also incorporated in the agreement entered into (June 1975) with the Company for 1975-76 for recovery from the Company. With reference to the total production of 3.98 lakh quintals in 1975-76, the amount realisable from the Company was, thus, short of the authorised expenditure by Rs. 19.38 lakhs.

EDUCATION AND YOUTH SERVICES DEPARTMENT

6.3. Text Book Press, Bhubaneswar

6.3.1. Introduction

In December 1961, the State Government appointed a Committee which was to recommend the steps to be taken for providing universal free education to children in the age group of six to eleven years. The Committee recommended (March 1962), *inter alia*, nationalisation of text books in a phased manner. The Government accepted the recommendations of the Committee in April 1962. No record was available to indicate if any programme was drawn up to implement the scheme over a period of years for completion of the nationalisation (May 1977).

During 1963-64 to 1975-76, 44 text books were nationalised (the total number of text books to be nationalised was not determined).

For implementation of the scheme of nationalisation of text books, the Text Book Press was started at Bhubaneswar in June 1962. The Scheme, made permanent in June 1966, envisaged sale of text books on a 'no profit no loss' basis.

6.3.2. *Pro forma accounts*

The Press was declared as a commercial undertaking by the Government in October 1966. Mention was made in paragraph 101 of the Report of the Comptroller and Auditor General of India for 1970-71 regarding non-preparation of *pro forma* accounts. *Pro forma* Accounts are still (May 1977) in arrears from the very beginning. Ledger, journal and other subsidiary records, required for compilation of *pro forma* accounts, have not been maintained. It was stated by the Department (January 1976) that the accounting staff of the Press were not conversant with the commercial accounting work. It was further stated (July 1976) that proposals prescribing the accounting procedure for maintenance of commercial accounts submitted to the Government in October 1973 had not been approved. The Government stated (June 1976) that the form for *pro forma* accounts relating to the Press was under examination. Further developments are awaited (May 1977).

6.3.3. *Receipts and payments*

The expenditure (exclusive of interest and depreciation), receipts (cash basis) and surplus or deficit during the five years up to 1975-76 were as follows:—

Year	*		
	Total expenditure including value of gift paper consumed	Total receipts	Excess of expenditure over receipts (—)/ Excess of receipts over expenditure (+)
(Rupees in lakhs)			
1971-72 ..	33.38	34.32	(+)0.94
1972-73 ..	36.15	30.06	(—)6.09
1973-74 ..	40.25	28.32	(—)11.93
1974-75 ..	72.82	31.66	(—)41.16
1975-76 ..	86.71	56.80	(—)29.91

* Includes expenditure on the books which were in stock and also under print in the press.

6.3.4. Establishment

The Manager, who heads the Press, is assisted by an Assistant Manager, an Accounts Officer and a Sales Manager. There are eleven sections in the Press in which 414 workers (against 424 sanctioned posts) and 17 apprentices were working in December 1975.

No yardsticks have been laid down for assessing the manpower requirements. A committee appointed in October 1970 under the chairmanship of the Superintendent, Government Press, Cuttack to suggest suitable yardsticks for sanction of the various categories of non-gazetted (both technical and non-technical) posts for the Text Book Press, submitted its report to the Government in February 1973. The recommendations were accepted by the Government in March 1976 but the strength and composition of the required staff, according to the yardsticks, have not been determined (April 1977). It was stated by the Department (July 1976) that the staff strength in the Press was being examined with reference to the accepted yardsticks.

6.3.5. Under-utilisation of machines

A scrutiny of machine docket registers and statements of performance of 15 printing machines (out of 24 machines utilised in the Press) during 1973-74 to 1975-76 showed that the utilised capacity of these machines were 66.72 and 65 per cent respectively as given below:—

Year	Available machine hours	Machine hours utilised	Idle hours	Percentage of utilisation
(1)	(2)	(3)	(4)	(5)
1973-74 ..	95,175	62,986	32,189	66
1974-75 ..	95,175	68,546	26,629	72
1975-76 ..	95,175	61,953	33,222	65

Machine docket registers were not maintained in respect of the other nine machines. In the weekly returns on idle hours, rendered by the Press to the Government, the reasons were mentioned to be mechanical and electrical defects and shortage of staff. An analysis of the idle hours attributed to the three different reasons are as given below:—

Year	Idle hours due to			Total
	Mechanical defects	Electrical defects	Shortage of staff	
(1)	(2)	(3)	(4)	(5)
1973-74 ..	20,092	8,179	3,918	32,189
1974-75 ..	17,728	6,029	2,872	26,629
1975-76 ..	27,956	3,135	2,131	33,222

It was stated by the Department (July 1976) that most of the machines had worked for about 12 to 13 years continuously in three shifts and having exhausted the life of 15 years on single shift, these needed replacement, and that steps were being taken to organise a workshop to ensure prompt repairs and minimise idleness.

The Press reported (September 1975) that the workers of the machines which developed mechanical troubles were being directed to other work to the extent possible.

In October 1974, the State Government constituted a committee under the chairmanship of the Secretary, Education and Youth Services Department, to consider condemnation of four old printing machines which were purchased at cost of Rs. 2.01 lakhs between December 1962 and March 1963 and to submit its report within a month. One of the machines, procured in March 1963 at a cost of Rs. 0.50 lakh, has been lying idle since February 1972 due to mechanical defects and is stated by the Department to be beyond repairs. The Committee has not submitted its report (April 1977).

6.3.6. Excess consumption of paper

An analysis of issue of printing paper showed excess consumption of paper of Rs. 2.74 lakhs in the printing of 32.70 lakh books during the period 1973-74 to 1975-76 as shown under:—

Year	Estimated quantity of paper required inclusive of permissible wastage, spoilage, etc. (2 to 5 per cent)	Actual consumption	Excess	Value (Rupees in lakhs)
(1)	(2)	(3)	(4)	(5)
	(In reams)			
1973-74	3,874	5,419	15,45	1.35
1974-75	10,687	12,200	1,513	1.28
1975-76	2,575	2,677	102	0.05
	184 reels	193 reels	9 reels	0.06

In January 1976, it was stated by the Department that printing paper was being issued from the store on demand, from time to time, and that paper issued for different print orders got mixed up owing to faulty accounting. It was further stated in July 1976 that the spoilage in some cases was "much greater due to various reasons like machinery trouble, storing condition of printed sheets, etc."

6.3.7. *Short accountal of printed matter*

During the years 1972-73 to 1975-76, printing of 39 books was taken up. In the course of test scrutiny it was noticed that the number of finished books accounted for was short of the printed matter produced. The table below indicates the yearwise position of shortages during the four years ending 1975-76 :—

Year	Printed matter in terms of books	Number handed over to finished book store	Difference	Permissible spoilage (2 to 5 per cent)	Shortage in terms of books	Value of shortage (Rupees in lakhs)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(Number in lakhs)						
1972-73	27.90	26.41	1.49	1.04	0.45	0.37
1973-74	33.10	30.51	2.59	1.18	1.41	1.44
1974-75	41.65	38.73	2.92	1.41	1.51	1.81
1975-76	55.17	52.17	3.00	1.85	1.15	1.37
Total	1,57.82	1,47.82	10.00	5.48	4.52	4.99

It was stated (January 1976) by the Department that there was scope for tightening the procedure as the system in vogue did not have arrangement for check against excessive wastage due to 'careless' printing and binding. It was also stated that the procedure would be tightened.

6.3.8. *Extra expenditure on purchases*

(a) Tenders were invited in March 1974 for supply of printing chemicals against the requirements for 1974-75. Nine firms responded. The offers of seven firms were not considered by the purchase committee on the grounds of non-submission of earnest money, sales tax and income tax clearance certificates and conditional terms of payment. The remaining two firms, 'A' and 'B', did not quote for all the items. Firm 'A' stipulated a validity period of two months for its offer, while firm 'B' did not stipulate any validity period. In June 1974, the purchase committee decided (reasons were found recorded in the minutes) to set aside the tenders received and to purchase directly from the manufacturers. The decision was, however, reversed by the committee in July 1974 and offers of firm 'A' and 'B' were accepted for different items at their lowest rates. No reasons were found on record for reopening the case. Purchase orders were then placed on firms 'A' and 'B' (August 1974) for supply of printing chemicals of Rs.2.09 lakhs and Rs. 0.80 lakh respectively at the rates in their original offers. On the ground of rise in prices, firm 'A', in the mean time increased its rates five times, the increase ranging from 17 to 56 per cent. Firm 'B' also increased its rates four times in August 1974, after the order was placed,

the increase ranging from 21 to 140 *per cent*. The purchase committee approved (October 1974) the increased rates of both the firms as the Press expressed difficulty in negotiating further with the firms and other suppliers on account of shortage of time and urgency of requirement. Both the firms supplied the materials during November 1974 to March 1975.

The extra expenditure due to delay in placing orders and acceptance of higher rates amounted to Rs. 0.51 lakh.

The matter was brought to the notice of the Department in June 1976 ; reply is awaited (May 1977).

(b) The Press invited tenders in June 1973 for supply of various types of paper against the requirement for 1973-74. The notice inviting tenders stipulated that the supply was to be completed as per terms and conditions to be specified in the purchase order. Three out of four tenders received were accepted.

The tender of firm 'A' contained the following stipulations :—

- (i) Three *per cent* surcharge for supply of 'Maplitho' paper, and
- (ii) in the event of levy/ enhancement of excise duty or any other duty or taxes by mills or Government at the time of supply, the rates would be increased accordingly.

Firms 'B' and 'C' stipulated escalation in the rates in case of increase in excise duty and sales tax.

The State Government approved purchase of 115 tonnes of paper on 1st September 1973. Orders for supply of paper were placed on the above three firms on 6th September 1973. The purchase orders placed on the firms stipulated execution of an agreement by each supplier and completion of supply within a fortnight. No agreement was, however, executed by any of the firms despite requests by the Press. Firm 'A' supplied the paper after the specified period of two weeks and also claimed increase in rates by 40 paise and 80 paise per Kg. for the supplies made after 1st October 1973 and 16th November 1973 respectively, on the ground that the manufacturers had increased their rates. The increase in the rates was accepted by the Government and payment was made in April 1976. There was no increase by firm 'B' which supplied 13 tonnes of paper on 16th October 1973 against the order placed on 6th September 1973.

The extra expenditure due to acceptance of increased rates for the supplies received from firm 'A' amounted to Rs. 0.54 lakh.

The matter was brought to the notice of the Department in June 1976 ; reply is awaited (May 1977).

6.3.9. *Demurrage and interest charges*

Nine wagons containing 200 tonnes of printing papers despatched from Brajarajnagar by firm 'F' between 23rd March and 27th March 1975 reached destination (Bhubaneswar) between 2nd April and 21st April 1975. The delivery was taken by the Press between 4th April and 28th April 1975 after paying Rs. 0.14 lakh towards demurrage to the Railways and Rs. 0.03 lakh towards interest to bank for delay in release of documents. The Department attributed (November 1975) the delay in clearing the consignment to the time taken in getting Government sanction for release of funds. It was, however, noticed that the Press approached the Government on 5th April 1975 for sanction for release of funds, which was received on 25th April 1975. It was further noticed that during the period 2nd to 28th April 1975, the Press had a minimum cash/bank balance of Rs. 9.31 lakhs and thus the Press could have cleared the consignment as sufficient funds were available.

It was stated (July 1976) by the Department that the matter was being investigated to find out the reasons for the delay in clearing the consignment and to fix responsibility. Further developments are awaited (May 1977).

6.3.10. *Loss due to non-registration as a registered dealer*

(a) Under the provisions of the Orissa Sales Tax Act, goods sold to a registered dealer for use by him in manufacture or processing of goods for sale are liable to sales tax at the concessional rate of 3 per cent effective from 1st January 1970 (4 per cent from 7th November 1975). The Press was registered as a dealer in November 1975. The Department purchased paper valued at Rs. 46.75 lakhs and chemicals valued at Rs. 2.32 lakhs during 1972-73 to 1974-75 and paid sales tax amounting to Rs. 3.76 lakhs at varying rates.

Due to non-registration of the Press as a dealer under the Orissa Sales Tax Act up to November 1975 and consequent inadmissibility of concessional rate of 3 per cent, sales tax was paid in excess to the extent of Rs. 2.29 lakhs on these purchases.

The matter was reported to the Department in June 1976 ; reply is awaited (May 1977).

(b) Under the Orissa Sales Tax Act, a dealer whose gross annual turnover exceeds Rs. 25,000 is liable to pay sales tax. However, unless the dealer gets himself registered as such under the Act, he is not entitled to collect sales tax from purchasers in respect of sales effected by him.

The Press got itself registered only in November 1975. On the ground that its turnover was in excess of the prescribed limit of Rs. 25,000, the sales tax authorities imposed (February 1976) sales tax of Rs. 0.35 lakh for the period from April 1972 to September 1975 and this amount, not having been collected from the customers, was paid (March 1976) by the Press from its own funds.

The matter was reported to the department in June 1976 ; reply is awaited (May 1977).

6.3.11. Sale price

Sale prices of nationalised text books were fixed by the Government since 1963 as and when they were nationalised. The basis on which the sale prices were fixed was not on record. Computation of the actual cost of production was done by the Press in the case of three books for the first time in March 1973 when it was noticed that on an average, the cost of production exceeded the sale price fixed by 27 per cent. A similar exercise carried out in December 1974 in respect of two other books indicated that, on an average, the cost of production exceeded the sale price by 91 per cent. The sale prices were, however, not refixed on either of the occasions. The loss on the copies of these five books alone, printed during these years, was Rs. 12.63 lakhs as shown in the table below :—

Name of the Book	Number of copies printed during 1973-74 to 1975-76	Month of ascertaining cost	Cost per book	Total cost	Sale price per book	Total value	Total difference
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	(figures in lakhs)		Rs.	(Rupees in lakhs)	Rs.	(Rupees in lakhs)	
<i>Mo Chhabi Bahi</i>	13.00	March 1973	1.07	13.91	0.70	9.10	4.81
<i>Anka Class III</i>	5.50	Ditto	1.09	6.00	0.95	5.22	0.78
Picture book, Class IV	5.50	Ditto	1.20	6.60	1.05	5.78	0.82
<i>Nua Chabi Bahi</i>	9.00	December 1974	1.13	10.17	0.45	4.05	6.12
English Supplementary Reader, Class VII	0.50	Ditto	0.86	0.43	0.65	0.33	0.10
Total	33.50			37.11		24.48	12.63

Test audit scrutiny disclosed that in respect of 33 other nationalised text books printed during 1974-75 and 1975-76, the losses due to fixation of low prices amounted to Rs. 39.07 lakhs, as shown below :—

Number of copies printed	..	48,12,000
		(Rupees in lakhs)
Cost of books	..	98.74
Sale price	..	59.67
Loss	..	39.07

The Department stated (July 1976) that the prices had been revised and implemented from June 1976 and that there would be no loss during 1976-77. The increase in prices is between 17 and 30 per cent for 28 books, 37 and 68 per cent for nine books and between 78 and 195 per cent for five books.

6.3.12. Loss on obsolete books

According to the instructions issued by Government (March 1971), nationalised text books which become useless after publication of revised editions should be withdrawn from sale centres and brought back to the Press for being sold as waste paper. The time schedule for revision has been so prescribed that the Press would have a time span of at least one complete academic year before the introduction of a revised text book to guard against dislocation in the academic field and for regulating the disposal of the text books that would be rendered obsolete. Fourteen different text books were revised up to December 1975 and as a result, 88,600 copies valued at Rs. 0.89 lakh became obsolete. A revised edition of the book "Samajika Patha V" was prescribed to be followed from the academic year commencing in June 1975. However, due to lack of co-ordination with the Committee in charge of revision, the Press was not able to issue strike order for the revised edition up to December 1975. In July 1976, the Department stated that the revision of the text book was done by the working committee of the Press Publication and Preparation Committee over which the Press had no control. The Manager, Text Book Press Stated (June 1977) that the book was printed and marketed in August 1976.

6.3.13. *Stock Accounts*—

The following deficiencies were noticed in the maintenance of stock accounts:—

(i) Maximum and minimum limits of stocks of paper, chemicals, inks, *etc.* had not been fixed. Chemicals valued at Rs. 0.19 lakh purchased in 1972-73 remained unused (April 1977). The Department stated (September 1975) that the old chemicals remained unused due to introduction of new varieties and also stoppage of colour jobs in printing from 1973-74.

(ii) Stores ledgers were not maintained properly in as much as opening balances were not carried forward, receipts during the year were not posted and closing balances were not worked out. It was stated (September 1975) by the Department that these records could not be maintained properly for want of adequate staff.

(iii) Physical verification of raw materials and finished books, conducted in June 1970, disclosed shortages of Rs. 0.27 lakh. Physical verification conducted in seven sale centres disclosed further shortages of Rs. 0.09 lakh. The shortages had not been investigated (April 1977). Physical verification of stores had not been conducted since 1972-73.

6.3.14. *Shortage of books*

Sale of nationalised text books is made through 38 sale centres under the control of the respective District Inspector of Schools and two sales centres managed directly by the Press. No cash or personal security had been obtained from the persons handling cash/sale proceeds and stores. A test check of the records of the different centres showed the following:—

(a) Books valued at Rs. 0.33 lakh were not accounted for by the Sales Assistant of Sundargarh sale centre in January 1971, against whom a criminal case had been instituted in a court of law in January 1973. Further Developments are awaited (May 1977).

(b) Shortage of books valued at Rs. 0.13 lakh was noticed in the sale centre at Cuttack during physical verification conducted by the Press in April 1974. The person responsible for the shortage was placed (April 1974) under suspension. It was stated (July 1976) by the Department that enquiry had been completed and action was being taken to finalise the case.

(c) A surprise physical verification of stock at the sale centre at Bhubaneswar, conducted by a senior official on 10th December 1975 revealed shortage of 1,27,945 books valued at Rs. 1.50 lakhs. The last physical verification, before the verification in December 1975, was conducted by the Press on 31st March 1975. The person in charge of the sale centre was placed under suspension on 27th December 1975 and the matter was reported to the Police on 1st January 1976. The case was under investigation by the Police (April 1977).

6.3.15. Sundry debtors

As on 1st April 1975, a sum of Rs. 4.52 lakhs representing cost of printing, relating to the period from 1967-68 to 1974-75, was recoverable from different Government Departments. Yearwise break-up of the debts is given below:—

Year	Amount
	(Rupees in lakhs)
1967-68	
to	
1971-72	.. 0.13
1972-73	.. 0.93
1973-74	.. 3.02
1974-75	.. 0.44
	<hr/>
Total	.. 4.52
	<hr/>

Bulk of the outstandings were mainly due from the Board of Secondary Education (Rs. 2.65 lakhs), Director of Public Instruction (Rs. 1.36 lakhs) and State Institute of Education (Rs. 0.22 lakh). It was stated (July 1976) by the Manager, Text Book Press that steps were being taken for expeditious collection of the arrear claims. The Manager, Text Book Press reported (June 1977) recovery of Rs. 0.21 lakh so far.

6.3.16. Cash

(a) The daily cash balance in hand during the three years up to 1975-76 ranged between Rs. 0.54 lakh (18th May 1975) and Rs. 36.94 lakhs (31st March 1976). Physical verification of cash at the end of each month was not regularly done as required under the rules.

(b) Mention was made in paragraph 101 (v) of the Report of the Comptroller and Auditor General of India for the year 1970-71 about delay in remittances of sale proceeds into the treasury. Similar instances of delay in remittance of the sale-proceeds during 1972-73 to 1975-76 were noticed in the course of test audit.

6.3.17. *Other points of interest—**Printing of other books*

As a part of a scheme to provide universal education, the Press was also entrusted by the Government with the task of bringing out a teacher's hand book (1963), guide books to help the teachers and seven library books (1970 and 1972) for the 'Play house'. The jobs have not been taken up (April 1977). It was stated by the Department (January 1976) that jobs were accorded a lower priority as the Press was not able to cope up with the demand for printing of text books.

The matter was reported to the Government in June 1976 ; reply is awaited (May 1977).

FOOD AND CIVIL SUPPLIES DEPARTMENT

6.4. Short accountal/non-accountal of cash receipts

6.4.1. According to the procedure prescribed by the Government in May 1972, at the places where treasury or banking facilities do not exist, the Block Development Officers are to receive in cash the cost of foodgrains to be supplied by the storage agents to the retailers, and remit the money to the treasury. The Block Development Officers are also required to render monthly returns in this respect to the District Civil Supplies Officer to enable the latter to watch that the monies received have been deposited into the treasury to the credit of the personal ledger account of the Collector. The purchasing-cum-milling-cum-storage agents are to obtain payment, for the supplies of foodgrains released to the retailers, from the Collectors on presentation of bills duly supported by the money receipts granted by the Block Development Officers.

6.4.2. A test check of the records for 1975-76 disclosed the following :—

(a) In Sambalpur District, payments aggregating Rs. 4.22 lakhs were made to the storage agents during 1975-76 against bills which were not supported by 'money' receipts of the Block Development Officers. Monthly returns for April 1975 to March 1976 were also not received by the Department.

The District Civil Supplies Officer stated (July 1976) that "timely credits by the Block Development Officers are being watched by the regional staff on personal contact".

(b) In Bolangir District, the total payment between April 1972 and March 1974 to the Food Corporation of India (Storage agents) supported by 'money' receipts amounted to Rs. 22.78 lakhs whereas deposits of cash by the Block Development Officers to the extent of

Rs. 18.80 lakhs were traceable in the personal ledger accounts of the Collector. In this case also the prescribed monthly returns for April 1972 to March 1974 were not received from the Block Development Officers.

The District Civil Supplies Officer stated (July 1976) that the payments in the case of Food Corporation of India were made without awaiting credits, as per Government instructions of May 1972 and that the discrepancies were being reconciled. However, the discrepancy of Rs. 3.98 lakhs had not been reconciled (April 1977).

6.4.3. A test check of records in the Kalahandi and Koraput Districts disclosed the following :—

(a) In Koraput District, Rs. 3.99 lakhs were received during April 1973 to July 1974 from 28 retailers by the Tehsildar, Borigumma although he was not authorised by Government to receive cash for the purpose. The Tehsildar remitted only Rs. 3.82 lakhs into the treasury. He had not submitted any return to the Civil Supplies Officer, Jeypore up to the date of audit (September 1976). Further developments are awaited (May 1977).

(b) Cash receipts totalling Rs. 0.66 lakh received by 14 Block Development Officers between April 1973 and December 1975 had not been remitted into treasury up to September 1976 as per the break-up indicated below :—

	Koraput District	Kalahandi District
Amount of cash receipts (In lakhs of rupees)	0.24	0.42
Number of Block Development Officers involved	10	4

The Officers had also not rendered the prescribed returns to the District Civil Supplies Officers up to the date of audit (September 1976) ; further developments are awaited (May 1977).

6.5. Shortages in food grain stocks

In the case of foodgrains imported from outside the State or otherwise procured by the Department, agreements entered into with storage agents provide that the latter would be responsible for shortages, if any, against stocks delivered to them. Besides, the agreements also provide for levy of penalties by the Collectors at Rs. 50 per quintal for shortages noticed in excess of the following specified limits :—

Nature of food grains	Limit of shortage beyond which penalty may be imposed
Wheat	0.50 kg. per quintal
Paddy/rice	0.625 kg. per quintal

The storage agent is also required to afford every facility for physical verification by departmental officers, at any time at his own cost.

A test check of records in a few districts, conducted in May—September 1976, disclosed the following :—

(a) In three districts (Dhenkanal, Sambalpur and Bolangir), physical verification of stocks of foodgrains, conducted between April 1975 and April 1976 by the departmental officers, disclosed shortages of 2,412 quintals valued at Rs. 2.76 lakhs. No action had been taken, up to the date of audit, either to recover the value of shortages or to levy penalties where shortages were in excess of the prescribed limits. Further developments are awaited (May 1977).

(b) In two districts (Koraput and Kalahandi), although shortages (Quantity : 543 quintals ; value : Rs. 0.79 lakh) noticed (April 1976) on physical verification by departmental officers were determined to be in excess of the prescribed limits and penalties amounting Rs. 0.23 lakh was to be imposed by the Collectors, the value of the shortages had not been recovered and the penalties had not been imposed up to the date of audit. Further developments are awaited (May 1977).

(c) In Puri District, attempts made (September 1975) by the Civil Supplies Officer for verification of wheat stocks lying with the storage agent were reported to have proved unsuccessful owing to alleged non-co-operation of the storage agent. The matter was not, however, pursued further. Subsequent surprise verification conducted in February 1976 and scrutiny of the accounts of the storage agent in May 1976 disclosed the following :—

(i) Shortages of 447 quintals of wheat valued at Rs. 0.66 lakh and

(ii) presence of impurities in the stock of wheat with the storage agent, which meant a further shortage (cleaning shortage) of 101 quintals valued at Rs. 0.15 lakh.

A penalty of Rs. 0.21 lakh was imposed by the Collector in September 1976 for the shortages in excess of the specified limit. On finalisation (September 1976) of the storage agent's accounts, the net amount recoverable from the agent (after adjustment of his pending bills for Rs. 0.21 lakh) worked out to Rs. 0.81 lakh. The amount had not been recovered up to the date of audit. Further developments are awaited (May 1977).

The matter was reported to Government in November 1976 ; reply is awaited (May 1977)

6.6. Inter-district transfer of foodgrains

In the case of inter-district transfers of foodgrains, the departmental regulations provide that the Collector of the exporting district is to bill for supplies, as and when the supplies are made, for credit of the value to his personal ledger account. The Collector of the receiving district is to take steps for regularisation of the shortages, if any. A test check of the accounts in some districts, conducted in September 1976, disclosed the following:—

(a) In Kalahandi District, 66,174 tonnes of rice, valued at Rs. 105.12 lakhs, were transferred to four other districts between April 1974 and September 1974 but bills therefor had not been preferred by the District Collector, Kalahandi up to the date of audit. Further developments are awaited (May 1977).

(b) Shortages aggregating 863 quintals of rice (value : Rs. 1.34 lakhs) and 258 quintals of wheat (value : Rs. 0.23 lakh) were recorded to have occurred against stocks received by rail in three districts from four other districts in 1973-74 and 1975-76. Of these, the value of shortages certified by the Railways amounted to Rs. 0.33 lakh only. The Railways have rejected claim for Rs. 0.09 lakh on grounds of non-observance of packing conditions and accepted claims for Rs. 0.05 lakh ; claims for the balance of Rs. 0.19 lakh remained to be settled (April 1977). Action to regularise the remaining recorded shortages valuing Rs. 1.33 lakhs, which had not been certified by the Railways, was not taken by the concerned District Collectors (April 1977).

The matter was reported to the Government in November 1976 ; reply is awaited (May 1977).

6.7. Utilisation of storage godowns

There are 54 departmental godowns in the State for storage of foodgrains for public distribution. Of these, 13 godowns remained vacant for periods ranging between 9 and 98 months from November 1963 to May 1976, as per the break-up given below:—

Period of vacancy		Number of godowns
9 to 15 months	..	2
25 to 50 months	..	5
50 to 75 months	..	2
75 to 98 months	..	4

The long duration of the vacant position of godowns was attributed (February 1977) by the Government to—

- (i) dilapidated and damaged condition of the godowns in some cases, and
- (ii) high cost of repairs.

The rental value of the period for which the storage godowns were lying vacant amounted to Rs. 0.77 lakh at the rates fixed for hiring out the same (the rates of rent fixed in 1948-49 have not been revised thereafter). On an observation by Audit (in November 1976) regarding the possibility of utilisation of the vacant godowns by arrangement with purchasing-cum-milling-cum-storage agents engaged for storage of foodgrains for public distribution, the Government stated (February 1977) that the suggestion to incorporate a suitable clause in the agreements entered into with the agents would be examined for implementation.

INDUSTRIES DEPARTMENT

6.8. Government Shoe Factory, Cuttack—Supply of “boots ankle”

In response to tenders submitted by the Government Shoe Factory, Cuttack in December 1974, the Director General, Supplies and Disposals placed an order with the Factory in February 1975 for supply of 10,000 pairs of “boots ankle” to the Defence Department at Rs. 37.85 per pair (which included a profit element of Rs. 2.15 per pair). According to the terms of the purchase order, the Factory was to complete the supply by August 1975 in five consignments after sending advance samples of each consignment for acceptance by the Defence Laboratory, Kanpur.

Advance sample sent for the first time in March 1975 was rejected (May 1975) by the Defence Laboratory, Kanpur on the ground that it did not conform to the specifications. Samples sent subsequently (June 1975) were approved in August 1975 and the period for completion of supply was extended (August 1975) first up to January 1976 and later (August 1976) up to September 1976. The Factory supplied only 3,088 pairs between January and November 1976. The Management stated (December 1976) that the balance order was not executed by the Factory owing to non-acceptance of increased cost of production and non-extension of the delivery period by the Director General, Supplies and Disposals. According to the Director of Industries (June 1976), mass production of the “boots ankle” could not be started earlier owing to the delay in approval of the samples and that workers in the factory were not used to manufacture of army boots and it took time for them to work properly.

As per the cost sheets authenticated (May 1976) by the Chief Accounts Officer of the Directorate of Industries, the cost price worked out to Rs. 55.53 per pair against the sale price of Rs. 37.85 per pair. The supply of 3,088 pairs, thus, resulted in a loss of Rs. 0.55 lakh.

The matter was reported to the Government in November 1976 ; reply is awaited (May 1977).

AGRICULTURE AND CO-OPERATION DEPARTMENT

6.9. Cold Storage Plant at Cuttack

A cold storage plant (capacity : 5,600 quintals) was installed at Cuttack in 1950. Installation of a second plant with storage capacity of 15,000 quintals, at a cost of Rs. 10.80 lakhs, was approved by the Government in December 1966. The work of installation was taken up in January 1966 by the Rural Engineering Organisation, which executed the work and made the Plant ready for trial run by December 1968. Certain defects were noticed on trial run conducted in October 1969. The Plant remained with the Rural Engineering Organisation for rectification of the defects till April 1972. The expenditure on installation of the Plant, according to the Executive Engineer concerned (November 1972) of the Rural Engineering Organisation, was Rs. 15.70 lakhs. The Plant was taken over by the Cold Storage Officer of the Department in April 1972 and a further expenditure of Rs. 0.07 lakh was incurred in October 1972 for rectification of defects. The Plant was put on further trial run intermittently between March and May 1973 and was not operated till February 1975 when it was finally commissioned. The delayed commissioning of the Plant was attributed by the Department to non-availability of spares for rectification of defects noticed during trial runs.

According to an agreement executed with the State Electricity Board in 1969 for supply of power, the Cold Storage Officer paid Rs. 2.60 lakhs towards minimum energy charges at Rs. 3,717 per month for the period from July 1969 to January 1975, including Rs. 0.11 lakh on account of surcharge for delayed payments. The establishment cost for the Plant during February 1973 to January 1975 amounted to Rs. 0.70 lakh.

After commissioning in February 1975, the Plant (with capacity to load 15,000 quintals at a time) was utilised to load in all 3,980 quintals up to December 1975.

Government stated (April 1977) that the delay in commissioning and the underutilisation of the rated capacity of the Plant were due to technical defects, defective erection and lack of proper supervision by the Rural Engineering Authorities.

CHAPTER 7

FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

7.1. Introductory

(a) (i). In 1975-76, Rs. 54.24 crores were paid as grants to non-Government bodies, institutions and others against Rs. 41.38 crores paid in 1974-75 ; this formed 20 per cent of Government's total expenditure on revenue account against 18 per cent in 1974-75. An analysis of the grants paid during 1975-76 is given below:—

	Amount (Rupees in crores)
(1) Education—	
Assistance to non-Government bodies, local bodies and universities	42.11
	..
(2) Community Development and Social Welfare—	
Assistance to Panchayati Raj institutions	.. 5.84
Assistance to local bodies and others	.. 0.20
(3) Irrigation and Power—	
Assistance to Orissa State Electricity Board for Rural Electrification Schemes	.. 3.20
Grants to Orissa Lift Irrigation Corporation for investigation and development of ground water resources	.. 0.30
(4) Urban Development—	
Assistance to municipalities, corporations, etc.	.. 1.57
(5) Forest—	
Grants to Panchayati Raj institutions	.. 1.00
(6) Labour, Employment and Housing—	
Grants to Orissa Housing Board and non-Government housing schemes	.. 0.02
Total	54.24

(a) (ii) The chief beneficiaries of the grants were the Panchayati Raj institutions which received Rs. 29.40 crores (54 per cent) during 1975-76 for the purpose as shown below :—

	Amount (Rupees in crores)
(1) Education—	
Primary and Secondary education	.. 22.56
(2) Community Development and Social Welfare—	
Community development	.. 5.84
(3) Forest—	
Grants to Panchayati Raj institutions from the sale proceeds of <i>Kendu</i> leaves	.. 1.00
Total	<u>29.40</u>

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

At the end of September 1976, 74,243 certificates for Rs. 1,61.84 crores were awaited for grants paid up to 31st March 1975. Of these, 47,907 certificates (Rs. 84.34 crores) relate to grants paid up to 31st March 1973. The remaining 26,336 certificates (Rs. 77.50 crores) relate to grants paid during the period from 1st April 1973 to 31st March 1975 as shown below :—

	Utilisation certificates					
	Due		Received		Outstanding	
	Number	Amount (Rs. in crores)	Number	Amount (Rs. in crores)	Number	Amount (Rs. in crores)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1st April 1973 to 31st March 1974	16,487	30.24	2,224	3.56	14,263	26.68
1st April 1974 to 31st March 1975	13,975	60.73	1,902	9.91	12,073	50.82
Total	30,462	90.97	4,126	13.47	26,336	77.50

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

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

Name of the department	Number of utilisation certificates awaited	Amount (Rupees in crores)
Urban Development ..	1,227	8.49
Community Development and Panchayati Raj	19,305	45.12
Education and Youth Services ..	48,932	93.60
Revenue and Excise ..	2,496	1.79

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

Mention was made in paragraph 7.1 of the Report of the Comptroller and Auditor General (Civil) for 1974-75 about non-receipt of information from Departments of Government regarding grants and loans given to various bodies/authorities during 1971-72 to 1974-75 and their utilisation. The position remained largely unaltered and similar information for the year 1975-76 was not received from the departments except in 3 cases even after issue of fresh general instructions by the Finance department in July 1976.

With reference to the available information, audit of some bodies and authorities, substantially financed by the Government, falling under Section 14 of the Act was conducted. Important points noticed in audit of these institutions under Section 14 of the Act and of records of sanctioning authorities under Section 15 and other related matters noticed in audit under Section 13 are given in the succeeding paragraphs.

COMMUNITY DEVELOPMENT AND SOCIAL WELFARE DEPARTMENT

7.2. Results of audit of Panchayat Samitis

A summary of receipts and expenditure of 18 Panchayat Samitis for the year 1974-75 for which audit under Section 14 was conducted is given below:—

Name of Panchayat Samiti	Opening balance	Assistance during the year	Total	Expenditure	Closing balance
(1)	(2)	(3)	(4)	(5)	(6)
(In lakhs of rupees)					
1. Sundargarh ..	4.80	12.81	17.61	9.57	8.04
2. Rajgangpur ..	7.18	11.44	18.62	10.28	8.34
3. Khunta I ..	0.31	6.72	7.03	4.53	2.50
4. Balasore ..	3.79	17.04(a)	20.83	13.40	7.43
5. Kolnara ..	4.90	7.17	12.07	5.56	6.51
6. Raruan ..	3.27	5.27	8.54	5.08	3.46
7. Remuna ..	2.34	14.73	17.07	11.86	5.21
8. Soro ..	3.92	11.46(b)	15.38	10.45	4.93
9. Deogarh ..	3.03	10.95	13.98	9.50	4.48
10. Padmapur ..	2.44	10.04	12.48	10.21	2.27
11. Kendrapara I ..	3.23	8.40	11.63	8.51	3.12
12. Baramba ..	2.28	8.60	10.88	7.96	2.92
13. Digapahandi ..	3.15	13.63	16.78	13.53	3.25
14. Balikuda ..	1.48	13.43	14.91	6.92	7.99
15. Gunupur ..	3.82	6.02	9.84	7.34	2.50
16. Basudevpur ..	4.99	19.26	24.25	19.45	4.80
17. Kendrapara II ..	3.21	9.73	12.94	7.21	5.73
18. Aska ..	1.65	11.33(c)	12.98	9.84	3.14
Total ..	59.79	198.03(d)	257.82	171.20	86.62

Note—The opening and closing balances in the table above include receipts of the Panchayat Samitis such as security deposits of contractors, teachers provident fund, etc.

(a) Includes loan of Rs. 0.88 lakh.

(b) Includes loan of Rs. 0.21 lakh.

(c) Includes loan of Rs. 0.73 lakh.

(d) Comprises grants of Rs. 196.21 lakhs and loans of Rs. 1.82 lakhs.

(a) *Unspent balances held*—The financial rules of the Government require that grants should be utilised within the financial year in which the same are sanctioned or within one year from the date of sanction and also that balances not spent within the prescribed period should be surrendered by the grantees. As at the close of March 1975, the 18 Panchayat Samitis held unutilised amounts totalling Rs. 62.13 lakhs for long periods ranging up to more than 5 years, as per particulars given below :—

Period	Amount
	(Rupees in lakhs)
Up to 2 years ..	30.70
Between 2 and 3 years ..	9.80
Between 3 and 5 years ..	4.07
Over 5 years ..	4.03
Yearwise particulars not available ..	13.53

Total	62.13

(b) *Advances outstanding* —According to the procedure prescribed for Panchayat Samitis, advances given to the staff or to others for various purposes should be adjusted without delay. Advances outstanding in respect of 18 Samitis amounted to Rs. 52.92 lakhs at the end of March 1975 as per details below :—

With whom outstanding	Amount
	(Rupees in lakhs)
Samiti and Government officials ..	8.75
Departments of Government (for execution of works) ..	10.78
Contractors ..	14.11
Gram Panchayats ..	12.02
Others ..	7.26

Total	52.92

These were lying unsettled for long periods ranging up to over 10 years as per breakup given below :—

Period	..	Amount (Rupees in lakhs)
Up to 3 years	..	5.95
Between 3 and 5 years	..	7.64
Between 5 and 10 years	..	23.04
Over 10 years	..	16.29
	Total	<u>52.92</u>

(c) The Raruan Panchayat Samiti had up to March 1974 advanced a sum of Rs. 0.30 lakh to the Sub-Assistant Engineer for execution of two works under the Crash Scheme for Rural Employment. Of this, muster rolls for Rs. 0.19 lakh had remained unadmitted up to March 1976 on the ground that no daily reports of labourers engaged were submitted, that there was no evidence of check of attendance of labourers employed and that alterations in figures and dates were found in the muster rolls. During audit, the Panchayat Samiti stated (March 1976) that factual position was being ascertained from the concerned officers.

(d) In the Digapahandi Panchayat Samiti, 4 road works were taken up with grants provided under the Crash Scheme for Rural Employment and Rs. 0.86 lakh were spent on these up to March 1974. It was noticed from a report of the Block Development Officer of August 1975 to the Collector that even though the sanctioned cost as per estimates was only Rs. 0.86 lakh, a further amount of Rs. 6.13 lakhs required for completion of these works. Till March 1976 no further work was taken up on the roads on which preliminary expenditure of Rs. 0.86 lakh was incurred on simple earthwork without compaction or consolidation. The Panchayat Samiti stated (March 1976) that work was done to the extent of funds received; further developments are awaited (May 1977).

(e) In the Khunta I Panchayat Samiti, 21 wells estimated to cost Rs. 0.21 lakh were taken up for construction in the year 1964-65 and advances totalling Rs. 0.11 lakh were paid to different executants. None of the wells had been completed till the date of audit (March 1976). The advances continue to be shown as outstanding against the executants. There were no records with the Samiti to indicate if any follow-up action was taken and to ascertain the extent of work done against the advances.

(f) In the Basudevpur Panchayat Samiti, Rs. 0.41 lakh paid as advances (April 1972—March 1975) to 23 managing committees of primary schools for special repairs to primary school buildings were shown as final expenditure in the books. Up to the date of audit (March 1976) the Panchayat Samiti had received accounts of expenditure for Rs. 0.04 lakh only from 2 of the committees. Further developments are awaited (May 1977). There was no control record of the number of such cases where advances paid were treated as final expenditure of the Samiti and no watch was kept to ensure that the amounts were actually spent on the intended purpose in all cases and that unspent amounts, if any, were refunded to the Samiti.

(g) The sanctions to grants (which envisaged their utilisation within the same year) require the submission of utilisation certificates by the grantees to the sanctioning authority by June of the year following that in which the grants were sanctioned. Submission of utilisation certificates for Rs. 2,78.74 lakhs relating to the 18 Panchayat Samitis was in arrears for periods ranging for over 10 years as per particulars given below :—

Period	Amount
	(Rupees in lakhs)
Up to 3 years ..	94.06
Between 3 and 5 years ..	70.55
Between 5 and 10 years ..	1,04.81
Over 10 years ..	9.32
	—————
Total	2,78.74
	—————

EDUCATION AND YOUTH SERVICES DEPARTMENT

7.3. Assistance to non-Government bodies for primary education

7.3.1. There were 34,199 primary schools in the State as at the end of March 1976. Of these, 31,920 schools were run by local bodies, viz., Panchayat Samitis, Municipalities and Notified Area Councils, 1,193 schools were run by other private agencies and the remaining 2,086 schools were owned and administered by the Government. The Government has control over the syllabus, conduct of examination, training of teachers, production of text books, opening of new schools, etc., in all cases.

7.3.2. The total amount of grants given to non-Government bodies for primary education in the State *vis-a-vis* the total of Government expenditure on primary education during 5 years ending 1975-76 is shown below :—

Year	Total expenditure on primary education	Grants given to Non-Government bodies	Percentage of grants to total expenditure
(In lakhs of rupees)			
1971-72	11,54.03	11,17.98	97
1972-73	13,15.84	12,80.17	97
1973-74	13,61.29	12,37.30	91
1974-75	20,82.84	20,07.55	96
1975-76	25,07.49	24,51.67	97

The grants were given mainly to cover expenditure on salaries of teachers, construction of new school buildings, special repairs to existing school buildings and supply of uniforms, text books and writing materials to students.

7.3.3. Scrutiny of records of the sanctioning authority and of the Directorate of Public Instruction (June 1976) relating to sanctions for grants disclosed the following :—

(a) According to the procedure prescribed by the Government, the salaries for teachers are to be drawn by the Block Development Officers and District Inspectors of Schools for disbursement to teachers of Panchayat Samiti schools and other privately managed schools respectively. On 31st March 1976, however, the Director of Public Instruction withdrew from the Treasury Rs. 241.14 lakhs intended for disbursement of salaries for 1975-76 of teachers of Panchayat Samiti and privately managed primary schools and kept the same in call deposit account with the State Bank of India, Bhubaneswar and disbursements were made to the Block Development Officers from the 3rd April 1976 to 10th July 1976.

(b) It was noticed that the sanctioning authority did not observe the requirements of the financial rules as mentioned below :—

(i) No undertaking was obtained from the grantee before sanctioning grants that no such grant had been received from any other source for the purpose.

(ii) The authority sanctioning the grant did not state whether the audited statement of accounts had been received or whether the grantee had been exempted from submitting the statement.

(iii) No undertaking was obtained by the sanctioning authorities from the grantee institution to the effect that they agreed to maintain register of permanent and semi-permanent assets acquired wholly or substantially out of Government grants, in the prescribed form and to have it open for scrutiny by audit.

(iv) No condition was laid down in orders sanctioning grants that the assets should not be disposed of, encumbered or utilised for purposes other than those intended without prior sanction of the Government.

7.3.4. *Utilisation certificates*:—The orders sanctioning grants contained a condition that the grantee should utilise the grant by end of the financial year and submit utilisation certificate to the District Inspector of Schools by the 30th June of the following year for countersignature for transmission to the Accountant General. A test check of records in the Kendrapara and Sundargarh educational districts showed the following position:—

(i) Utilisation certificates had not been received by the District Inspector of Schools in respect of non-recurring grants paid during the period from 1971-72 to 1974-75 as mentioned below:—

Year	Kendrapara educational district	Sundargarh educational district
	(Amount in lakhs of rupees)	
1971-72	3.72	0.05
1972-73	2.80	1.18
1973-74	0.30	1.76
1974-75	0.30	1.24
	—————	—————
	7.13	4.23
	—————	—————

The records of the District Inspector of Schools did not show if any follow-up action was taken for obtaining the utilisation certificates.

(ii) The position of wanting utilisation certificates in the Sundargarh Educational District for recurring grants for three years ending 1975-76 is given below:—

Year	Total Grant	Amount for which utilisation certificates were wanting till July 1976
	(Rupees in lakhs)	
1973-74	20.42	3.58
1974-75	27.13	6.42
1975-76	57.05	42.14
Total ..	1,04.60	52.14

The records in the office did not indicate if any follow-up action was taken to obtain the utilisation certificates.

(iii) The financial rules of the Government provide that before a grant is paid to any body, the sanctioning authority is to ensure that any previous grant was spent for the purpose for which it was intended. The sanction orders of the Government prescribed a condition that the drawing and disbursing officer should record a certificate on the bills for drawal of the grants to the effect that the grants given during previous years had been utilised. Bills for fresh grants were, however, drawn by the District Inspectors of Schools without recording such certificates and grants were disbursed year after year without any utilisation certificate being received from the grantees for previous grants.

7.3.5. Grants for construction of school buildings

In September 1974, grants amounting to Rs. 78.90 lakhs were sanctioned by the Education Department for construction of 1,052 school buildings under local bodies under the Minimum Needs Programme. The buildings were to be constructed according to an approved type plan with assistance being limited to Rs. 7,500 per school building and the amount was to be utilised in full by March 1975. Grants amounting only to Rs. 37.50 lakhs were allotted by the Directorate in March 1975 to be drawn by the District Inspectors of Schools for disbursement to the local bodies concerned for construction of 500 school buildings. The Director of Public Instruction, however, also drew in March 1975 the balance amount of Rs. 41.40 lakhs which was not required for immediate disbursement and kept it till November 1975 in a call deposit account in the State Bank of India, outside Government account in contravention of the provisions of the financial rules.

The position of construction of school buildings under the National Minimum Needs Programme was reviewed by the Government in June 1975 and it was observed that building grants paid had largely been kept unutilised due to lack of satisfactory construction arrangements at the block and municipal levels. The plans drawn up for construction of primary school buildings were also observed as most unsatisfactory and uneconomical from the point of durability and safety.

In August 1975 it was decided by the Government that the Central Building Research Institute should be entrusted with construction of 25 experimental primary school buildings of three different designs (5 buildings at estimated cost of Rs. 20,000 each, 10 buildings at estimated cost of Rs. 15,800 each and 10 buildings at estimated cost of Rs. 10,000 each) for demonstration purposes. An amount of Rs. 3.58 lakhs was separately sanctioned by the Government (January 1976) for the purpose. Construction of these experimental buildings which were due for completion by March 1976, had not been taken up till July 1976 and was awaiting selection of sites for the purpose. Further developments are awaited (May 1977).

In the meantime the amounts of Rs. 41.40 lakhs held by the Directorate was distributed in November 1975 to the District Inspectors of Schools for disbursement to local bodies towards construction of 552 school buildings. An additional amount of Rs. 6.23 lakhs was sanctioned and disbursed to local bodies in March—April 1976 for construction of 83 more school buildings at the rate of Rs. 7,500 per school. Reports received from the various District Inspectors of Schools by the Directorate of Public Instruction upto June 1976 showed that out of 1,135 buildings for which grants had been disbursed, one building had been completed by the Padmapur Panchayat Samiti and the construction of 35 school buildings was in progress. Further developments are awaited (May 1977).

According to the Directorate of Public Instruction (May 1976) most of the local bodies expressed their inability to put up the buildings as per the approved type plan with the grants given at Rs. 7,500 per building. No follow-up action was taken by the department to ensure utilisation of the grants on construction of school buildings.

7.3.6. Grants for repairs to school buildings

In September 1971 the Government prescribed a set of rules to regulate grants to local bodies for repairs to school buildings. These laid down *inter alia* that :

- (i) grants should be paid once in five years for special repairs limited to Rs. 2,500 per school,
- (ii) they should not be utilised for annual repairs and
- (iii) plans and estimates for the special repairs should be approved by the District Inspectors of Schools.

During the 5 years ending 1975-76, Rs. 45.65 lakhs were sanctioned as grants for special repairs to primary school buildings. Test-check of records relating to the grant of Rs. 9.50 lakhs sanctioned during 1972-73 disclosed as follows:

- (i) The sanctions for grants were accorded in the last week of March 1973 and they were shown as utilised by the end of the month.
- (ii) The amounts were drawn by the Directorate on the last day of the financial year and made over to the District Inspectors of schools only on 22nd June 1973 for disbursement to the grantees with instructions for utilisation of the entire amount within June 1973. Test-check in the Kendrapara and Sundargarh educational districts disclosed that utilisation certificates had not been received from the local bodies upto the date of audit in respect of any of the repair grants. No follow-up action was also taken by the department in this regard.
- (iii) Under the rules prescribed, the grants were to be sanctioned on the basis of recommendations of the District Inspectors of Schools duly supported by plans and estimates approved by them. It was seen in audit that sanctions in 22 cases for Rs. 0.52 lakh had been accorded without recommendation of the District Inspectors of Schools concerned.

A General examination of records relating to the other years disclosed the following:

- (i) In 22 cases special repair grants totalling Rs. 0.75 lakh were sanctioned consecutively for two years, contravening the rule that such grants should be paid only once in five years.
- (ii) Repair grants amounting to Rs. 0.12 lakh were sanctioned and disbursed to local bodies in 1974-75(5) and 1975-76(2) in respect of seven school buildings, which, according to the Block Development Officer, were non-existent; in one case a grant of Rs. 0.02 lakh was sanctioned for a school which was not recognised.

7.3.7. Grants to mission schools

(a) As per the rules, recognition of an educational institution is a pre-condition for eligibility to sanction of aid by the Government. The total number of schools managed by religious missions and recognised by the Government as at the end of March 1976 was 192 but grants for payment of salaries of teachers were found to have been sanctioned and paid during the years 1972-73 to 1975-76 in favour of 195 schools. The amount paid to unrecognised schools during the period amounted to Rs. 8.58 lakhs. On this matter being pointed out by Audit, the Department stated (January 1976), that the matter was being referred to the Directorate of Public Instruction for clarification. Further developments are awaited (May 1977).

(b) According to the rules prescribed, grants were to be restricted to two-thirds of the approved expenditure of the schools. In the Baliguda Educational District, 32 mission schools were paid grants in excess of the amounts admissible to the extent of Rs. 3.30 lakhs as shown below:—

Year	Approved expenditure	Grant admissible (two-thirds expenditure)	Amount paid	Excess grant paid
(1)	(2)	(3)	(4)	(5)
	(In lakhs of rupees)			
1971-72	1.55	1.03	1.61	0.58
1972-73	1.39	0.93	1.20	0.27
1973-74	2.67	1.78	3.72	1.94
1975-76	1.56	1.04	1.55	0.51
		Total	..	3.30

The Directorate stated (May 1976) that the District Inspector of Schools, Baliguda had been called upon to furnish a report in the matter.

7.3.8. Grants for free uniforms to girl students

The Government sanctioned Rs. 1.94 lakhs in July 1975 for payment of Rs. 10 per girl student in the age group of 6 to 11 years of primary schools in lieu of supply of uniforms to them. The Director of Public Instruction distributed the amount in August 1975 to the concerned District Inspectors of Schools for disbursement. The records in the Directorate disclosed (July 1976) that Rs. 0.89 lakh out of Rs. 1.94 lakhs remained unutilised with various District Inspectors of Schools. On enquiry as to the reasons for short utilisation of the grant, one of the District Inspectors of Schools (Sundergarh) stated (June 1976) that the number of newly admitted students was not up to the mark and the number of eligible students was accordingly less. The amount is yet to be refunded to the Government account (April 1977).

7.3.9. Grants for free supply of text books and writing materials

Mention was made in paragraph 2.8 (ii) of the Report of the Comptroller and Auditor General for 1974-75 regarding the late sanction and non-utilisation of grants amounting to Rs. 1.5 lakhs for free supply of nationalised text books and writing materials for the year 1974-75.

In August 1975, the Directorate issued instructions to District Inspectors to utilise the money on the supply of books and writing materials to fresh students enrolled during the academic session of 1975-76 in classes I and IV of the schools newly opened or upgraded in the year 1974-75. According to information available with the Directorate of Public Instruction up to June 1976 it was seen that (i) 22 out of 40 District Inspectors of Schools who had been allotted grants amounting to Rs. 1.47 lakhs had utilised Rs. 0.59 lakh only; (ii) allotments made to the District Inspector of Schools, Bhadrak for Rs. 0.03 lakh had lapsed and (iii) reports from 17 other District Inspectors of Schools were awaited. No part of the unutilised balances had been refunded to the treasury. No instructions were also seen to have been issued by the Directorate to the District Inspectors of Schools in this regard.

A further grant of Rs. 3.38 lakhs was sanctioned in June 1975 to provide text books and writing materials to 67,500 fresh students expected to be enrolled to classes I and IV of schools newly opened or upgraded during the academic year 1975-76 at the rate of Rs. 5 per student per annum. In August 1975, the Directorate released the entire amounts in favour of District Inspectors of Schools. In June 1976, the Directorate reported that (i) only Rs. 1.38 lakhs were utilised for supplying free text books to 30,274 students enrolled in 1975-76, (ii) Rs. 0.24 lakh remained deposited with the Text Book Press, (iii) Rs. 0.98 lakh were surrendered, (iv) Rs. 0.65 lakh were refunded to the treasury and (v) the balance of Rs. 0.13 lakh remained unutilised with District Inspector of Schools, Koraput.

The matter was brought to the notice of the Government in August 1976; reply is awaited (May 1977).

7.4. Grants to Universities for implementation of National Service Corps Programme

The Programme which came into existence in 1969-70 envisages participation of teachers and students in various social activities like adult education, construction of roads, tanks and wells, distributing literature on agricultural improvement, family planning, imparting basic knowledge on health and hygiene, etc. Expenditure on these activities of the Programme is to be met out of State Government grants paid to universities.

Four universities in Orissa were paid grants for the National Service Corps Programme by the State Government during the five years ending 1975-76 as under:—

University (1)	1971-72 (2)	1972-73 (3)	1973-74 (4)	1974-75 (5)	1975-76 (6)
	(Rupees in lakhs)				
Utkal	1.53	2.07	0.88	2.53	3.39
Berhampur ..	0.65	1.89	0.68	1.85	1.41
Sambalpur ..	0.22	2.56	0.73	2.10	1.17
Orissa University of Agriculture and Technology	0.35	0.35	0.22	0.84	0.27
Total	2.75	6.87	2.51	7.32	6.24

A test check of the records of the sanctioning authority showed that although under financial rules, the sanctioning authority is required to satisfy itself about proper utilisation of grants, the Government did not stipulate any conditions about utilisation or about submission of utilisation certificates by the grantees. The Government also did not prescribe any condition that the grantee should submit audited statement of accounts to enable the sanctioning authority to ascertain utilisation of previous grants. The sanctioning authority has not received any information about utilisation of grants from the grantees.

Test check of records of the Utkal University conducted in May 1976 disclosed that out of the grant of Rs. 5.65 lakhs received by the University between April 1969 and March 1973 for implementation of the Programme, Rs. 3.32 lakhs were shown as spent. However, it was seen that the amount shown as spent was actually given as advances to various colleges for implementation of the Programme and the University has received no accounts from the Colleges for the amounts paid to them.

When the matter was brought to its notice in August 1976, the Government stated (April 1977) that a decision has been taken to have the accounts of the concerned colleges audited by the auditors of the Universities and that the Universities would be required to furnish utilisation certificates on the basis of such audit before release of further grants under the Programme.

AGRICULTURE AND CO-OPERATION DEPARTMENT

7.5. Financial assistance to co-operative institutions

7.5.1. Introductory

The financial assistance provided by the Agriculture and Co-operation Department to co-operative institutions in the form of Loans and grants including subsidies during the five years ending 1975-76 was as follows:—

Year		Loans	Grants/ subsidies
		(In lakhs of rupees)	
1971-72	..	2,45.73	36.30
1972-73	..	4,02.47	51.17
1973-74	..	1,87.16	64.25
1974-75	..	2,41.20	58.95
1975-76	..	5,83.41	64.38

7.5.2. Scrutiny of the records of the sanctioning authorities conducted in May 1976 disclosed the following:—

(i) Subsidies totalling Rs. 50.47 lakhs and loans totalling Rs. 34.60 lakhs sanctioned by the Government during 1974-75 were drawn by the Registrar of Co-operative Societies, Orissa in March 1975 and bank drafts were obtained for the same and disbursements were made from April 1975 to August 1975.

(ii) No control machinery was evolved for watching the extent of utilisation by the end of the prescribed period and refund of the unutilised amounts.

(iii) No undertaking to the effect that grants for the same purpose had not been received from any other source was obtained from the grantee, nor did the grants include a condition that assets created or acquired should not be disposed of, encumbered or utilised for purposes other than those intended as required under the financial rules.

(iv) The sanction orders did not indicate whether audited statements of accounts were obtained from the grantees or whether they were exempted from submission of the statements.

7.5.3. *Position of utilisation certificates*

According to the terms of loans and grants, utilisation certificates in respect of loans and grants sanctioned during a financial year were required to be submitted by the recipients to the Department by June of the following financial year. In respect of loans (Rs. 10,76.56 lakhs) and grants/subsidies (Rs. 2,10.67 lakhs) given during the period from 1971-72 to 1974-75, utilisation certificates were yet to be received by the Department for Rs. 2,06.06 lakhs (loans : Rs. 1,33.49 lakhs and grants : Rs. 72.57 lakhs); the yearwise breakup is given below:—

Year	Amount for which utilisation certificates awaited	
	Loans	Grants/ subsidies
	(Rupees in lakhs)	
1971-72	0.22	1.25
1972-73	9.97	27.81
1973-74	36.60	9.51
1974-75	86.70	34.00

No procedure has been prescribed for follow-up action in case of non-submission of utilisation certificates by the parties.

7.5.4. *Assistance for dug wells and shallow tube-wells*

(a) *Loan assistance*—Loan assistance of Rs. 50 lakhs each was sanctioned by the Government in March 1973 in favour of two bodies, viz., Orissa State Co-operative Bank Limited and the Orissa State Co-operative Land Development Bank Limited to enable the banks to distribute the same to cultivators for dug wells and shallow tube-wells in cyclone affected areas. The grants were required to be utilised within the co-operative year ending June 1972, under a scheme to be sanctioned by the Government. An amount of Rs. 1.00 crore was drawn by the Registrar of Co-operative Societies in March 1972 and disbursed to the two bodies in April 1972. The guidelines of the scheme were circulated by the Government in May 1972, which contemplated payment of assistance to cultivators in the cyclone affected areas of Cuttack, Puri, Balasore and Mayurbhanj Districts.

Both the banks submitted utilisation certificates (February/March 1973) to the effect that the entire loan was utilised for the purpose for which it was sanctioned and these were also countersigned by the Registrar of Co-operative Societies.

It was, however, noticed in audit that the Orissa State Co-operative Bank had actually distributed (by May 1974) the Government loan to two other co-operative banks, viz., Angul United Central Co-operative Bank (Rs. 31.10 lakhs) and Berhampur Central Co-operative Bank (Rs. 18.90 lakhs). The Government did not have complete information on the number of beneficiaries under the scheme and the progress reports called for by the Government in May 1973 from the Orissa State Co-operative Bank was still awaited (April 1977). The records did not show that the matter was pursued by the Government after November 1973.

The Orissa State Co-operative Land Development Bank informed the Registrar in September 1973 that it had kept the entire amount of Rs. 50 lakhs disbursed to them in April 1972 in fixed deposit. The certificate of utilisation furnished in March 1973 was apparently not based on actual utilisation.

(b) *Subsidies*—Under the scheme for execution of dug wells and shallow tube-wells drawn up in May 1972, the Government undertook to pay subsidy to cultivators to the extent of 25 per cent of the loans for the purpose availed of by them from financing agencies subject to the condition that the entire loan was utilised properly and repayment of 75 per cent of the principal in specified instalments and of interest was made by the loanees in time. The subsidy was to be paid to the financing agencies for credit to the loan account of the cultivators ; such credit was to be given only after the cultivators paid their portion of the principal and interest on or before the due dates for repayment.

The Registrar of Co-operative Societies drew Rs. 5 lakhs in March 1974 and Rs. 12 lakhs in March 1975 on abstract contingent bills and disbursed the amounts to the Orissa State Co-operative Bank (in June 1974 and June 1975) for payment to the financing agencies though the subsidy scheme contemplated payment being made directly to the financing agency and not through intermediary.

Although the scheme envisaged full utilisation of the subsidy before the end of June in the succeeding financial year, lists of parties who were to receive the subsidies for credit to the respective loan accounts were issued by the Registrar of Co-operative Societies to the Orissa State Co-operative Bank in batches long after the date specified for utilisation as shown below :—

Year	Due date for utilisation	Date on which list of beneficiaries was issued
1973-74	June 1974	In 3 batches between September and December 1974
1974-75	June 1975	In 3 batches between October 1975 and January 1976

The utilisation certificates in respect of both the years were yet to be received by the Registrar of Co-operative Societies. The orders sanctioning the subsidy for 1974-75 stipulated a condition that it should be disbursed only on receipt of utilisation certificate for subsidies of the previous year. Subsidies for 1974-75 were, however, distributed without receiving the utilisation certificates for 1973-74.

The subsidies paid included 6 cases (subsidy : Rs. 1,050) of Cuttack district where, according to a report (November 1975) of the Cuttack United Central Co-operative Bank, loans amounting to Rs. 0.11 lakh had not been utilised by the cultivators on dug wells, or shallow tube-wells.

7.5.5. Subsidies for creation of common cadre of Secretaries of primary agricultural credit co-operative Societies

In 1967-68, the State Government introduced a scheme for creation of a cadre fund in each of the central co-operative banks to meet the salaries of secretaries and administrative inspectors to be provided by the banks to the primary societies. Contributions to the fund were to be made by the primary societies and co-operative banks to the extent of 33 1/3 per cent and 25 per cent respectively of the net interest accrued to them on the loans handled by them and the deficit, if any, in the fund was to be met by the Government in the form of subsidies. During the period from 1972-73 to 1974-75, the Government paid Rs. 38.28 lakhs as subsidies on this account to various central co-operative banks. Test check of records relating to this payment in the office of the Registrar of Co-operative Societies disclosed the following:—

(i) The Bolangir District Central Co-operative Bank was paid a subsidy of Rs. 0.80 lakh in March 1975 on its request for a subsidy of Rs. 0.88 lakh for the year 1974-75 in which it was indicated that the contributions to the cadre fund by itself and by the primary societies would be Rs. 1.97 lakhs and Rs. 2.07 lakhs respectively. The audit report of the bank for the co-operative year ending June 1975 showed that—

(a) the cadre fund to which the subsidy of Rs. 0.80 lakh was paid in March 1975 had already been abolished in January 1975 ;

(b) no amount had been contributed to the fund by any of the parties during the year ; and

(c) the balances available in the fund at the time of its abolition was Rs. 2.25 lakhs against which the undischarged liability was assessed at Rs. 0.23 lakh only.

(ii) The Cuttack United Central Co-operative Bank was paid in March 1975 a subsidy of Rs. 0.70 lakh for its cadre fund for the year 1974-75 on the basis of its intimation that the number of personnel to be employed during the year would be 462. As per the audit report for

the year ending June 1975 the number of personnel actually employed by the bank was 127 only and there was a balance of Rs. 1.40 lakhs in the cadre fund of the bank at the end of June 1975. The exact deficit with reference to the number actually employed had not been determined at any subsequent stage. The audit report also disclosed that there had been no contribution to the fund either by the bank itself or by the primary societies.

(iii) The Boudh Central Co-operative Bank was paid subsidy of Rs. 0.90 lakh during 1974-75 with reference to its proposal for maintenance of secretaries in all the 83 primary societies in its jurisdiction. As seen from the audit report for the year ending June 1975 the bank, however, maintained secretaries in only 42 primary societies and the total expenditure on salaries of secretaries for the entire year was only Rs. 0.51 lakh. The audit report further disclosed that there was no contribution to the fund by any of the parties.

(iv) The Koraput Central Co-operative Bank was paid subsidies of Rs. 0.40 lakh in each of the years 1973-74 and 1974-75. As per the audited accounts for the two years, the expenditure by the bank on salaries of secretaries was Rs. 0.01 lakh during 1973-74 and Rs. 0.05 lakh during 1974-75. Further, there was a closing balance of Rs. 1.74 lakhs in the cadre fund of the bank as on 30th June 1975.

In all the cases listed out against items (i) to (iii) above, the banks submitted utilisation certificates for the full amount of the subsidies and these were also countersigned by the Registrar of Co-operative Societies.

7.5.6. Assistance for establishment of formulation unit for pesticides and insecticides

The following amounts were sanctioned by the Government and disbursed to the Orissa State-Co-operative Marketing Society for establishment of a unit for formulation of pesticides and insecticides in accordance with a scheme sponsored by the National Co-operative Development Corporation Limited (N. C. D. C.).

Category of assistance	Date of disbursement	Amount (Rupees in lakhs)
Loans	.. March 1971	0.26
Workshop subsidy	.. March 1971	0.09
Share capital	.. March 1971	0.65
	March 1974	0.65
	March 1975	0.25
Staff subsidy	.. March 1975	0.10
	Total	2.00

The proposal to establish the unit at Sambalpur was approved by the N. C. D. C. in February 1971 and it was to be commissioned by August 1972.

Scrutiny of records in the office of the Registrar of Co-operative Societies disclosed the following:—

(i) The society informed the Government in September 1972 that it had been decided to shift the site of the plant to Bargarh at a distance of 60 Kilometres from the original site on grounds of likely objections by the local inhabitants at Sambalpur.

(ii) The plant has not been commissioned so far (April 1977) for want of manufacturing licence. According to a letter of the N. C. D. C. to the Registrar of Co-operative Societies in March 1976, the State Governments were advised by the Union Ministry of Industry and Civil Supplies not to issue licence to new units as the existing capacity was larger than the demand and in view of shortage of raw materials.

(iii) In the meantime, the staff subsidy of Rs. 0.10 lakh had been utilised by the society on staff engaged for running another plant run by it, *i. e.* Granular Fertiliser Plant at Bargarh.

7.5.7. Assistance for construction of storage godowns

On the basis of sanction accorded by the Government (March 1974) a sum of Rs. 15.80 lakhs was drawn by the Registrar of Co-operative Societies and disbursed (March 1974) in the form of loan (Rs. 9.88 lakhs) and subsidy (Rs. 5.92 lakhs) to the Orissa State Tribal Development Co-operative Society (O. S. T. D. C. S.) towards full cost of construction of 33 central storage godowns and 12 shop-cum-godowns. According to the sanction, the assistance was to be disbursed only after sites for construction were selected and plans and estimates were finalised and were to be utilised in full by June 1974. Scrutiny of the records of the Registrar of Co-operative Societies disclosed the following:—

(i) No report was available with the Registrar about selection of sites or finalisation of plans and estimates prior to disbursement of the grants.

(ii) As per latest available progress reports for November 1975, only 17 godowns had been completed, 10 were in progress and the remaining 18 godowns were yet to be started.

(iii) The amount actually spent and the balance lying unutilised were not indicated in the progress reports; the information was also not called for by the Registrar of Co-operative Societies.

(iv) Although the sanction order required the submission of progress reports quarterly/ monthly they were not available for the period beyond November 1975.

In spite of the poor progress in utilisation of the assistance made available in March 1974, further assistance of Rs. 10.00 lakhs in the form of loans (Rs. 4.58 lakhs) for construction of 30 more godowns and subsidy (Rs. 5.50 lakhs; number of godowns not mentioned) was paid to the O. S. T. D. C. S. in March 1975 for utilisation by June 1975. According to the Registrar of Co-operative Societies, none of the 30 godowns had been taken up for construction by December 1975. Monthly progress reports although prescribed for submission regularly had not been received for any month so far (April 1977).

Up to May 1976 loan bonds had not been got executed in any case to regulate the repayment of the loans although the financial rules require execution of such bonds before disbursement of the loan.

7.5.8. Assistance for construction of rural and mandi type godowns

Under a scheme sponsored by the N. C. D. C (loan: 62½ per cent; subsidy: 37½ per cent), the Government sanctioned payment of Rs. 71.21 lakhs to selected Co-operative Societies for construction of godowns during the years from 1972-73 to 1974-75 as detailed below:—

Year		Loan	Subsidy
		(Rupees in lakhs)	
1972-73	..	9.37	20.62
1973-74	..	24.68	5.93
1974-75	..	6.63	3.98
	Total	40.68	30.53
	Percentage as actually disbursed	57	43

Scrutiny of the records of the Registrar of Co-operative Societies in May 1976 disclosed the following:—

(i) Out of the total amount of Rs. 71.21 lakhs sanctioned during the period, Rs. 15 lakhs were paid direct to selected societies during 1972-73 for construction of 70 godowns (loan : Rs. 9.37 lakhs and subsidy: Rs. 5.63 lakhs). The balance of Rs. 56.21 lakhs (loan: Rs. 31.31 lakhs, subsidy : Rs. 24.90 lakhs) meant for 282 godowns were paid to the Orissa State Co-operative Marketing Society (Apex) for

disbursement to selected societies subsequently. In reply to an audit enquiry, the Registrar of Co-operative Societies stated (May 1976) that this was done because the Government sanction was received late and there was no time for distribution of funds to various societies during the financial year concerned.

(ii) The amounts (loans: 57 per cent; subsidy: 43 per cent) paid to the Apex Society were not in conformity with the pattern of assistance prescribed under the scheme (loan: 62½ per cent; subsidy: 37½ per cent). An amount of Rs. 14.99 lakhs had been paid as subsidy in March 1973 but release orders in favour of primary societies in accordance with the pattern of assistance was issued (March 1974) only for Rs. 11.90 lakhs. While issuing the release order, the Registrar of Co-operative Societies told (May 1974) the Apex Society that the remaining amount of Rs. 3.09 lakhs had been paid to it in excess and that instructions for disposal of the same would be issued separately. No further instruction has been issued up to the date of audit (May 1976) requiring the Apex Society to refund the amount. Further developments are awaited (May 1977).

(iii) Release orders for Rs. 31.73 lakhs in favour of the primary societies (loan: Rs. 19.83 lakhs and subsidy: Rs. 11.90 lakhs) were issued by the Registrar of Co-operative Societies in May 1974. Against this, the Apex Society paid only Rs. 1.50 lakhs up to July 1974 and intimated the Registrar its inability to pay the balance of Rs. 30.23 lakhs on grounds of financial difficulties. Subsequently, Rs. 29.83 lakhs were paid in November 1974 and the remaining sum of Rs. 0.40 lakh is yet to be paid (April 1977).

(iv) As per the sanction orders, 70 godowns were to have been completed by June 1973, 224 godowns by June 1974 and 58 godowns were to be completed by June 1975. The sanction orders prescribed submission of monthly progress reports by the societies showing the progress of construction. Such progress reports were not, however, submitted by most of the societies.

On a review of the progress to end of October 1976, the Registrar of Co-operative Societies intimated (November 1976) that out of 352 godowns 236 were completed, 115 numbers were in different stages of construction and one more was yet to be taken up. Information of the amount actually utilised on construction of the godowns was not, however, available with the Registrar.

The matter was reported to the Government in August 1976; reply is awaited (May 1977).

7.6. Grants to the Orissa University of Agriculture and Technology

7.6.1. As per provisions in the Orissa University of Agriculture and Technology Act, 1965, the State Government is to pay to the University an annual grant of not less than Rs. 25 lakhs. In November 1969, the Government decided to pay block grant of Rs. 30 lakhs annually, inclusive of Rs. 5 lakhs for development schemes. The grants actually paid to the University for the five-year period ending 1975-76 were, however, as follows:—

Year	Grant paid (Rupees in lakhs)
1971-72	.. 36.41
1972-73	.. 37.32
1973-74	.. 43.33
1974-75	.. 66.76
1975-76	.. 85.05

In reply to audit enquiries the Government stated (January 1977) that amounts in excess of quantum fixed were paid to the University due to increased rates of expenditure. Utilisation certificates for Rs. 1,81.60 lakhs against grants paid up to March 1975 have not been received by audit so far (May 1977); the yearwise particulars are given below:—

Year	Amount (Rupees in lakhs)
1971-72	.. 36.40
1972-73	.. 37.28
1973-74	.. 41.61
1974-75	.. 66.31

Total	.. 1,81.60

The points noticed in the course of audit of records of the sanctioning authority are mentioned below.

7.6.2. As per the conditions in sanctions to the grants, the University was required to send quarterly statements of receipts and expenditure at the end of each quarter and unspent balance of grants at the end of a year were to be adjusted at the time of release of grants for the subsequent year. In actual practice, the statements of receipts and expenditure were received very late and subsequent grants were released by the Government without ascertaining the quantum of unspent balances and adjusting the same. As per reports received by the Government from the University in August 1975, the unspent balance of Government grants at the end of March 1975 was Rs. 3.41 lakhs relating to plan schemes. This amount was not adjusted during subsequent releases of further grants made in December 1975/January 1976. The Government stated (January 1977) that the correctness of the amount reported by the University as unspent balance could not be checked in the absence of audit report of the Local Fund Audit Organisation. Check of accounts of the University by the internal audit party of the department, although prescribed as a condition in the sanctions to grants, has not been conducted at any time so far (May 1977).

According to reports submitted by the University in November 1976 to the Government, the unspent balance of grants for plan schemes to end of March 1976 was Rs. 8.29 lakhs.

7.6.3. The sanctions to grants provided for audit of accounts of the University by the Examiner of Local Accounts. The audit of the accounts pertaining to the years from 1972-73 onwards was in arrears (May 1977).

The University has also not complied with the observations of the Examiner of Local Accounts for any of the years since its inception (1962). The following are some of the observations of the Examiner of Local Accounts on the audit of accounts for 1971-72:—

(i) The outstanding advances awaiting settlement pending receipt of detailed accounts amounted to Rs. 13.38 lakhs. The University had not maintained register of advances despite repeated observations.

(ii) Recoveries outstanding against credit sales amounted to Rs. 0.33 lakh; the system of credit sale did not have approval of the University administration.

(iii) Diesel oil purchases during the year for Rs. 0.10 lakh (11,964 litres) were not accounted for.

7.6.4. The Government decided in August 1974 that the University should send student squads to drought affected areas to motivate farmers to take measures for meeting the drought situation. In September 1974, the University applied for a grant of Rs. 0.50 lakh for the purpose mentioning that it had advanced Rs. 0.23 lakh to squads already deputed. Grant of Rs. 0.50 lakh was sanctioned by the Government and paid to the University in March 1975. According to utilisation certificate received from the University in August 1976, it had spent Rs. 0.30 lakh on the activity and held an unspent balance of Rs. 0.20 lakh. On this being pointed out by Audit, the Government stated (January 1977) that the amount could not be spent by the University in 1974-75 due to late receipt of grants and that the University was being directed not to utilise the unspent balance on any purpose without further instructions.

7.6.5. Advances from the Contingency Fund are made to meet unforeseen and emergent expenditure pending authorisation by the Legislature. A grant of Rs. 1.60 lakhs was paid to the University in March 1974 for restoration of Saline Research Station at Keshpur (Ganjam District), by taking an advance from the Contingency Fund (in the absence of provision in the budget estimates). According to a report received (November 1976) from the University by the Government, it had utilised only Rs. 0.15 lakh in 1974-75 and Rs. 0.47 lakh during 1975-76 and was holding an unspent balance of Rs. 0.98 lakh as on 1st April 1976. As stated (April 1977) by the Government the amount continued to remain unspent upto April 1977.

CHAPTER 8

OUTSTANDING AUDIT OBSERVATIONS AND INSPECTION REPORTS

8.1. Outstanding audit observations

Audit observations on financial transactions of Government are reported to the departmental authorities concerned so that appropriate action is taken to rectify the defects and omissions. Half-yearly reports of such observations outstanding for more than six months are also forwarded to the Government to expedite their settlement. In accordance with the orders of Government (July 1960), committees were set up in all departments, consisting of a representative each of the Finance Department, the department to which the audit observations relate and of the Audit Office, to review the outstanding observations and formulate necessary measures for their prompt clearance. The Committee on Public Accounts has also been stressing the need for expeditious settlement of the audit observations.

The following table shows the number of audit observations issued upto the end of March 1976 and outstanding at the end of September 1976 as compared with the corresponding position indicated in two preceding Reports:—

	As at the end of September		
	1974	1975	1976
Number of observations	1,37,553	1,40,135	1,21,512
Amount (In crores of rupees)	1,13.33	1,06.47	1,23.91

The yearwise analysis of the audit observations issued up to March 1976 which were not settled up to 30th September 1976 is given below:—

Year of issue	Number of items	Amount
		(In lakhs of rupees)
1971-72 and earlier years	94,188	58,11.52
1972-73	4,897	10,70.11
1973-74	5,345	10,58.63
1974-75	5,702	11,59.66
1975-76	11,380	32,90.59
Total	<u>1,21,512</u>	<u>1,23,90.51</u>

The following departments have comparatively heavy outstanding audit observations :—

Sl. No.	Department	Number	Amount (In lakhs of rupees)
1.	Irrigation and Power	.. 13,657	44,39.30
2.	Tribal and Rural Welfare	.. 12,782	13,35.39
3.	Revenue and Excise	.. 18,900	13,20.09
4.	Agriculture and Co-operation	.. 9,374	11,63.17
5.	Works	.. 1,870	8,06.73
6.	Health and Family Planning	.. 8,972	7,25.01
7.	Industries	.. 2,038	5,84.52
8.	Community Development and Panchayat Raj	35,069	4,84.45
9.	Home	.. 6,186	4,74.43
10.	Commerce and Transport	.. 2,053	2,96.51
11.	Forest and Animal Husbandry	.. 2,181	1,49.84
12.	Education and Youth Services	.. 2,238	1,45.82
13.	Urban Development	.. 1,490	2,17.87

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

Sl. No.	Nature of observation	Number	Amount (In lakhs of rupees)
1.	Sanction to estimates or excess over estimates not received	4,820	34,60.65
2.	Detailed contingent bills for lump sum drawals not received	42,128	31,94.57
3.	Payees receipts not received	.. 27,601	30,14.21
4.	Agreements with contractors/suppliers not received	4,061	8,95.84
5.	Sanctions for contingent and miscellaneous expenditure not received	8,376	2,85.06
6.	Vouchers not received	.. 1,866	2,06.71
7.	Sanctions to reserve stock limit or excess over reserve stock limit not received	57	2,06.42
8.	Excess payments/short recoveries	.. 726	14.40

A sizable portion (Rs. 32,20.92 lakhs) of the total outstanding is due to non-submission of payees' receipts and vouchers. The departments with comparatively heavy outstanding on this count were:—

Sl. No.	Department	Number	Amount (In lakhs of rupees)
<i>Non-submission of payees' receipts—</i>			
1.	Revenue and Excise	3,492	8,03.62
2.	Health and Family Planning	6,694	5,44.95
3.	Irrigation and Power	2,777	3,93.82
4.	Industry	69	2,59.77
5.	Agriculture and Co-operation	1,863	2,12.48
6.	Commerce and Transport	1,535	2,11.62
7.	Tribal and Rural Welfare	4,314	1,77.11
8.	Home	1,175	1,16.42
9.	Forest and Animal Husbandry	1,615	1,04.43
10.	Works	887	54.03

Non-submission of vouchers—

1.	Irrigation and Power	1,112	1,13.56
2.	Works	450	45.32
3.	Urban Development	99	27.33
4.	Rural Development	205	20.50

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

In the absence of detailed contingent bills, it is not practicable for Audit to know whether the amount has been spent on the purpose or purposes for which the advances were drawn. Rupees 31,94.57 lakhs were held under observation as detailed contingent bills had not been received in the Audit office at the end of September 1976. The departments with comparatively heavy outstanding on this count are mentioned below:—

Sl. No.	Department	Amount (In lakhs of rupees)
1.	Tribal and Rural Welfare	9,38.48
2.	Agriculture and Co-operation	8,10.26
3.	Home	3,15.10
4.	Revenue and Excise	3,11.69
5.	Community Development and Panchayati Raj	2,21.50
6.	Industries	1,65.87
7.	Health and Family Planning	1,22.97
8.	Education and Youth Services	79.76
9.	Commerce and Transport	57.74

8.2. Outstanding inspection reports

Audit observations on financial irregularities and defects in initial accounts, noticed during local audit and not settled on the spot, are communicated to the Heads of offices and higher departmental authorities through audit inspection reports. Important irregularities are also reported to Heads of Departments and the Government. The Government has prescribed that first replies to inspection reports should be sent within four weeks.

At the end of September 1976, 8,812 inspection reports issued up to March 1976 contained unsettled paragraphs as shown below with corresponding figures for the earlier two years :—

	At the end of September		
	1974	1975	1976
Number of Inspection reports with paragraphs not settled	6,831	9,098	8,812
Number of paragraphs ..	28,817	40,592	40,756

Of the 8,812 reports outstanding at the end of September 1976, 7,508 reports related to civil departments, 401 to commercial departments and 903 to revenue receipts. The year-wise analysis of outstanding inspection reports and paragraphs is given below :—

Year	Number of inspection reports	Number of paragraphs
Up to 1970-71 ..	4,457	16,365
1971-72 ..	607	2,584
1972-73 ..	954	4,845
1973-74 ..	921	4,924
1974-75 ..	1,055	6,286
1975-76 ..	818	5,752
Total	8,812	40,756

These included 906 inspection reports (824 civil and 82 revenue receipts), first replies for which had not been received till the end of September 1976.

The money value of the financial irregularities and other observations of financial significance brought out in the inspection reports which were outstanding for more than ten years was Rs. 11,01.95 lakhs ; the nature of irregularities involved is indicated below :—

	Amount (In lakhs of rupees)
(i) Irregularities in execution of works ..	4,33.40
(ii) Advances outstanding for recovery ..	1,44.38
(iii) Loans outstanding for recovery ..	1,16.37
(iv) Excess grant given to bodies/authorities ..	48.33
(v) Loss of stock ..	39.97
(vi) Excess grant received from Government of India not refunded ..	28.59
(vii) Irregular purchases ..	26.50
(viii) Drawal of funds not required for immediate disbursement ..	7.78
(ix) Loss of cash awaiting regularisation ..	5.64
(x) Unauthorised diversion of funds ..	5.17
(xi) Outstanding hire charges ..	1.37
(xii) Other miscellaneous irregularities ..	2,44.45
Total	<u>11,01.95</u>



(R. K. CHANDRASEKHARAN)

Accountant General, Orissa

BHUBANESWAR,

The 28 JUL 1977

Countersigned



(A. BAKSI)

Comptroller and Auditor General of India

NEW DELHI,

The 30 JUL 1977

APPENDICES

APPENDIX I

(Reference : paragraph 1.11.4, page 28)

Statement showing amount paid by Government in discharge of
guarantee liabilities on behalf of principal debtors
during 1975-76.

Name of the principal debtors	Amount paid Rs.	Remarks
<i>Industrial Co-operatives</i>		
(1) Medinipur Surgar Industries Co-operative Society	1,86,800	Guarantee given to Orissa State Financial Corporation for repayment of loan.
(2) Bhattigaon Rice and oil Industries, Koraput	3,701	Guarantee given to Koraput Central Co-operative Bank for repayment of loan.
(3) Biswakarma Industrial Co-operative Society, Hinjilikut	47,152	Guarantee given to the State Bank of India for repayment of loan.
(4) Kantilo Aluminium Utensils Manufacturing Co-operative Society	63	Ditto
(5) Mukundpur patna Panchayat Saw Mill Industrial Co-operative Society	78,351	Ditto
(6) Ramachandrapur Saw Mill-cum-oil expeller Co-operative Society	18,000	Ditto
(7) Jharsuguda Wood Products Co-operative Society	41,140	Ditto
(8) Shankarpur Sugar Cane Processing and Marketing Co-operative Society	33,000	Ditto
Total	<u>4,08,207</u>	

APPENDIX II

(Reference : paragraph 2.4 , page 40)

Grants/ charged appropriations where savings (more than Rs. 2 lakhs in each case) were more than 10 per cent of the total provision

Sl. No.	Number and name of grant/ charged appropriation	Total grant/ charged appropriation	Expenditure	Saving	
				Amount	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
(In lakhs of rupees)					
Revenue Section					
1.	5—Expenditure relating to Finance Department	28,59.23	6,96.29	21,62.94	76
2.	11—Expenditure relating to the Tribal and Rural Welfare Department	14,75.69	8,12.08	6,63.61	45
3.	17—Expenditure relating to the Rural Development Department	15,10.65	11,57.59	3,53.06	23
4.	23—Expenditure relating to the Agriculture and Co-operation Department	18,99.05	15,76.43	3,22.62	17
Capital Section					
5.	3—Expenditure relating to the Revenue Department	2,61.00	2,24.72	36.28	14
6.	6—Expenditure relating to the Commerce Department	64.30	29.87	34.43	54
7.	7—Expenditure relating to the Works Department				
	<i>Charged</i>	3.53	0.01	3.52	100
8.	9—Expenditure relating to the Supply Department	45,26.01	39,21.44	6,04.57	13
9.	18—Expenditure relating to the Community Development and Panchayati Raj Department	13.25	10.25	3.00	23
10.	20—Expenditure relating to the Irrigation and Power Department				
	Voted	48,00.68	40,27.99	7,72.69	16
	<i>Charged</i>	5.00	2.26	2.74	55

APPENDIX

(Reference : paragraph 3.13,

Misappropriations, losses, etc., reported up to 31st March 1976, pending

Sl. No.	Name of the Department	Cases in which criminal/departmental proceedings have not been instituted due to non-receipt of detailed reports from sub-ordinate authorities		Cases in which Departmental action started but not finalised		Cases in which Departmental proceedings finalised and recovery is in progress	
		Number	Amount (Rs. in lakhs)	Number	Amount (Rs. in lakhs)	Number	Amount (Rs. in lakhs)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Agriculture and Co-operation	30	3.93	21	1.79	9	0.20
2	Community Development and Social Welfare	6	0.62	11	1.04	6	0.16
3	Commerce and Transport	5	0.88	8	0.40	8	0.16
4	Education and Youth Services	6	0.46	20	4.60	6	0.24
5	Finance ..	11	1.40	5	0.64	2	0.07
6	Forest, Fisheries and Animal Husbandry	49	6.37	30	2.26	1	0.06
7	Home ..	10	0.96	7	0.27	3	0.17
8	Industries ..	6	0.11	12	0.46	2	0.04
9	Irrigation and Power ..	51	11.90	80	3.26	9	0.27
10	Labour, Employment and Housing	..	..	1	0.16	..	..
11	Law ..	2	1.70	..	..	1	0.01
12	Mining and Geology ..	4	0.03	..	..	1	0.01
13	Public Health and Family Planning	14	1.70	13	1.07	3	0.06
14	Political and Services ..	2	0.97	..	..	..	..
15	Revenue and Excise ..	39	1.77	41	3.27	7	0.17
16	Food and Civil Supplies	..	..	1	0.01	1	0.02
17	Tribal and Rural Welfare	8	2.73	21	1.03	3	0.13
18	Works ..	121	14.40	42	1.66	59	4.92
19	Urban Development ..	4	0.07	62	1.59	4	0.12
20	Rural Development ..	28	1.02	21	0.35	1	0.02
21	Tourism and Cultural Affairs	1	0.03	..	..	..	..
Total		397	51.05	396	23.86	126	6.83

III

page 67)

finalisation at the end of September 1976

Cases in which criminal cases finalised but execution/certificate cases for recovery of the amount is pending		Cases awaiting Government orders for recovery or write off		Cases in court of law		Total	
Number	Amount (Rs. in lakhs)	Number	Amount (Rs. in lakhs)	Number	Amount (Rs. in lakhs)	Number	Amount (Rs. in lakhs)
(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
4	0.21	8	0.37	10	0.51	82	7.01
5	0.86	5	0.56	6	0.57	39	3.81
..	..	2	0.02	5	0.16	28	1.62
..	..	4	0.08	2	0.25	38	5.63
..	..	..	..	2	1.23	20	3.34
..	..	6	0.78	..	..	86	9.47
..	..	3	0.08	3	0.06	26	1.54
..	..	4	0.08	2	0.08	26	0.77
..	..	18	1.20	5	0.07	163	16.70
..	..	..	..	..	..	1	0.16
..	..	..	..	1	0.05	4	1.76
..	..	2	0.05	..	..	7	0.09
..	..	3	0.08	1	0.28	34	3.19
..	..	..	..	..	..	2	0.97
34	6.09	14	0.50	21	1.43	156	13.23
..	..	..	..	2	0.35	4	0.38
..	..	2	0.05	3	2.40	37	6.34
2	5.89	3	12.80	..	..	227	39.67
..	..	..	..	3	0.18	73	1.96
..	..	..	..	2	0.03	52	1.42
..	..	..	..	..	..	1	0.03
45	13.05	74	16.65	68	7.65	1,106	1,19.09

APPENDIX IV

(Reference : paragraph 5.1, page 105)

Synopsis of important stores and stock accounts

A synopsis of stores and stock accounts for 1975-76 which have been received is given below : —

Sl. No.	Name of accounts	Stores	Opening balance	Receipts	Issues	Closing balance
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(In lakhs of rupees)						
A—Public Works Department						
IRRIGATION AND POWER DEPARTMENT						
1.	Delta Irrigation Project, Stage I and Stage II	Building materials, small stores, miscellaneous stores, fuel, spares, etc.	2.33	52.01	43.30	11.04
2.	Salandi Irrigation Project	Ditto	0.83	7.45	12.59	(—)4.31*
3.	Hirakud Dam Project—					
	Stage—I ..	Ditto	1,86.43	6.76	3.03	1,90.16
	Stage—II ..	Ditto	(—)3.42	..	..	(—)3.42*
B—Civil Departments						
HOME DEPARTMENT						
4.	Public Relations ..	Radios, batteries, spare parts and audio-visual equipments	26.34	7.87	7.85	26.36
FINANCE DEPARTMENT						
5.	Judicial stamps ..		3,57.87(a)	2,22.22	80.39	4,99.70
6.	Non-judicial stamps ..		5,07.11(a)	5,02.25	3,42.27	6,67.09
REVENUE DEPARTMENT						
7.	Medicinal opium— Central depot (in kilograms)		506.971	10.00	619.500	887.471 (b)
INDUSTRIES DEPARTMENT						
8.	Orissa School of Engineering, Cuttack	Engineering instruments, equipments, miscellaneous stores, etc.	18.17(c)	1.19	0.92	18.44

* Minus balances are under investigation.

(a) The difference between the closing balance of 1974-75 and opening balance of 1975-76 is due to correction of figures and subsequent inclusion of the transactions relating to Ganjam Treasury.

(b) Includes 6.361 kilograms towards decrease in weight and wastage : value (Rs. 6,361) is awaiting write-off (May 1977)

(c) Difference between the closing balance of 1974-75 (Rs. 19.11 lakhs) and the opening balance shown here is due to corrections carried out by the Department.

APPENDIX V

(Reference : paragraph 5.7, page 107)

Details of shortages, discrepancies and losses in stock

Name of the division	Shortages	Discrepancies	Losses	Total
(1)	(2)	(3)	(4)	(5)
	(Rupees in lakhs)			
1. Puri Roads and Buildings Division	..	9.16	0.02	9.18
2. Capital Construction Division No. I	1.93	..	..	1.93
3. Nimapara Irrigation Division	0.46	1.03	..	1.49
4. Kendrapara Irrigation Division	0.39	1.18	0.05	1.62
5. Embankment and Drainage Division No. I	0.19	3.42	0.55	4.16
6. Prachi Irrigation Division	0.84	1.09	0.02	1.95
7. Chikiti Irrigation Division	0.81	0.88	..	1.69
8. Angul Irrigation Division	3.33	13.15	..	16.48
9. Kalahandi Irrigation Division	0.14	1.58	..	1.72
10. Bhanjanagar Irrigation Division	4.23	2.59	..	6.82
11. Balasore Irrigation Division	0.60	0.74	..	1.34
12. Salandi Canal Division	1.21	..	..	1.21
13. Sundargarh Irrigation Division	0.57	2.27	..	2.84
14. Barrage Investigation Division	0.01	0.02	..	0.03
15. Sambalpur National Highway Division	2.28	1.54	0.08	3.90
16. Balimela Electrical Construction Division	0.07	0.74	..	0.81
17. Rourkela Public Health Division	0.74	..	0.02	0.76
18. Rural Engineering Division, Koraput	..	..	0.04	0.04
19. Rural Engineering Division, Sundargarh	..	..	0.19	0.19
20. Phulbani Roads and Buildings Division	..	..	0.28	0.28
Total	<u>17.80</u>	<u>39.39</u>	<u>1.25</u>	<u>58.44</u>

APPENDIX

(Reference : paragraph 6.1,

Summarised financial results of working of departmentally managed undertakings

Name of the concern	Year of account	Government capital
(1)	(2)	(3)
INDUSTRIES DEPARTMENT		
1. Production Centre for Development of Ceramic Industry, Cuttack	1975-76	2.63
2. Government Tile Factory, Kendrapara ..	1975-76	0.41
3. K. S. Potteries Development Centre, Jharsuguda	1973-74	15.66
4. Government Shoe Factory, Cuttack ..	1973-74	5.33
5. Government Tannery, Boudh ..	1972-73	6.74
6. Government Leather Industries-cum-Tannery, Titilagarh	1972-73	12.08
AGRICULTURE DEPARTMENT		
7. Cold Storage Plant, Cuttack ..	1972	10.56
TRANSPORT DEPARTMENT		
8. State Transport Service, Orissa, Cuttack ..	1969-70	1,79.78

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disclosed by the *pro forma* accounts for the latest year available

Mean capital	Free Reserve	Block Assets	Depreciation	Profit (+) Loss (-)	Percentage of return on mean capital
(4)	(5)	(6)	(7)	(8)	(9)
2.66		0.72	0.43	(-)0.21	..
0.42	..	1.02	0.94	(-)0.04	..
13.61	..	9.42	3.71	(+)0.05	0.37
6.25	..	2.91	1.10	(+)0.01	0.16
6.60	..	1.46	0.79	(-)0.08	..
11.63	..	5.09	1.85	(+)0.06	0.52
9.28	..	5.77	3.80	(+)0.56	6.03
1,55.08	..	3,64.25	2,00.20	(+)33.98	21.91





