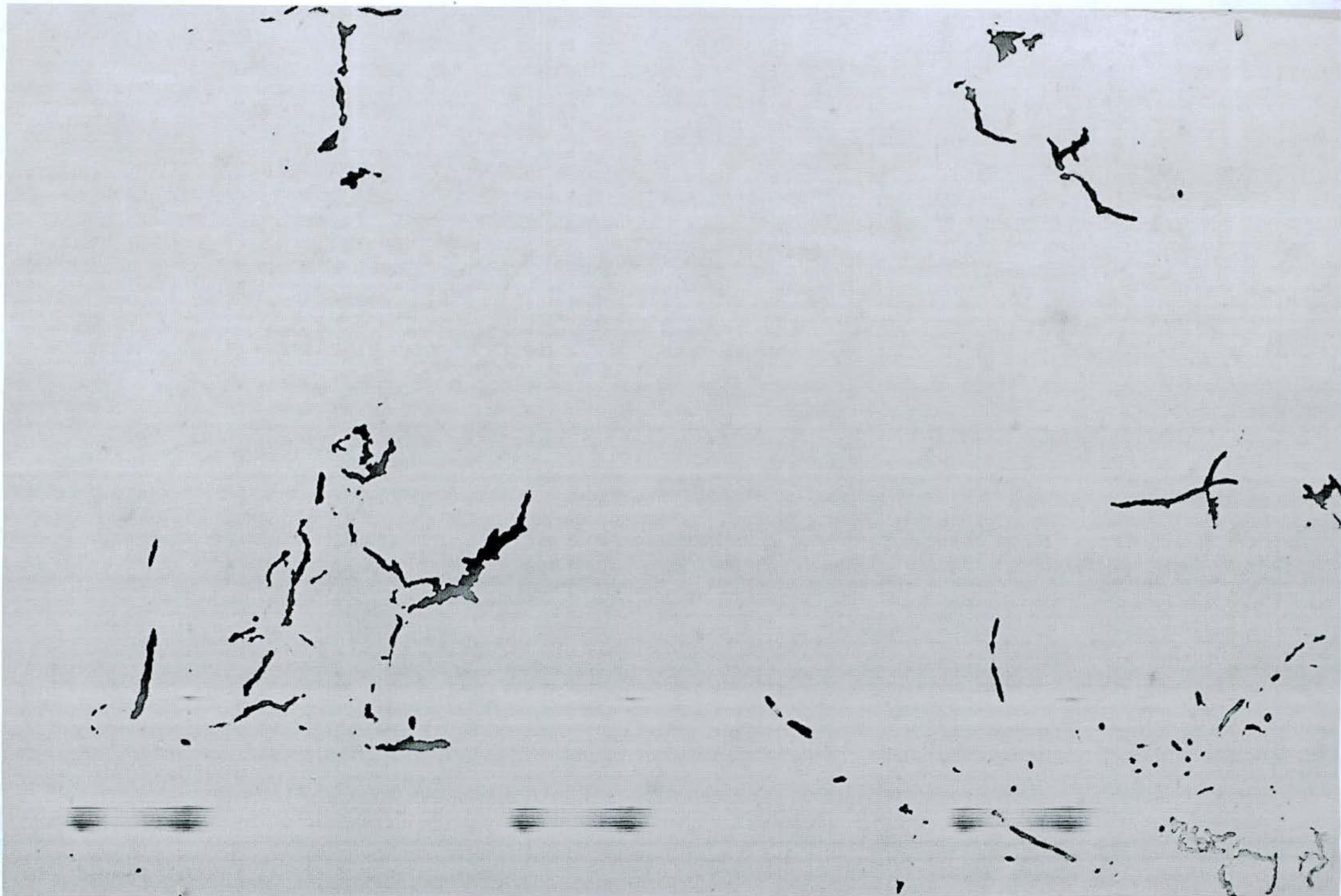


UNIVERSITY OF MISSA

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GOVERNMENT OF ORISSA

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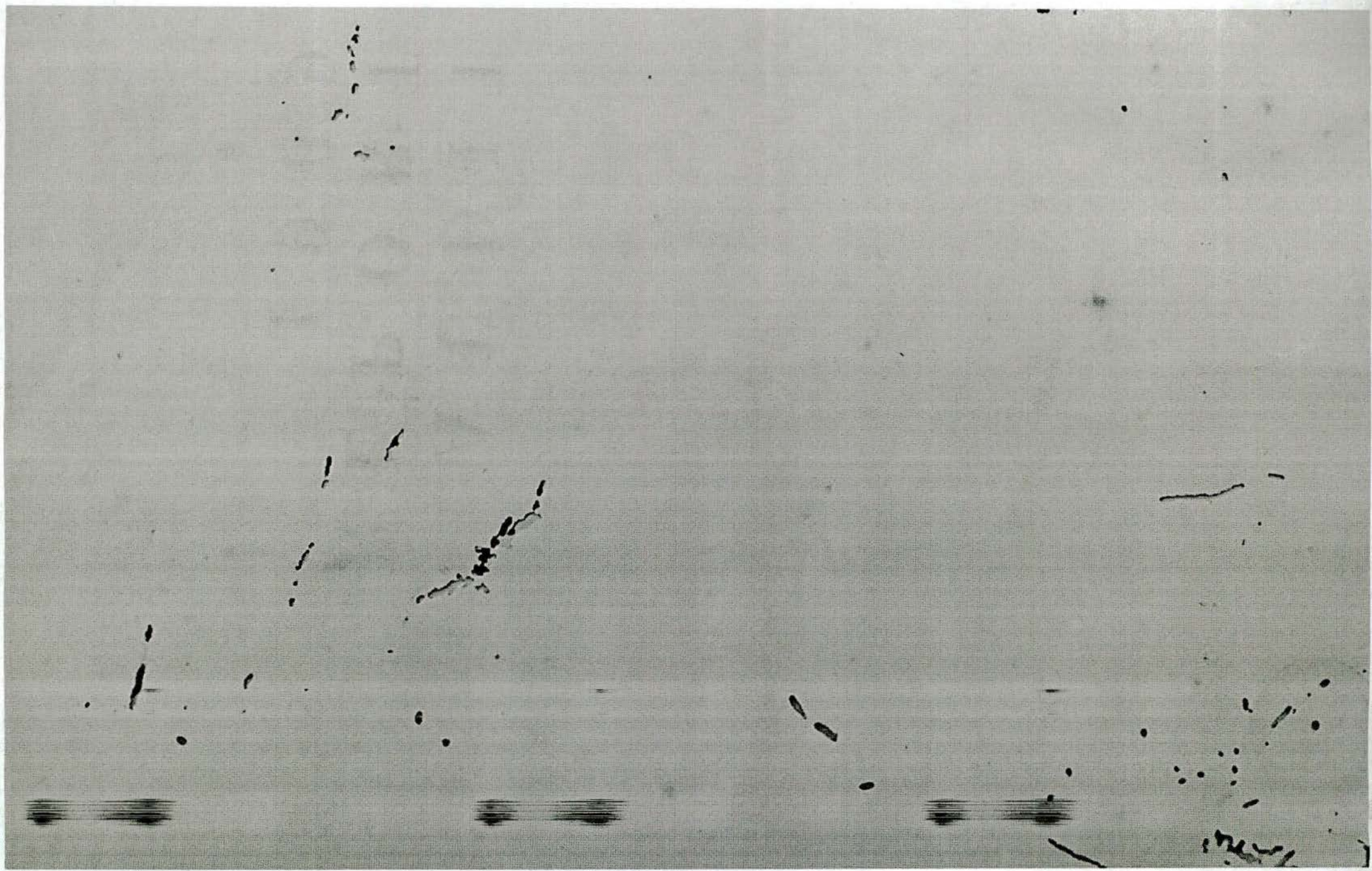


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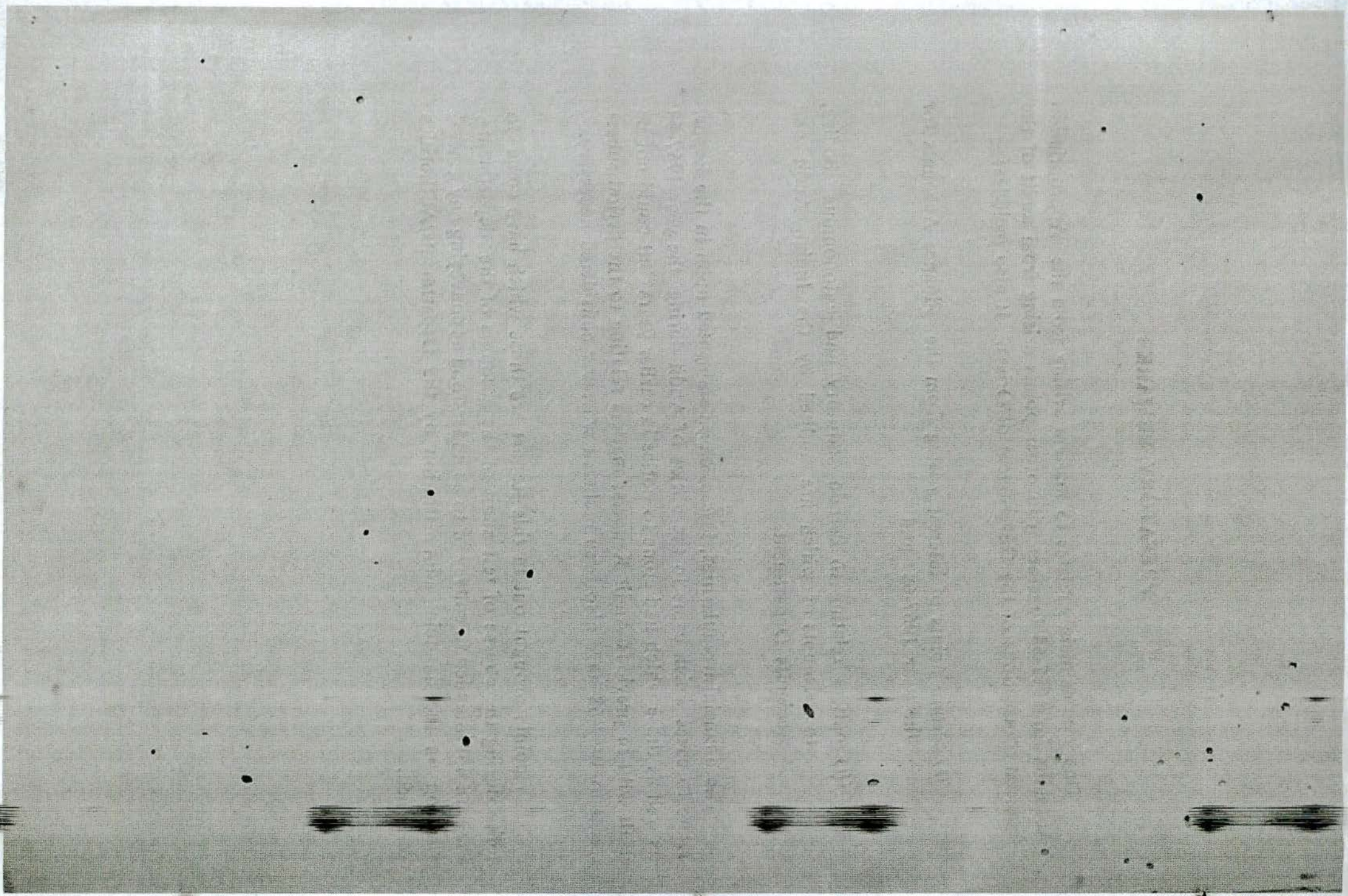
PREFATORY REMARKS

This volume mainly relates to matters arising from the Appropriation Accounts for 1967-68 together with other points arising from audit of the financial transactions of the Government of Orissa. It also includes:—

- (i) certain points of interest arising from the Finance Accounts for the year 1967-68; and
- (ii) matters relating to certain statutory and autonomous bodies, the accounts of which are audited by the Indian Audit and Accounts Department.

The financial irregularities, losses, etc., commented upon in the Report relate to cases which came to the notice of Audit during the year 1967-68 as well as those which had come to notice in earlier years but could not be dealt with in previous Audit Reports; matters relating to the period subsequent to 1967-68 have also been included wherever considered necessary.

The points brought out in this Report are those which have come to notice during the course of test audit of the accounts of the departments. They are not intended to convey or to be understood as conveying any general reflection on the financial administration by the Departments/Authorities concerned.



CHAPTER I

GENERAL

Transactions on revenue account—The budget estimates and actuals, revenue receipts, expenditure met from revenue and net revenue deficit/surplus for 1967-68 are given below along with the corresponding amounts for the preceding two years:

Year	Budget	Actuals	Variation		
			Amount	Percentage	
(In crores of rupees)					
<i>Revenue receipts</i>					
1965-66	81.35	80.39	-0.96	1	Revenue surplus +/- deficit — Year Budget Actuals (In crores of rupees)
1966-67	105.29	106.80	+1.51	1	
1967-68	117.06	109.03	-8.03	7	
<i>Expenditure met from revenue</i>					
1965-66	91.38	91.31	-0.07	..	1965-66 .. -10.03 -10.92
1966-67	105.25	104.42	-0.83	1	1966-67 .. +0.04 +2.38
1967-68	117.62	113.20	-4.42	4	1967-68 .. -0.56 -4.17

In 1967-68 despite that expenditure met from revenue was less by Rs. 4.42 crores than the budget estimates, a large shortfall (Rs. 8.03 crores) in revenue receipts increased the anticipated revenue deficit of Rs. 0.56 crore to Rs. 4.17 crores.

The fall of revenue receipts (Rs. 8.03 crores) was mainly due to (i) smaller receipts under interest (Rs. 2.63 crores) and multipurpose river schemes, irrigation and electricity schemes (Rs. 2.89 crores); and (ii) less amounts received from the Central Government as the States' share of Union Excise duties (Rs. 1.16 crores) and other grants-in-aid (Rs. 0.83 crore). The decrease in expenditure met from revenue (Rs. 4.42 crores) occurred mainly under Social and Developmental Services (Rs. 4.95 crores).

REVENUE RECEIPTS

2 (a) A comparative analysis of revenue receipts during the three years ending 31st March 1968 is given below:—

	1965-66	1966-67	1967-68	Percentage of revenue to total annual revenue during 1967-68
(In crores of rupees)				
<i>Revenue raised by the State—</i>				
Tax revenue	19.74	21.17	24.24	22
Non-tax revenue	27.06	27.46	27.25	25
Total	46.80	48.63	51.49	47
<i>Receipts from the Central Government—</i>				
States' share of divisible Central taxes	13.00	15.07	16.52	15
Grants-in-aid under Article 275 of the Constitution	11.00	33.82	29.18	27
Other statutory grants	..	..	1.20	1
Other grants and subventions	9.59	9.28	10.64	10
Total	33.59	58.17	57.54	53
Grand Total	80.39	106.80	109.03	100

The revenue receipts in 1967-68 (Rs. 109.03 crores) increased by 2 per cent over those of 1966-67 (Rs. 106.80 crores). The increase of Rs. 2.23 crores was mainly under sales tax (Rs. 1.59 crores) due to increase in the rate of the tax on certain commodities and partly (Rs. 1.30 crores) due to special drive for collection of electricity duty.

(b) *Additional resource mobilisation*—Government anticipated raising additional revenue of Rs. 1.28 crores in 1967-68 from (i) enhancement of rent on urban land, (ii) increase in electricity duty or tariff, (iii) imposition of tax on passenger fare and freight, (iv) reorientation of excise policy, (v) toll on expressway and (vi) increase in rate of royalty on minerals. Government intimated that the additional taxation measures at (i), (ii) and (iii) could not be introduced; additional revenue realised from other new and additional taxation measures was Rs. 0.53 crore against Rs. 0.38 crore anticipated. Further, Rs. 0.43 crore were realised from additional measures of taxation relating to sales tax, motor spirit tax and forest revenue introduced during the course of the year.

(c) *Arrears in collection of revenue*.—According to some of the departments, arrears in collection of revenue on 31st March 1968 were Rs. 11.24 crores. Arrears were heavy under commercial taxes (Rs. 4.12 crores), land revenue (Rs. 2.71 crores), forest leases (Rs. 1.36 crores) and mining revenue (Rs. 1.23 crores).

EXPENDITURE ON REVENUE ACCOUNT

3. An analysis of expenditure during 1966-67 and 1967-68 by broad groups of Government activity is given below:—

	Expenditure		Percentage of expenditure to total expenditure	
	1966-67	1967-68	1966-67	1967-68
	(In crores of rupees)			
<i>Collection of Taxes, Duties and other principal Revenue—</i>				
Land Revenue ..	3.39	3.44		
Other heads ..	0.92	1.06		
Total—Collection of Taxes, etc. ..	4.31	4.50	4	4
<i>Debt Services</i>	20.33	23.06	19	20
<i>Administrative Services—</i>				
Police ..	5.64	6.39		
Other heads ..	4.65	5.68		
Total—Administrative Services ..	10.29	12.07	10	10
<i>Social and Developmental Services—</i>				
Education	12.62	15.98		
Medical and Public Health ..	6.47	7.63		
Agriculture ..	4.75	4.44		
Community Development Projects, National Extension Service and Local Development Works	5.49	4.83		
Other heads ..	8.22	8.81		
Total—Social and Developmental Services	37.55	41.69	36	37

	Expenditure		Percentage of expenditure to total expenditure	
	1966-67	1967-68	1966-67	1967-68
(In crores of rupees)				
<i>Multipurpose River Schemes, Irrigation and Electricity Schemes—</i>				
Multipurpose river schemes ..	5.12	5.51		
Irrigation and electricity schemes ..	5.51	6.60		
Total—Multipurpose, etc. ..	10.63	12.11	10	11
<i>Public Works (including roads) and schemes of Miscellaneous Public Improvement—</i>				
Transport and Communications (Other than roads)	1.87	2.10	2	2
Miscellaneous (including contributions, miscellaneous adjustments and extraordinary items)	13.22	11.35	13	10
Total ..	104.42	113.20	100	100

Government abolished land revenue during 1967-68 and there was short-fall in receipts amounting to Rs. 0.90 crore. The charges under land revenue did not, however, register a decrease during the year.

The increase in debt services was mainly due to more interest charges paid (a) to the Government of India for their loans and (b) on open market loans consequent on raising a new loan in 1966-67.

The increase in administrative services was mainly due to increase in the rates of dearness allowance of Government servants and more expenditure on Gramarakhi scheme.

The increase in social and developmental services was mainly due to more grants to non-Government educational institutions consequent on revision of the rates of dearness allowance of non-Government school teachers, more grants to local bodies for primary education and more expenditure on plan schemes relating to hospitals, dispensaries, medical colleges and schools.

EXPENDITURE OUTSIDE THE REVENUE ACCOUNT

4. Expenditure on capital account during the three years ending 1967-68 as compared with the corresponding budget estimates is given below :—

Year	Budget estimates	Actuals	Variation	
			Amount	Percentage
(In crores of rupees)				
1965-66 ..	37.67	32.57	—5.10	14
1966-67 ..	28.75	34.34	+5.59	19
1967-68 ..	24.31	17.76	—6.55	27

5. (a) The table below gives a broad analysis of expenditure outside the revenue account during 1965-66 to 1967-68 together with progressive outlay upto 1967-68 and resources required to meet that expenditure :—

Head of Account	During 1965-66	During 1966-67	During 1967-68	Progres- sive total upto 1967-68
	(In crores of rupees)			
I—Capital expenditure on—				
(i) Irrigation schemes ..	5.50	7.66	6.99	59.71
(ii) Multipurpose river schemes ..	4.40	1.23	3.94	98.56
(iii) Electricity schemes ..	7.35	4.29	3.12	30.50
(iv) Agriculture ..	2.11	2.58	2.05	14.0
(v) Public Works ..	7.13	7.16	8.63	66.90
(vi) Schemes of industrial and economic development	4.37	4.31	4.94	26.31
(vii) Other items (such as, Public Health, Other Works, Ports, Road and Water Transport Schemes, Forests and Schemes of Government Trading)	1.71	7.11	—11.91	26.75
II—Net outgo under Loans and Advances by State Government (after taking into account recoveries of loans)	7.93	11.76	0.85	54.94
Total—Expenditure outside the Revenue Account	40.50	46.10	18.61	377.68
III— <i>Deduct</i> —Revenue surplus/ <i>Add</i> —Revenue deficit	10.92	—2.38	4.17	54.58
IV—Resources required for expenditure out- side the revenue account and for meeting revenue deficit or after utilising revenue surplus	51.42	43.72	22.78	432.26

(b) The sources from which expenditure outside the revenue account including that on loans and advances during 1965-66 to 1967-68 and upto 1967-68 were met were as follows :—

Head of Account	During 1965-66	During 1966-67	During 1967-68	Progres- sive total upto 1967-68
	(In crores of rupees)			
I—Net additions to—				
(i) Permanent Debt ..	8.75	..	14.58	51.51
(ii) Floating Debt ..	2.40	0.60	4.81	9.0
(iii) Loans from the Central Government	38.69	37.00	20.30	322.67
(iv) Loans from other sources and Provi- dent Fund balances	3.19	2.51	3.52	21.17
II—Miscellaneous (excess of deposits, etc., received by Government over payments on that account excluding investment of cash balances)	0.33	3.57	—13.59	28.43
III—Increase (—) decrease (+) in cash balance and investments of c a s h balances	—1.94	0.04	—7.04	—0.53
IV—Resources available for expenditure outside the revenue account and for meeting revenue deficit or after uti- lising Revenue surplus	51.42	43.72	22.78	432.26

6. *Electricity Schemes*—(a) With the formation of the Orissa State Electricity Board from March 1961 all completed transmission and distribution systems constructed by Government at a cost of Rs. 17.45 crores (provisional) have been transferred to the Board and the value of these assets treated as loan to the Board. In 1967-68 Government decided that the assets of the Hirakud generating station (provisionally valued at Rs. 17.24 crores) may be

transferred to the Board. Of those, assets valued at Rs. 3.93 crores have been transferred to the Board in March 1968. Pending receipt of details of assets so transferred, adjustment in accounts could not be made. The final allocation of assets and liabilities pertaining to the schemes transferred to the Board so far (March 1968) is yet to be made (February 1969). Interest of Rs. 3.04 crores upto March 1968 on the provisional value of the assets transferred and treated as loan was pending recovery on that date. In addition to these assets, Government have given Rs. 6.40 crores as cash loans to the Board for financing power schemes.

(b) The Machkund Hydro-Electric (Joint) Scheme was undertaken in 1944 jointly with the Government of Andhra Pradesh with equal rights, it was subsequently decided that the Government of Orissa should transfer 20 per cent of its rights to the Government of Andhra Pradesh for a period of 99 years in lieu of which the latter should pay compensation to the former. During the construction period, Orissa and Andhra Pradesh are to bear 30 per cent and 70 per cent respectively of the capital expenditure together with the interest thereon. According to the agreement, the Government of Andhra Pradesh was entrusted with execution of the work and allocation of charges thereof between the two States. The capital invested by the Government of Orissa on the scheme to end of 1958-59 was Rs. 4,62.64 lakhs. The debits raised by the Government of Andhra Pradesh for Rs. 75.24 lakhs representing Orissa's share (30 per cent) of the capital expenditure incurred during 1959-60 to 1967-68 have not yet been accepted by the Government of Orissa on the ground that the expenditure on the project has exceeded the estimate, the conditions whereof are not known and that the decision to raise the height of the Jalaput Dam was taken by the Government of Andhra Pradesh unilaterally. The debits to that extent are, therefore, not included in the Orissa Government's account of capital expenditure but stand included in the account of the Government of Orissa under the "Remittance" head awaiting adjustment to capital head of account.

7. *Investments of Government (capital outlay on industrial and economic development)*— In 1967-68 Government invested Rs. 4.94 crores mainly in share capital of Government companies (Rs. 3,97.89 lakhs) and co-operative institutions (Rs. 83.22 lakhs) and debentures (Rs. 5.85 lakhs) of co-operative institutions. In addition, Rs. 1,00.93 lakhs were invested from balances of earmarked funds in bonds/debentures of Orissa State Electricity Board and the Electricity Boards of two other States and the Orissa State Co-operative Land Mortgage Bank.

At the end of 1967-68 the investments in share capital and debentures were as follows:—

	Investments		Amount of dividend/ interest received during the year
	Share capital	Debentures	
	(In lakhs of rupees)		
Statutory corporations ..	75.17	3,51.87	10.71
Fully-owned Government companies ..	19,00.63	..	..
Other Government Companies ..	1,40.39	..	1.00
Joint stock companies ..	77.34	..	2.34
Co-operatives ..	4,92.51	33.25	2.12
Total ..	26,86.04	3,85.12	16.17

Further details of investments are given in statement no. 14 of Finance Accounts 1967-68; salient points noticed in Audit on some of these investments are mentioned in Chapter VII, pages 64 to 85.

According to information furnished by the Industries and Transport Departments, arrears of dividends due to Government at the end of March 1968 were Rs. 18.82 lakhs; that included Rs. 9.98 lakhs due from Orissa Textile Mills, Rs. 2.34 lakhs due from Orissa Road Transport Company and Rs. 1.05 lakhs due from Orissa Agro and Small Industries Corporation.

LOANS AND ADVANCES BY GOVERNMENT

8. Comparative figures of budget estimates and actuals of disbursements under loans and advances by the State Government and recoveries thereof during the three years ending March 1968 are given below :—

Year	Budget estimates	Actual	Variation		Year	Budget estimates	Actual
			Amount	Percentage				(In crores of rupees)	(In crores of rupees)
<i>Disbursement</i>							
1965-66	4.91	10.57	+5.66	115	1965-66	3.52	7.93
1966-67	7.49	13.25*	+5.76	77	1966-67	4.59	11.76
1967-68	3.73	3.70	-0.03	1	1967-68	0.92	0.85
<i>Recoveries</i>							
1965-66	1.39	2.64	+1.25	90			
1966-67	2.90	1.49	-1.41	49			
1967-68	2.81	2.85	+0.04	1			

9. The loans and advances outstanding at the end of 1967-68 and the preceding two years are analysed below :—

	Outstanding on 31st March		
	1966	1967	1968
	(In crores of rupees)		
(1) Loans to Orissa State Electricity Board—			
(a) for financing power schemes	3.26	6.45	6.40
(b) value of assets transferred	16.72	17.45	17.45
(2) Loans to cultivators	3.24	7.87	7.74
(3) Loans to Industrial Development Corporation	4.97	5.40	5.40
(4) Loans to Orissa Mining Corporation	0.57	1.73	1.66
(5) Loans to State Commercial Transport Corporation	..	1.49	1.81
(6) Loans to Local Bodies	1.93	1.90	1.68
(7) Loans to displaced persons	1.12	1.23	1.43
(8) Loans under various housing schemes	2.62	2.75	2.91
(9) Other loans and advances	7.16	7.81	8.45
Total	41.59	54.08	54.93

*Excludes Rs. 0.73 crore being the capital outlay on electricity schemes upto 1961-62 transferred to the Orissa State Electricity Board and treated as loan during 1966-67.

Detailed accounts of loans and advances to municipalities, district board and other local fund committees, land holders and other notabilities, Government servants and under the State-aid to Industries Act (balance on 31st March 1968 : Rs. 2.39 crores) are maintained by the Audit Office and of other classes of loans (balance on 31st March 1968 : Rs. 52.54 crores) by officers of the State Government.

10. *Arrears in recovery of loans—*

(i) *Cases in which detailed accounts are kept by Audit*—On 31st March 1968 Rs. 60.20 lakhs (principal : Rs. 35.08 lakhs and interest : Rs. 25.12 lakhs) had become overdue ; of that Rs. 51.62 lakhs (principal : Rs. 28.11 lakhs and interest : Rs. 23.51 lakhs) were overdue for more than 3 years. Bulk of that amount was due from :

	Principal	Interest
	(Rupees in lakhs)	
Borrowers under the State-aid to Industries Act	19.50	14.25
Municipalities	6.71	8.84
Government servants	6.85	0.91

(ii) *Loans detailed accounts of which are maintained by officers of the State Government*—According to the standing orders of Government, the officers of the State Government administering loans and advances are required to furnish to Audit by 31st May each year, the amount of overdue instalments of principal and interest as at the end of March of that year. This information has been received (December 1968) only from nine departments; according to that information, recovery of Rs. 6,31.09 lakhs (principal: Rs. 2,00.93 lakhs and interest: Rs. 4,30.16 lakhs) had become overdue. Recoveries were due mainly from:

	Principal	Interest
	(Rupees in lakhs)	
Orissa State Electricity Board	..	3,03.59
Industrial Units including Co-operatives	60.26	15.81
Industrial Development Corporation	43.00	86.45
Agriculturists	38.59	1.36
Co-operative institutions	33.68	16.57
Panchayati Raj organisations	12.92	..
Orissa Mining Corporation	10.00	6.38

11. *Delay in conveying acceptance of balances by departmental officers*—The balances of loans are communicated to the departmental authorities every year for verification and acceptance thereof.

Acceptances of such balances on 31st March 1968 were in arrears in 4,659 cases (Rs. 2.80 crores) where detailed accounts are maintained in the Audit Office; of those 3,999 cases (Rs. 1.91 crores) related to loans advanced to local bodies and 660 cases (Rs. 0.89 crore) to loans under State-aid to Industries Act. The earliest of these outstanding acceptances date back to 1965-66.

In cases where detailed accounts of loans are maintained by departmental officers, these officers are required at the end of each year to certify that balances shown as recoverable in their records agree with those shown outstanding in the books of the Accountant General; 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 done in several cases and consequently acceptances of balances worked out in the Audit office have not been received in 178 cases (Rs. 26.30 crores); some of these related to 1962-63. Out of 178 cases, 156 cases (Rs. 24.20 crores) related to miscellaneous loans and advances, 12 (Rs. 0.87 crore) to loans for community development programme and 10 (Rs. 1.23 crores) to advances to displaced persons.

DEBT POSITION

12. *Public Debt*—(a) During 1967-68 the public debt of the State Government increased by Rs. 31.17 crores as shown below:—

	Receipts	Repayments	Net increase
	(In crores of rupees)		
Loans from the Central Government ..	37.87	17.57	+20.30
Ways and means advances and overdrafts from the Reserve Bank and cash credit from State Bank	52.76	47.95	+4.81
Open market loans ..	4.27	..	+4.27
Loans from autonomous bodies ..	2.13	0.34	+1.79
Total ..	97.03	65.86	+31.17

The market loan floated during 1967-68 (5½ per cent Orissa Government Loan, 1979) was issued at a discount of 3 per cent and is repayable at par on 1st September 1979.

Repayment of Rs. 0.34 crore of loans from autonomous bodies was charged to revenue account.

13. The State's debt at the end of March 1968 was Rs. 3,97.16 crores. An analysis of the debt, with the corresponding amounts at the end of the preceding two years is given below:—

	Public Debt as on 31st March		
	1966	1967	1968
	(In crores of rupees)		
Loans from the Central Government ..	2,65.37	3,02.37	3,22.67
Open market loans ..	45.29	51.38	55.85
Loans from autonomous bodies ..	6.83	7.84	9.63
Floating loans—			
(a) Ways and means advances from Reserve Bank	1.60	2.20	2.87
(b) Overdrafts from Reserve Bank ..	7.19	..	6.14
(c) Cash credit from State Bank ..	2.00	2.00	..
Total ..	3,28.28	3,65.79	3,97.16

14. *Other debt and obligations*—In addition to public debt, unfunded debt (mainly balances in provident funds of Government servants), accumulated balances at the credit of earmarked and other funds to the extent these have not been invested but are merged with general cash balances of Government

as also certain deposits constitute liabilities of Government. Such liability at the end of 1967-68 was Rs. 56.43 crores. Taking into account the regular debt and these liabilities together, the debt position of Government at the end of each of the three years ending 1967-68 was as follows:—

	Total debt as on 31st March		
	1966	1967	1968
	(In crores of rupees)		
(i) Public Debt ..	3,28.28	3,65.79	3,97.16
(ii) Unfunded Debt (balances in the State Provident Funds)	8.30	9.81	11.54
(iii) Earmarked Funds (sinking funds, reserve funds and deposit accounts)	16.02	19.43	24.91
(iv) Deposits of other funds (excluding balances of open market loans)	19.94	20.37	19.98
Total ..	3,72.54	4,15.40	4,53.59

The increase in the total debt of Government at the end of 1967-68 over that of the previous year was Rs. 38.19 crores.

15. *Loans from the Central Government*—(a) Loans from the Central Government constitute 81 per cent of the total public debt. In order to improve the ways and means position of the State during the year the Government of India paid (i) Rs. 24.50 crores as lumpsum advances during the year; these were ultimately converted during the year into grants (Rs. 5.30 crores) and loans (Rs. 19.20 crores) and (ii) Rs. 8.65 crores as two *ad hoc* loans one on 30th December 1967 (Rs. 4.65 crores) and the other on 30th March 1968 (Rs. 4.00 crores). Of the two *ad hoc* loans, the loan of Rs. 4.65 crores was adjusted against certain overdue instalments of principal and interest on loans; the terms and conditions of the other loan of Rs. 4.00 crores received on 30th March 1968 have not been settled so far (December 1968).

(b) The following points about the loans from the Central Government and repayments thereof were noticed:

(i) To end of March 1968 the Government of India paid Rs. 1,21.70 lakhs as loans (37 cases) for rehabilitation of displaced persons from East Pakistan. The revised terms decided by the Government of India in August 1959 for repayment of relief and rehabilitation loans have not been accepted by the State Government so far (December 1968); the State Government had been paying to the Government of India only the amounts actually recovered from displaced persons. The arrears in repayment of these loans on 31st March 1968 calculated according to the original terms and conditions are shown below:—

	Principal	Interest
	(In lakhs of rupees)	
Amount due for repayment ..	76.04	20.78
Amount paid ..	6.74	2.08
Amount overdue ..	69.30	18.70

In June 1964 the Government of India decided that the State Government would be absolved of their responsibility to share any portion of the losses on loans granted to displaced persons from East Pakistan prior to 31st March 1964 (other than loans granted to persons migrating after 31st December 1963). Losses to be remitted on this account have not been worked out by the State Government so far (December 1968).

16. *Arrangements for amortisation.*—The sinking funds created by Government for amortisation of loans are given below:—

	Outstanding balance of loans for which sinking funds have been created	Balance in the sinking funds at the end of 1967-68	Investments out of the sinking funds at the end of 1967-68
(In lakhs of rupees)			
(i) Open market loans raised between 1956-57 and 1967-68	55,84.28	31,96.74	12,67.21
(ii) Loans from the Central Government for industrial housing schemes	15.32	11.59	9.18
(iii) Loans from the Life Insurance Corporation of India for housing schemes	1,21.00	4.84	.
Total	57,20.60	32,13.17	12,76.39

No amortisation arrangements have been made for the remaining loans from the Central Government (Rs. 3,22.52 crores) and loans from autonomous bodies (Rs. 8.42 crores); these loans are repaid by the State Government as and when due.

During 1967-68 Rs. 5.61 crores were appropriated from revenue to various sinking funds and for repayment of debt.

The face value of the securities purchased from various sinking funds (Rs. 12.76 crores) by the end of March 1968 was Rs. 12.88 crores; the market value of these on the 31st March 1968 as intimated by the Reserve Bank was Rs. 12.19 crores.

There was loss of Rs. 2.34 lakhs during 1967-68 on sale of securities purchased out of sinking fund balances.

17. *Interest on debt and other obligations.*—The interest charge on public debt and other interest bearing obligations of the State during the three years ending 1967-68 were as follows:—

	1965-66	1966-67	1967-68
(In crores of rupees)			
(1) Interest paid on debt and other obligations	12.01	14.84	17.10
(2) <i>Deduct</i> —Interest received on loans and advances given by State Government, investment of cash balances and recoveries from Zamindari Abolition Fund	1.99	1.25	1.33
(3) Net interest charges	10.02	13.59	15.77
(4) Percentage of net interest (item 3) to—			
(a) total revenue receipts	12	13	14
(b) total revenue raised by the State	22	28	31

There were in addition certain receipts and adjustments such as interest receipts from Government commercial departments, interest on arrears of revenue, etc. If these are also taken into account the net interest charges would be Rs. 5.62 crores in 1967-68 against Rs. 2.40 crores and Rs. 4.91 crores in 1965-66 and 1966-67 respectively.

ADVANCES AND OVERDRAFTS

18. (a) Under an agreement with the Reserve Bank, from 1st March 1967 Government has to maintain with the Bank a minimum balance of Rs. 30 lakhs on each day. If the balance falls below the agreed minimum, Government can take normal and special ways and means advances from the Bank. The maximum normal and special advances availed of by Government at a time during 1967-68 was Rs. 0.90 crore and Rs. 1.80 crores respectively; the rate of interest paid by Government during 1967-68 on this account varied from 4 to 5 per cent. In addition, the Bank allowed to the State Government an additional special ways and means advance of Rs. 17 lakhs (bearing interest at 5 per cent) on 28th February 1968 upto 31st March 1968 (owing to heavy overdrafts); the advance was repaid to the Bank on 8th and 13th April 1968. Even after taking the maximum advance, the cash balance of Government with the Bank fell below the agreed minimum several times during the year and resulted in overdrafts from the Bank for which the Bank charged 6 per cent as interest.

(b) How far the State Government was able to maintain the minimum balance with the Reserve Bank in 1965-66, 1966-67 and 1967-68 is shown below :—

	During the year		
	1965-66	1966-67	1967-68
Number of days on which the minimum balance was maintained—			
(i) from the State's own resources ..	44	85	135
(ii) by taking normal and special ways and means advances	94	19	83
(iii) by taking overdrafts ..	227	261	148

(c) Ways and means advances and overdrafts obtained by Government during 1967-68, repayments thereof and their balances outstanding on 31st March 1968 are shown below :—

	Normal ways and means advances	Special and additional special ways and means advances	Overdrafts
(1) Number of occasions on which advance was taken during 1967-68	44	58	148
(In crores of rupees)			
(2) Advance obtained during 1967-68 ..	10.22	14.52	26.02
(3) Balance outstanding on 1st April 1967	0.90	1.30	..
(4) Repaid during 1967-68 ..	10.22	13.85	19.88
(5) Balance outstanding on 31st March 1968	0.90	1.97	6.14

The maximum amount of overdraft obtained on any single day during 1967-68 was Rs. 6.54 crores (on 4th April 1967 and from 29th December 1967 to the 2nd January 1968).

(d) Government also obtained in May 1967 cash credit advances of Rs. 2 crores from State Bank for procurement of rice and paddy (on the security of stocks) ; these along with Rs. 2 crores outstanding on 1st April 1967 were repaid during the year.

(e) Interest paid to the Reserve Bank and the State Bank during 1967-68 and the preceding two years was as follows :—

Year	Interest paid on			Total
	Ways and means advances	Overdrafts	Cash credit advances	
	(In lakhs of rupees)			
1965-66	5.23	9.52	7.02	21.77
1966-67	4.30	31.52	10.48	46.30
1967-68	9.17	10.18	11.97	31.32

(f) The cash balance of Government with the Reserve Bank on 31st March 1968 was Rs. 0.28 crore. That balance has been arrived at after including therein Rs. 9.01 crores which on 31st March 1968 were outstanding as ways and means advances and overdrafts taken from the Reserve Bank.

The position at the close of the preceding two years was as follows :

	Cash balance with the Reserve Bank	Ways and means advances outstanding
	(In crores of rupees)	
31st March 1966	—6.63	1.60
31st March 1967	—6.69	2.20

GUARANTEES

19. Government have guaranteed (to third parties) repayment of loans, bonds and payment of interest thereon, repayment of share capital and minimum dividend thereon, and cash credits, etc., on behalf of statutory corporations, Government companies, joint stock companies, co-operative banks and institutions, panchayat samiti industries and a municipality. These guarantees constitute contingent liabilities on the Consolidated Fund of the State.

The parties on whose behalf guarantees have been given and the loans, etc., raised by them and outstanding at the end of 1967-68 are given below:—

	Amount of loan, working capital, bonds, debentures, etc., guaranteed	Outstanding guarantee commission
(In lakhs of rupees)		
<i>Statutory Corporations—</i>		
Orissa State Electricity Board ..	8,59.96	4.52.
Orissa State Financial Corporation ..	2,90.00	..
<i>Government Companies—</i>		
Industrial Development Corporation ..	5,10.28	4.32
Orissa Mining Corporation ..	5,38.39	..
Seventeen other Government companies ..	59.43	0.45
<i>Joint Stock Companies—</i>		
Indian Metals and Ferro Alloys ..	1,04.85	2.10
Five other Joint Stock companies ..	29.66	0.94
<i>Co-operatives—</i>		
Orissa State Co-operative Land Mortgage Bank	1,32.79	..
Orissa State Co-operative Bank ..	4,98.27	..
Aska Co-operative Sugar Industries ..	1,45.00	..
Seventeen other co-operative institutions ..	1,48.23	0.06
<i>Local Bodies—</i>		
Berhampur Municipality ..	4.31	..
Total ..	33,21.17	12.39

(b) In order to fulfil the guarantee of the annual minimum dividend for 1966-67 on the paid-up share capital of the Orissa State Financial Corporation, Government paid Rs. 1.50 lakhs during 1967-68. The liability of the State Government for payment of the guaranteed dividend for 1967-68 was Rs. 1.45 lakhs; the total subvention so far paid and payable for 1967-68 was Rs. 10.68 lakhs. The amount is to be repaid by the Corporation out of its future profits.

Government have not set apart any funds for meeting liabilities which may arise out of the guarantees.

GRANTS-IN-AID TO LOCAL BODIES AND OTHERS

20. Grants-in-aid paid by Government to non-Government bodies and institutions during 1967-68 were Rs. 17.40 crores (15 per cent of the total revenue expenditure). Of that, education claimed Rs. 10.56 crores (61 per cent). The chief beneficiaries were the Panchayat organisations which received Rs. 10.01 crores (57 per cent) for educational and other purposes.

Expenditure incurred out of grants to municipalities, notified area committees, grama panchayats, panchayat samitis, universities, etc., is audited by the Examiner, Local Fund Accounts, who is under the State Government. Some of the more important points reported by the Examiner to Government during 1967-68 are mentioned in paragraph 114 at pages 96-97.

DEMOCRATIC DECENTRALISATION

21. Details of the grants given to Panchayat organisations during 1967-68 were as follows :—

Department	Nature and purpose of grant	Amount (Rs. crores)
Education	.. Primary and secondary education	.. 6.48
Community Development and Panchayati Raj.	(i) Rural development	.. 0.57
	(ii) Community development	.. 2.24
	(iii) Relief on natural calamities	.. 0.27
Co-operation and Forestry	.. Grant of share of profits from kendu leaf trade	0.39
Urban Development	.. Piped water supply	.. 0.06
	Total	.. 10.01

In addition to the grants Rs. 4.24 crores were spent by Government during 1967-68 as assistance to the Panchayati Raj organisations as shown below :—

Nature of expenditure	Amount (Rs. crores)
Expenditure on rural and community development ...	4.02
Payment on rates and cess on land ...	0.20
Share capital contribution for panchayat samiti industries	0.02
Total	4.24

In addition, Rs. 0.89 lakh were paid as loans to panchayats and Rs. 1.22 lakhs under the community development programme. Balances of those loans outstanding at the end of 1967-68 were Rs. 1,03.11 lakhs and Rs. 84.04 lakhs respectively.

22. *Transactions kept outside the Consolidated Fund of the State*—Mention was made in paragraph 124 of the Audit Report 1966 about the financial transactions of Orissa Sahitya Akademi and Orissa Sangeet Natak Akademi being kept outside the Consolidated Fund of the State, even though the two bodies were set up by Government resolutions and function only as limbs of Government.

No action has been taken by Government to regularise the transaction (February 1969).

CHAPTER II

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

23. *Summary*—(a) The following table compares the expenditure during 1967-68 with the total voted grants and charged appropriations :—

			Grants/ appropriations	Actual expendi- ture	Variation	
					Excess+	Saving—
					Amount	Percentage
					(In crores of rupees)	
<i>Voted—</i>						
Original	..	198.28	224.38	181.62	—42.76	19
Supplementary	.	26.10				
<i>Charged—</i>						
Original	..	53.45	81.47	90.53	+9.06	11
Supplementary	..	28.02				
Total	..	..	305.85	272.15	—33.70	11

The total saving of Rs. 33.70 crores was the net result of savings of Rs. 48.02 crores under 51 grants and 19 appropriations offset by excesses totalling Rs. 14.32 crores under 9 grants and 2 appropriations.

(b) The table below compares the expenditure from Consolidated Fund during 1965-66 to 1967-68 with the provision made:—

Year	Original	Supple- mentary	Total provision	Actual expendi- ture	Unutilised provision		
					Amount	Percentage	
(In crores of rupees)							
1965-66	..	196.21	48.45	244.66	225.32	19.34	8
1966-67	..	207.07	55.01	262.08	243.81	18.27	7
1967-68	..	251.73	54.12	305.85	272.15	33.70	11

The savings during 1967-68 have been substantial as compared with the previous year.

24. *Supplementary grants/appropriations—*

(a) *Voted grants—*(i) During the year supplementary grants totalling Rs. 26.10 crores were obtained under 42 grants (including 3 grants where token votes were obtained) in December 1967 (Rs. 17.86 crores) and March 1968 (Rs. 8.24 crores).

The details given in appendix I (pages 103—104) bring out the following points:—

(1) In fourteen* grants supplementary provision (exceeding Rs. 1 lakh in each case) of Rs. 5,89.50 lakhs proved unnecessary as the expenditure did not come up even to the original grant; in 13 of these cases, supplementary

* These grants are at serial nos. 1, 3, 6, 9, 18, 19, 20, 21, 25, 26, 27, 28, 34 and 35 of appendix I, pages 103—104.

provision of Rs. 3,36.89 lakhs was obtained as late as March 1968. In 11 of these cases the department surrendered Rs. 2,68.27 lakhs in excess of the supplementary grant as surplus to requirement. During 1965-66 and 1966-67 also, supplementary provision of Rs. 1,96.58 lakhs (in 10 grants) and Rs. 2,10.86 lakhs (in 16 grants) proved unnecessary.

(2) In five* grants, supplementary provision proved excessive. In these cases, Rs. 7,89.79 lakhs out of the supplementary provision of Rs. 14,91.53 lakhs remained unutilised. Supplementary grants of Rs. 1,29.27 lakhs were taken as late as March 1968 in four † of these cases; in some of these cases, supplementary grants could have been substantially reduced if the restrictions imposed by Government during February-March 1968 on certain types of expenditure due to difficult ways and means position had been taken into consideration before placing the supplementary demands before the Legislature.

(3) In six grants (serial nos. 1, 2, 4, 5, 6 and 9 of paragraph 25 (a) following) the supplementary provision proved inadequate. In these cases, while supplementary provision made was Rs. 1,98.51 lakhs, the actual expenditure exceeded the total provision (original and supplementary) by Rs. 37.97 lakhs.

(b) *Charged appropriations*—Supplementary appropriation of Rs. 28.02 crores was made during the year under 18 appropriations.

In one case (sl. no. 17 of appendix I, page 103) the supplementary appropriation (Rs. 4.94 lakhs) proved unnecessary, while in two cases [paragraph 25 (b)] the supplementary appropriation proved inadequate.

25 (a) *Excess over voted grants*—Excesses of Rs. 42.91 lakhs in the following nine voted grants require to be regularised under Article 205 of the Constitution. The circumstances under which the excess could not be met by obtaining adequate supplementary grants or by taking advances from the Contingency Fund have not been intimated (February 1969) by the controlling departments.

Sl. no.	Particulars of grant	Total grant Rs.	Expenditure Rs.	Excess Rs.
(1) 3—Police—				
	Original — 6,07,41,700	6,39,31,800	6,46,28,731	6,96,931
	Supplementary — 31,90,100			

The excess was mainly due to more expenditure on account of receipt of more arms and accoutrements.

(2) 8—Stamps—				
	Original — 4,48,900	4,56,100	5,34,869	78,769
	Supplementary .. 7,200			

The excess was mainly due to sale of more stamps during the year and consequential increase in charges on their sale.

* These grants are at serial nos. 15, 16, 24, 32 and 33 of appendix I, pages 103—104.

† These grants are at serial nos. 16, 24, 32 and 33 of appendix I, pages 103—104.

Sl. no.	Particulars of grant	Total grant Rs.	Expenditure Rs.	Excess Rs.
(3)	10—Pensions—			
	Original .. 71,53,200	71,53,200	73,96,105	2,42,905
	Supplementary ..			

The excess occurred mainly due to finalisation of more pension cases (Rs. 4.23 lakhs) and cases of death-cum-retirement gratuities (Rs. 4.91 lakhs) towards the close of the financial year partly offset by less number of political pensions sanctioned by Government (Rs. 6.22 lakhs).

(4)	12—Taxation—			
	Original .. 54,77,500	54,97,200	54,98,571	1,371
	Supplementary .. 19,700			

(5)	22—Medical and other expenditure relating to the Health Department—			
	Original .. 3,75,56,200	3,80,93,600	3,85,17,311	4,23,711
	Supplementary 5,37,400			

The excess occurred mainly in expenditure relating to mufassil hospitals and dispensaries (Rs. 13.92 lakhs), Medical colleges and attached hospitals at Cuttack and Burla (Rs. 4.57 lakhs) and Health centres in permanent blocks (Rs. 2.33 lakhs) partly offset by non-utilisation of a part of provision for establishment of primary health centres (Rs. 12.71 lakhs) and for post-graduate medical education (Rs. 3.33 lakhs).

(6)	25—Public Works—			
	Original ... 16,49,34,900	17,58,19,000	17,82,90,605	24,71,605
	Supplementary .. 1,08,84,100			

The excess occurred, mainly due to more expenditure on (i) 'Suspense' transactions (Rs. 1.18.80 lakhs), (ii) repairs to sanitary and electric installations in Government buildings (Rs. 6.43 lakhs) and (iii) Executive establishment of Public Health Engineering Department (Rs. 4.28 lakhs) partly offset by savings under other group-heads.

(7)	40—Community Development Projects—			
	Original ..	—	1,23,063	1,23,063
	Supplementary ..			

Expenditure was incurred without budget provision under (i) "Community Development Projects—Central Stores—Suspense Debit" (Rs. 1.19 lakhs) and (ii) "Materials and Equipment under T. C. A. Programme—Community Development Projects—Materials and Equipment" (Rs. 0.04 lakh).

Personal ledger accounts accommodated transactions connected with the Central stores. Orders were issued as early as August, 1961 to close the accounts. Budget provision required to be made for accommodating the debits for withdrawal of amounts from these accounts for refunding the advances was not, however, made during the year.

Sl. no.	Particulars of grant	Total grant Rs.	Expenditure Rs.	Excess Rs.
(8)	47—Capital expenditure relating to Public Health and Urban Development Department—			
	Original .. 61,23,000	61,23,000	62,50,874	1,27,874

The excess occurred mainly due to payment of grants-in-aid without budget provision to Cuttack municipality for construction of storm water drainage and surface drainage schemes and to Sambalpur municipality for water supply scheme to Sambalpur town.

(9)	59—Capital expenditure relating to Public Health Department—			
	Original ... 19,75,000	71,88,400	73,12,855	1,24,455
	Supplementary ... 52,13,400			

Excess occurred mainly under the heads for recording expenditure connected with materials and equipment under T. C. A. Programme and Colombo plan for (i) T. B. Control (Rs. 1.73 lakhs), (ii) Cobalt Beam Therapy (Rs. 1.28 lakhs) and (iii) Medical books (Rs. 0.12 lakh). Budget provision was not made to accommodate the expenditure under items (i) and (iii). The excess was partly offset by savings under other group-heads.

(b) *Excess over charged appropriations*—The expenditure exceeded the following two charged appropriations by Rs. 13,88.77 lakhs; the excesses required to be regularised.

Sl. no.	Number and name of appropriation	Total appropriation Rs.	Expenditure Rs.	Excess Rs.
(1)	1—Elections and other expenditure relating to the Home Department—			
	Original 8,50,000	8,50,100	8,54,666	4,566
	Supplementary 100			
(2)	Floating Debt (Repayment)—			
	Original 6,50,00,000	34,07,00,000	47,95,72,000	12,88,72,000
	Supplementary 27,57,00,000			

The excess expenditure was the net result of excess of Rs. 19,88.72 lakhs on account of adjustment of shortfalls in cash balance during the year under the head "Overdraft with Reserve Bank of India" and saving of Rs. 6,00.00 lakhs in the provision made for repayment of ways and means advances obtained

from Reserve Bank of India (Rs.5,00.00 lakhs) and non-requirement of provision for repayment of cash credit availed during the year as the Food Corporation of India took over procurement operations (Rs. 1,00.00 lakhs).

The excess remained uncovered as the State Government has not agreed to the shortfalls in Government's cash balance with the Reserve Bank being treated as a loan to Government. The matter was reported to be under correspondence with the Government of India. Such treatment of these shortfalls was intimated to Government in November 1963 and the actual adjustment of the amounts in the accounts for 1967-68 was also intimated during each month from November 1967 onwards.

26. *Unutilised provision—(A) Voted grants—*

(i) Appendix I, pages 103—104 shows that there were twenty-nine grants in which more than 10 per cent of the provision remained unutilised; in sixteen of these cases, the unutilised provision ranged from 22 to 100 per cent. In sixteen* of these cases provision in excess of 10 per cent had remained unutilised in the preceding two years also.

(ii) Major cases of non-utilisation of provision for different groups of Government activity and reasons therefor are given below:—

	Total grant	Saving	
		Amount	Percentage
(In crores of rupees)			
<i>Expenditure met from Revenue—</i>			
(1) Social and Developmental Services—			
Agriculture ..	7.62	3.18	42

The saving occurred mainly due to (i) post-budget reduced sanction (as a measure of economy) for (a) production of high yielding varieties of food-grains (Rs.57.49 lakhs), (b) intensive rice cultivation (Rs. 10.85 lakhs), (c) vegetable seed production (Rs.8.28 lakhs), (d) plant protection (Rs.8.28 lakhs), (e) intensive agricultural district programme (Rs.7.57 lakhs), (f) demonstration of special varieties of paddy and wheat seeds in irrigated areas (Rs. 6.30 lakhs), and (g) other schemes (Rs. 21.82 lakhs); (ii) ban on expenditure imposed by Government in February 1968 owing to difficult ways and means position (Rs.29.60 lakhs); (iii) late appointment or non-appointment of staff for certain schemes (Rs.64.00 lakhs); (iv) non-sanction of some schemes (Rs.12.26 lakhs); (v) less expenditure on development of fisheries due to vacancies, ban imposed by Government on expenditure on contingencies during February-March 1968, etc.(Rs.10.05 lakhs); (vi) non-enforcement of food-grains licence order (Rs.8.90 lakhs); (vii) less demand by cultivators for demonstration of varieties of seeds and consequent claims for less subsidy (Rs.8.76 lakhs); (viii) less expenditure on improvement of agricultural marketing owing to non-sanction of posts (Rs.8.57 lakhs); (ix) non-receipt of equipment for intensive production and marketing of marine fish (Rs.7.40 lakhs); (x) reduction in rate of subsidy for pesticides for high yielding variety of food-grains (Rs.5.81 lakhs); (xi) non-sanction of fresh grants to the University of Agriculture and Technology owing to adjustment of unspent balance of grants paid during the previous year (Rs.5.24 lakhs).

Savings of Rs.1.60 crores (29 per cent of the provision) and Rs. 3.47 crores (42 per cent of the provision) occurred under this service during 1965-66 and 1966-67 also.

* These are grant nos. 1, 2, 3, 5 to 10, 13, 15, 16, 21, 23, 24 and 27 of appendix I pages 103-104.

	Total grant	Saving	
		Amount	Percentage
(In crores of rupees)			
Community Development Projects, National Extension Service and Local Development Works—	5.48	0.65	12

The saving was due to (i) post-budget decision of the Government of India not to open new tribal development blocks and less allocation for multipurpose projects in the blocks (Rs.49.20 lakhs) and not to implement water supply scheme (Rs.20.00 lakhs); (ii) post-budget revision of block programme (Rs.16.53 lakhs) and (iii) less allocation of funds by the Government of India for pilot projects for utilisation of rural man-power (Rs.9.75 lakhs) and less requirement (Rs.2.16 lakhs).

The saving was partly offset by more establishment charges (Rs.23.07 lakhs).

Miscellaneous, Social and Developmental Organisations	3.63	0.61	17
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The saving occurred due to post-budget reduced sanction of plan expenditure and curtailment of expenditure as economy measure (Rs.34.79 lakhs); less release of land by Dandakaranya Authority and closure of settlement operations for settlement of adivasis on land (Rs.8.09 lakhs); vacancies in certain posts (Rs.7.15 lakhs) and non-reorganisation of Bureau of Statistics and Economics (Rs. 5.49 lakhs).

Other heads	—	33.41	1.99	6
Total—Social and Developmental Services		50.14	6.43	13

(2) Multipurpose River Schemes, Irrigation and Electricity Schemes—

Multipurpose River Schemes	6.46	0.83	13
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The saving was mainly due to (i) less working expenses of Hirakud dam project, stages I and II, due to restrictions imposed by Government during February-March 1968 on expenditure on extensions and improvements and purchase of stores owing to difficult ways and means position (Rs.30.13 lakhs) and (ii) less interest charge on capital outlay on Hirakud dam project and Balimela dam project due to less capital outlay on certain works (Rs. 49.74 lakhs).

Irrigation, Navigation, Embankment and Drainage Works (Non-commercial)	2.41	0.73	30
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The saving occurred mainly under Orissa coast canal due to ban on purchase of stores imposed by Government during February-March 1968 owing to difficult ways and means position.

	Total grant (In crores of rupees)	Saving	
		Amount	Percentage
Electricity Schemes	3.69	1.49	40
The saving was mainly under working expenses of—			
(a) Talcher thermal scheme due to its power station not going into commercial operation in 1967-68 (Rs.1,25.55 lakhs); and			
(b) Machkund hydro-electric (joint) scheme (Rs. 33.80 lakhs), the reasons for which have not been intimated by the department.			
Other heads	3.88	0.02	
Total—Multipurpose River Schemes, Irrigation and Electricity Schemes	16.44	3.07	19

(3) Miscellaneous—

Miscellaneous	3.00	0.65	22
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The saving was mainly due to (i) non-purchase of an aeroplane owing to procedural difficulties (Rs.18.00 lakhs); (ii) non-finalisation of old loan accounts of displaced persons for writing off irrecoverable temporary loans (Rs.10.00 lakhs); (iii) less expenditure on relief and rehabilitation of displaced persons from East Pakistan owing to dispersal of some families to Dandakaranya project and abolition of a camp (Rs.8.82 lakhs) and non-sanction of poultry and fisheries scheme for urban settlement of displaced persons (Rs.3.00 lakhs); (iv) less grants to local bodies from the proceeds of kendu leaves (Rs.4.12 lakhs); (v) less grants to panchayat samitis for family and child welfare scheme (Rs.3.75 lakhs) and to the Orissa Bhudan Yagna samiti (Rs. 3.59 lakhs) and (vi) less expenditure on 'CARE' programme (Rs.3.10 lakhs).

Other heads	9.09	0.58	6
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Total—Miscellaneous	12.09	1.23	10
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(4) Other Services	40.51	1.41	3
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Expenditure outside the Revenue account—

(5) Improvement of Public Health, Agricultural Improvement and Research and Industrial and Economic Development—

Industrial and Economic Development	6.61	1.24	19
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The saving was mainly occasioned by (i) less investment in share capital of certain co-operative institutions due to non-receipt of loan from the Reserve Bank of India (Rs.61.98 lakhs); (ii) less investment in share capital of Orissa Commercial Transport Corporation as the company did not increase the authorised share capital beyond Rs.2,00.00 lakhs as anticipated (Rs. 32.00 lakhs);

(iii) less investment in debentures of the State Co-operative Land Mortgage Bank due to non-receipt of Central assistance (Rs. 10.00 lakhs) and post-budget decision to invest less (Rs. 8.15 lakhs); and (iv) non-sanction of personal ledger account for the transactions of Government Shoe Factory (Rs. 11.00 lakhs).

	Total grant (In crores of rupees)	Saving	
		Amount	Percentage
Other heads ..	3.19	0.36	11
Total—Improvement of Public Health, Agricultural Improvement and Research and Industrial and Economic Development	9.80	1.60	16
(6) Multipurpose River Schemes, Irrigation and Electricity Schemes—			
Multipurpose River Schemes ..	11.41	3.09	27

The saving was under (i) Balimela dam (joint) project and Balimela power scheme mainly due to less purchase of stores owing to non-receipt of Central assistance (Rs. 1,92.87 lakhs); slow progress of works (Rs. 64.08 lakhs); less purchase of stores and tools and plant due to ban imposed by Government on expenditure during February-March 1968 owing to difficult ways and means position (Rs. 35.65 lakhs) and (ii) Hirakud dam project stages I and II, due to slow progress of works and less purchase of stores due to ban imposed by Government on expenditure during February-March 1968 (Rs. 24.04 lakhs).

Other heads ..	14.60	0.87 (excess)	..
Total—Multipurpose River Schemes, Irrigation and Electricity Schemes	26.01	2.22	8
(7) Miscellaneous—			
Schemes of Government Trading	51.34	24.01	47

The saving was mainly under (i) grain purchase scheme due to entrusting procurement of food-grains to the Food Corporation of India in the Khariff year 1967-68 (Rs. 18,03.61 lakhs) and (ii) trading in kendu leaves (Rs. 5,91.68 lakhs), reasons for the saving are awaited.

Other heads ..	2.26	..	..
Total—Miscellaneous ..	53.60	24.01	45
(8) Other Accounts ..	10.24	0.94	..
(9) Loans and Advances ..	5.41	1.71	3

The saving was mainly due to (i) non-utilisation of provision for disbursement of loans to displaced persons under industrial schemes (Rs. 50.00 lakhs) owing to non-receipt of sanction from the Government of India; (ii) less sanction of loans on account of ban on expenditure imposed by Government during February-March 1968 (Rs. 23.94 lakhs); (iii) less sanction of loans to cultivators for intensive production of groundnuts (Rs. 16.50 lakhs) and non-sanction of loans for construction of open wells for irrigation purposes (Rs. 5.55 lakhs); (iv) post-budget reduced sanction of loans to cultivators

(Rs. 15.79 lakhs); (v) post-budget decision to provide share capital, instead of a loan to the State Co-operative Land Mortgage Bank (Rs. 13.50 lakhs); (vi) post-budget reduction of funds by the Government of India for certain schemes (Rs. 11.40 lakhs); (vii) non-sanction of loans to gramdan multipurpose co-operative society as the society was not organised (Rs. 9.63 lakhs), pilot project for utilisation of rural man-power owing to delay in finalising the formalities (Rs. 9.50 lakhs), co-operative societies owing to non-organisation of required number of societies and reduction in the pattern of Central assistance (Rs. 6.46 lakhs) and grama panchayats for pisciculture owing to their reorganisation (Rs. 5.41 lakhs) and (viii) non-requirement of provision owing to dispersal of some displaced persons to Dandakaranya Project (Rs. 4.27 lakhs).

Saving of Rs. 4.11 crores (28 per cent of the provision) and Rs. 2.50 crores (16 per cent of the provision) occurred under this head during 1965-66 and 1966-67 also.

(iii) Some of the major schemes/items provision for which remained wholly or substantially unutilised have been indicated in sub-paragraph (ii) above. Some more cases where substantial amount of provision remained unutilised are given below:—

Grant number and description of the schemes/items	Provision (In lakhs of rupees)	Saving	
		Amount	Percentage
(1) 23—Public Health—			
K.1—Family Planning Centres (Plan-Central Sector)	1,49.74	53.05	35
Mainly vacancies in posts of medical and para-medical personnel (Rs. 25.87 lakhs), less expenditure on contingencies (Rs. 14.26 lakhs) (reasons for this are awaited) and restriction of expenditure on contingencies imposed by Government during February-March 1968 owing to difficult ways and means position (Rs. 10.74 lakhs).			
(2) 25—Public Works—			
Q. 1 (4)—Buildings—Public Works— Public Health (Plan-Central Sector)	30.64	19.11	62
Mainly, less requirement of funds for certain works (Rs. 11.50 lakhs) (reasons are awaited), late receipt of administrative approval or non-availability of sites for certain other works (Rs. 7.61 lakhs).			
(3) 43—Irrigation and Electricity Schemes—			
A.1—Lift Irrigation Works—Works Reasons for saving are awaited.	45.65	16.93	37
(4) 60—Capital Outlay on Public Works—			
F.1(1)—Works—Public Works Department—Rental Housing Scheme financed out of the Life Insurance Corporation Loan	64.51	23.68	37
Mainly less authorisation for expenditure accorded by Labour Department.			

(B) *Charged appropriations*—There were savings totalling Rs. 4,83.37 lakhs under nineteen appropriations. Bulk of the saving occurred under:—

Appropriation	Provision	Saving	
		Amount	Percentage
		(In lakhs of rupees)	
(1) Loans from the Central Government (Repayment)	21,59.30	4,02.42	18
(2) Interest on Debt and other obligations	17,74.66	64.27	3

Reasons for the savings were as follows:—

Item (1)—Provision was made for repayment of other ways and means advances of Rs. 5,40.00 lakhs. No such advance was received during the year necessitating its repayment. Part of the saving was utilised for repayment of certain other loans.

Item (2)—Mainly (i) non-payment of interest to the Central Government on ways and means advances owing to non-receipt of terms and conditions (Rs.48.20 lakhs); (ii) less payment of interest on open market loans (Rs.9.19 lakhs) and (iii) less payment of interest (a) on loans from the Central Government for Hirakud Dam Project (Rs.4.95 lakhs) and small savings collections (Rs.2.56 lakhs) as provision was made on *ad hoc* basis in the original budget and (b) on cash credit from State Bank of India (Rs.2.03 lakhs) due to less cash credit availed of and repayment of the entire cash credit during the course of the year.

CONTROL OVER EXPENDITURE

27. The object of control over expenditure in this context is to secure as close an approximation as possible between actual expenditure and the final grant/appropriation under each sub-head of grant/appropriation. This is done by:—

- (i) sanctioning re-appropriations for transfer of funds from sub-heads where a saving is anticipated to other sub-heads within the grant/appropriation where there is need for additional funds,
- (ii) obtaining supplementary grants/appropriations, wherever necessary
- (iii) surrender of surplus funds under a sub-head as soon as saving can be foreseen, and
- (iv) taking advances from Contingency Fund for meeting unforeseen requirement of additional funds during the year or for meeting expenditure on a "new service" or "new instrument of service".

If the control is effective, actual expenditure should approximate closely to the final modified provision, *i.e.*, the original provision as modified by supplementary provision, re-appropriation and surrender.

28. *Surrender of surplus funds*—(a) Although the rules require that unutilised amounts should be surrendered as soon as the possibility of saving is envisaged, Rs. 29.25 crores out of Rs. 30.82 crores surrendered during the year were surrendered only in March 1968.

(b) In eight* grants, out of the unutilised provision of Rs.33.25 crores, Rs. 12.22 crores were not surrendered.

(c) In three grants, (grant no. 22-Medical and other expenditure relating to the Health Department, grant no. 25-Public Works and grant no. 47-Capital expenditure relating to Public Health and Urban Development Department) Rs.66.89 lakhs were surrendered although the expenditure eventually exceeded the provision by Rs.30.24 lakhs.

29. *Drawal of money in advance of requirement*—(a) The financial rules of Government prohibit withdrawal of amounts from treasuries towards the close of the financial year to avoid lapse of budget allotment. The cases in which large amounts were withdrawn towards the end of the financial years have been reported in successive Audit Reports since 1962. In spite of instructions issued by Government from time to time, the irregularity still persists. Four cases in each of which amounts exceeding Rs. 1 lakh (totalling in all Rs. 5.41 lakhs) were withdrawn in March 1968 but no part of which was spent before 31st March 1968 have been mentioned in appendix II, page 105.

(b) During 1959 to 1966 Rs.16.87 lakhs were drawn by the Land Acquisition Officers in Cuttack and Balasore districts for payment of compensation for acquisition of land; in these cases, compensation had not been awarded by the Land Acquisition Officers at the time of such drawal. On the basis of awards subsequently made, Rs.2.29 lakhs (in 38 cases) were found to be surplus to requirement. The amount was not immediately refunded into the treasury; the delay in refunding Rs. 1.29 lakhs (in 28 cases) ranged over 1 to 5 years; Rs. 1.00 lakh are still retained by the Land Acquisition Officers as part of their cash balance (November 1968).

(c) In March 1968 Government authorised withdrawal of funds for payment of compensation to intermediaries on abolition of the Zamindari system (even though the compensation cases had not been finalised); the amount were to be credited to "Revenue deposits" and disbursed later. Rs. 2.11 lakhs were thus shown as spent in March 1968 by Compensation Officers in seven districts; the actual amount disbursed to parties has not yet been intimated by the department (February 1969).

30. *Retention of heavy cash balance*—Instances of large cash balances with departmental officers on 31st March 1966, not required for immediate disbursement, were mentioned in paragraph 29 of the Audit Report 1968. Similar instances of retention of heavy cash balances amounting to Rs.53.28 lakhs by forty-six departmental officers on 31st March 1967 have come to notice; in 12 cases, the amount exceeded Rs. 1 lakh each as indicated in appendix III, page 106.

*These grants are at serial no. 4, 8, 11, 15, 18, 25, 32 and 35 of appendix I, page 103-104.

31. *New Service*—According to the rules of Government the following constitute “New Service”:

- (i) substantial alteration in the character of an existing facility;
- (ii) substantial increase in expenditure on recognised service, e.g., substantial increase in the provision of supplies and services, grants-in-aid, etc., provision for any new recurring grant exceeding Rs. 15,000 and non-recurring grant exceeding Rs. 50,000 will be a “new service”;
- (iii) Purchase of new machinery, plant, etc., if the expenditure exceeds Rs. 50,000;
- (iv) increase in the cadre of a service or the number of posts of a particular kind either permanently or temporarily, except the creation of any isolated non-gazetted post which does not form part of a wider scheme. Temporary additions to cadres purely for temporary work expected to last only a few months would be a “new service” if the expenditure exceeds Rs. 1 lakh.

Vote of Legislature or pending that advance from the Contingency Fund is required to be obtained before expenditure can be incurred on a “New Service”.

In the following cases Rs. 51.47 lakhs were spent during 1967-68 without obtaining specific vote of the Legislature or advance from the Contingency Fund though the expenditure constituted “New Service” (funds for the expenditure were provided by reappropriation which was not permissible):—

Department	Expenditure	Additional expenditure incurred (Rs. lakhs)
(1) Education	Payment of non-recurring grant to aided colleges for purchase of equipment, apparatus and furniture (expenditure : Rs. 3.85 lakhs; provision : Rs. 0.22 lakh)	3.63
(2) Revenue and Excise	Payment of more house building grants to people affected by cyclone, flood, etc.	44.50
(3) Health	(i) Posting of more assistant surgeons in primary health centres	1.12
	(ii) Increase in house staff of Medical College, Burla	1.10
	(iii) Increase in contingencies of Medical College, Cuttack	1.03

32. *Delay in reconciliation of departmental figures of expenditure with those of the Audit Office*—Mention was made in paragraph 26 of the Audit Report 1967 about delay in reconciliation of departmental figures of expenditure with those of the Audit Office.

At the end of August 1968 eight controlling officers had not reconciled their expenditure figures for 1967-68 for all the twelve months during 1967-68. Although reconciliation of figures had been completed, final acceptance from 124 controlling officers was either not received or partly received.

44/71 controlling officers did not communicate their final acceptance of figures of 1965-66/1966-67 although reconciliation had already been completed by them.

CHAPTER III

CIVIL DEPARTMENTS

AGRICULTURE DEPARTMENT

33. *Intensive Agricultural District (Package) Programme*—The intensive agricultural district programme was launched in November 1961 in Sambalpur district. The estimated cost to end of March 1966 was Rs. 70.00 lakhs. Upto March 1966 sanctions were issued by Government for expenditure of Rs. 90.09 lakhs; the larger outlay was due to purchase of twenty-nine tractors and twenty-nine jeeps against three each provided in the estimates and purchase of 60 power tillers with attachments; the increased expenditure was partly offset by less expenditure due to late/non-implementation of the scheme in some blocks and non-execution of soil conservation works. The scheme was to cover the entire Sambalpur district by 1967-68; by end of 1967-68 against Rs. 1,34.11 lakhs sanctioned by Government actual expenditure was Rs. 1,06.96 lakhs (80 per cent) as follows :—

	Recurring (In lakhs of rupees)	Non-recurring
Block and district level organisation ..	35.61	6.93
Transport (jeeps and tractors) ..	11.27	13.21
Demonstration ..	7.72	..
Agricultural workshop including field service unit	5.61	2.45
Seed and soil testing ..	2.49	0.54
Power tillers ..	0.27	11.56
Local works and water management programme	0.23	9.07
Total ..	63.20	43.76

The programme contemplated preparation of production plans for individual farmers by the project administration and their financing by primary credit societies, encouraging the farmers through demonstrations, publicity, propaganda, etc., to implement the plans and simultaneous and collective use of improved seeds, fertiliser, pesticides, etc., in optimum doses. The achievements were not even 20 per cent of the target in any year; details are given in appendix IV, page 107.

The average yield of paddy per acre in Sambalpur district, which is one of the main rice producing districts registered an increase of 17 per cent in 1967 over that in 1962 which was the first year of the package programme; the increase was to be 40 to 60 per cent during the five year period upto March 1966. The corresponding rise in five (selected) blocks of the adjoining districts of Bolangir, Sundergarh and Kalahandi which did not have the benefit of the scheme was 51 per cent while the increase in production of paddy in the main rice producing districts of Balasore and Cuttack was 29 per cent and 52 per cent respectively.

The following points were also noticed in a review of the scheme :—

(i) *Preparation and financing farm plans*—Production plans were prepared for only 15.6 per cent of the farmers by the end of March 1968 against 65 per cent proposed to be achieved by March 1966. Even though the service co-operatives covered the entire project area, credit was not available to all the

farmers. According to a review done by the Deputy Registrar of Co-operative Societies (May 1968), poor collection by societies and by co-operative banks financing the societies caused huge overdues and paucity of funds resulting in difficulties in availing credit facilities (to the extent of Rs. 2 crores) from Reserve Bank of India in 1966-67.

(ii) *Field demonstrations*—Demonstration of important crops in the cultivator's fields was done through the Community Development blocks to show in concrete form the technical feasibility and economic soundness of the package programme to the farmers. As against 19,350 such demonstrations proposed to be conducted by March 1966 at an estimated cost of Rs. 3.97 lakhs, 10,810 demonstrations were held by the end of March 1968 at a cost of Rs. 4.02 lakhs; of these only 5,460 demonstrations (50 per cent) were processed and the results analysed. Non-analysis of the results of half of the demonstrations held was stated to be due to the data obtained therefrom either not being collected from the blocks or being rejected. Besides, out of demonstrations of sequence of crops for different types of lands required to be conducted according to the programme (one demonstration in each of the 23 blocks in each of the 2 years 1966-67 and 1967-68), results of only one were collected and analysed. The Crop Production Specialist of the Government of India after inspection in February 1966 had observed (September 1966) that the analysed results of the demonstrations were not disseminated to farmers for improvement of agricultural practices in subsequent years; the utility of the expenditure of Rs. 4.02 lakhs was thus doubtful.

(iii) *Agricultural implements workshop*—In 1963-64 an agricultural implements workshop was established at Sambalpur mainly for development, field-testing and demonstration of agricultural implements and educating farmers in their use. Its subsidiary purpose was to provide servicing facilities for project vehicles, tractors, etc. The total expenditure incurred on the workshop to end of March 1968 was Rs. 6.89 lakhs. The workshop functioned merely as a service station; this was stated to be due to the workshop not being equipped to take up fabrication of implements and to want of qualified technical personnel. No records were maintained indicating service rendered by the workshop. According to the Agricultural Implements Specialist of the Government of India (July 1966), the workshop was not serving the main objective for which it was established.

(b) Consumption of spare parts of value Rs. 0.32 lakh purchased during 1964-65 and 1965-66 has not been accounted for; this was noticed during physical verification conducted for the first time in April-May 1967 and is yet to be investigated (August 1968).

(c) Twenty-three motor cycle trailers purchased for Rs. 0.27 lakh during April 1968 remained unutilised as the extension officers who were allotted motor cycles were not trained in plying the motor cycles with trailers.

(iv) *Purchase of tractors and power tillers*—(a) For use in the project twenty-four Ferguson and five Eicher tractors were purchased for Rs. 4.95 lakhs during December 1962 to June 1963; 23 to 26 tractors actually worked each year during 1963-68. The service capacity of each tractor was fixed by the Director of Agriculture at 1,000 hours per year; the utilisation of the tractors ranged between 16 and 34 per cent of the capacity during the years 1963-68. Against the average potential capacity of about 25,000 working hours the tractors worked on the average for 6,400 hours only in a year. The shortfall was mainly due to the supplier of the tractors not supplying spare

parts and not providing service facilities during the warranty period. The workshop for service and repairs of the tractors is also reported to be not very well organised for preventive maintenance and periodic checks.

The five Eicher tractors purchased for Rs.0.81 lakh to which implements and accessories costing Rs.0.53 lakh were subsequently added, remained largely unutilised. Four of those tractors are out of order for more than 20 to 34 months and are yet to be put in working order (June 1968).

(b) The outstanding hire charges on account of services rendered by the tractors during 1963-64 to 1967-68 were Rs. 1.81 lakhs; of these Rs.1.50 lakhs were due from Agriculture and Community Development departments and Rs.0.31 lakh from private parties.

(c) For sale to farmers of Sambalpur district 160 power tillers, 100 power threshers and 100 dusters were imported in 1964-65 and 1965-66 at a cost of Rs.11.50 lakhs; of these only 8 tillers were sold by the department and 50 dusters were utilised in Sambalpur district. (The power threshers and the remaining dusters were either utilised elsewhere for other purposes or were kept unutilised in the Agricultural workshop).

(d) Customs duty is not required to be paid for machinery imported for agricultural purposes; Rs.11,900 paid as Customs duty on the tractors and power tillers have not yet been got refunded (December 1968).

(v) *Soil tests*—In 1962 an existing soil testing laboratory was remodelled at a cost of Rs. 2.04 lakhs so as to increase its annual testing capacity from 8,000 to 30,000 soil samples. Only about 10,000 samples on the average per year (package programme blocks : 4,000 and other districts : 6,000) were sent to the laboratory for testing during 1962-67. The laboratory was thus under-utilised. No records were maintained indicating the results of the soil tests, recommendations based on such analysis and the area that was benefited.

(vi) *Unauthorised diversion of funds*—Out of the funds provided by Government during 1966-67 for conducting demonstrations in fields Rs.1.49 lakhs were unauthorisedly paid by three District Agricultural Officers to cooperative societies for free distribution of rock phosphate among cultivators.

(vii) In all Rs. 12.96 lakhs were drawn by the Deputy Director of Agriculture from the treasury during 1963-64 to 1966-67 and given to the Rural Engineering Organisation for construction of quarters, fertiliser godowns, etc.; of that Rs.5.08 lakhs have remained unspent so far with that Organisation (June 1968).

34. *Arrears in recovery of loans*—For increasing potato and vegetable cultivation, in 1963-64 Government introduced potato and vegetable seed cultivation scheme according to which Government was to supply to registered cultivators potato seeds, fertilisers, pesticides, etc., at the beginning of a season and the value thereof treated as loans repayable (after harvest) either in kind by supply of quality seeds at rates fixed by Government or in cash. The agreement with the cultivators *inter alia* provided for remission of repayment of loan in full or in part if a cultivator was not able to produce enough seeds due to flood, famine or other circumstances beyond his control.

Out of Rs.2.14 lakhs disbursed as loan during 1963-64, recovery of Rs. 1.04 lakhs was overdue and outstanding (August 1968). This included Rs.91,200 due from the growers of Jeypore and Rayagada where the crops did not grow well (as observed by the Development Commissioner in May 1964) due to :—

- (i) wrong selection of sites;
- (ii) lack of close supervision by the department; and
- (iii) covering a large number of villages without adequate staff.

In December 1966 the Director of Agriculture and Food Production approached Government for remission of Rs.91,200 although not covered by the conditions stipulated in the agreement for such remissions. Final orders of Government in the matter are awaited (December 1968).

According to the Deputy Director of Agriculture (September 1968) recovery of the balance of the arrears (Rs. 0.13 lakh) is under certificate proceedings; no amount has been recovered so far (January 1969).

35. *State Livestock Breeding Farm.*—Mention was made in paragraph 30 of the Audit Report 1965 and paragraph 63 of the Audit Report 1966 of the infructuous expenditure due to abandonment in 1962 of the original site (at Chiplima) of the state livestock breeding farm. Subsequently, in 1963 a composite farm at a new site at Chiplima with schemes for research and extension activities was sanctioned by Government. Against the estimated cost of Rs. 84.94 lakhs (upto March 1966), Rs. 81.27 lakhs had been spent on the scheme during January 1963 to December 1967. The table below indicates the estimates, livestock maintained in the farm and the physical achievements:—

	Estimate (Up to March 1966)	Actual (Up to Decem- ber 1967)	Percentage
Reclamation ..	1,500 acres	200 acres	
Cultivation ..	5,800 acres	583 acres	10
Livestock maintained—		(Numbers)	
Cows ..	351	206	59
Buffaloes ..	218	..	
Sheep ..	100	30	30
Pigs ..	44	30	68
Goats ..	177	203	115
Ducks ..	300	189	63
Poultry ..	500	594	119
Production of—			
Cattle feed ..	9.55 lakh maunds	0.17 lakh maunds	2
Milk ..	24.38 lakh lbs.	2.49 lakh lbs.	10
Stud animals—		(Numbers)	
Bulls ..	149	17	11
Buffaloes ..	56	nil	nil
Lambs ..	180	68	38
Piglets ..	2,100	145	7
Kids ..	384	150	39
Chicks ..	25,000	4,000	16
Poultry eggs ..	3.75 lakhs	0.85 lakh	23
Duck eggs ..	3.38 lakhs	0.03 lakh	1

The receipts from the farm up to December 1967 were Rs.1.67 lakhs against Rs.29.08 lakhs anticipated upto March 1966 ; recurring expenditure on running of the farm upto December 1967 was Rs.13.05 lakhs.

The shortfall in achievement was attributed by the department as mainly due to:—

- (i) delay in reclamation of land owing to non-availability of bulldozers on account of financial stringency; and
- (ii) delay in cultivation and limited availability of irrigation facilities owing to difficulty in land acquisition for canal.

The farm's cost of lambs, piglets, chicks, poultry eggs and duck eggs ranged between 238 and 540 per cent of the estimates.

Out of a total of 2,621 livestock (adult animals and birds) purchased or reared in the farm (cost: Rs.1.05 lakhs) between March 1965 and December 1967, 945 costing Rs. 0.31 lakh died during that period; the rate of mortality ranged between 15 and 53 per cent. Out of a total 1,311 ducklings, piglets and lambs born or purchased between June 1965 and December 1967, 513 died during that period. The high rate of mortality was stated by the department (June 1968) as mainly due to various diseases.

The following further points have been noticed:—

(i) The expenditure incurred on the civil works portion of ten farm buildings up to December 1967 was Rs.46.44 lakhs against the estimate of Rs.44.23 lakhs. The buildings were to be completed between March 1964 and March 1966. The Public Works Department intimated in November 1968 that work on three buildings was in progress and the other seven buildings were in course of being handed over.

(ii) Seventeen byres for dairy farm were completed during 1964-67 (cost : Rs. 6.07 lakhs), of which twelve have been brought into use by the farm; the remaining four byres constructed (in July 1965) for Rs. 1.44 lakhs are yet to be utilised (January 1969).

(iii) Rs. 3.78 lakhs were advanced to the Orissa State Electricity Board in March 1965 (Rs. 1.90 lakhs) and February 1966 (Rs. 1.88 lakhs) for construction of electric lines to the farm, sub-station and high tension and low tension distribution lines. Provision for external electric installations to the farm was not made in the original scheme. According to the Board, Rs. 3.09 lakhs out of the advance were spent by them for the purpose upto March 1968 leaving an unspent balance of Rs. 0.69 lakh and the Board explained (June 1968) the delay in completion of the works as due to non-fixation of supply points by the farm authorities. Electrification of only 14 out of 52 buildings could be completed at a cost of Rs. 1.22 lakhs against the estimate of Rs. 1.30 lakhs for all the buildings.

36. *Sheep development*—For increasing the production of mutton type sheep population in the State, the sheep development scheme (estimated cost : Rs. 14.39 lakhs) was taken up in March 1965 in two parts, viz., (i) expansion of Government sheep farm at Chiplima (Rs. 3.71 lakhs) and (ii) establishment of 1,000 extension units in 50 villages (Rs. 10.68 lakhs). Purchase of 510 sheep for the Government farm and 7,100 sheep for the extension units was contemplated; the ewes for the extension units were to be initially purchased by Government and given to selected villagers (called hosts) treating the cost thereof as interest-free loan. The total expenditure on the scheme to end of December 1967 was Rs. 8.56 lakhs (cost of sheep : Rs. 5.42 lakhs, non-recurring expenditure : Rs. 2.46 lakhs and recurring expenditure : Rs. 0.68 lakh). Between March 1965 and October 1966, 3,172 ewes and 80 rams were purchased for

Rs. 5.90 lakhs. Of these, 2,235 ewes were distributed to 209 farmers as loan, 73 rams were distributed free of cost, 705 ewes and 5 rams died in the Government farm, three ewes were deformed and one was lost leaving a balance of 228 ewes and 2 rams in the Government farm at the end of November 1968.

Certain points noticed in connection with the purchase and maintenance of these animals at the Government sheep farm were mentioned in paragraph 37 of the Audit Report 1968. The following further points were noticed in the working of the scheme:—

(i) Between May 1966 and December 1967, 368 lambs were born in the Government farm (against the anticipation of 624) of which 204 died leaving a balance of 164 lambs in the farm at the end of December 1967. Thus, the actual number of lambs born was 60 per cent of what was anticipated and the mortality rate was as much as 55 per cent of the number born against 15 per cent contemplated in the scheme.

(ii) Of the 2,921 sheep purchased for the extension units, one was lost, three were deformed, 620 (value : Rs. 1.19 lakhs) died before being distributed to the hosts and 1,295 sheep (value : Rs. 2.62 lakhs) died while they were with the hosts; the survivals by December 1967 with the hosts were 1,001 only. One ewe is yet to be distributed (November 1968). The mortality of the sheep with the hosts is yet to be investigated (November 1968).

(iii) As there was delay in selecting the hosts there was delay in distribution of sheep under the extension scheme. There was much delay in distribution of sheep purchased in March 1965 (1,325) and October 1965 (433); distribution started only from June 1965 and by November 1965 only 891 were distributed to the hosts; retention of the sheep in the farm beyond the contemplated normal period of one month resulted in extra expenditure of Rs. 0.50 lakh as feeding charges.

(iv) Out of Rs. 10.68 lakhs drawn by the Directorate of Animal Husbandry during March 1965 to March 1966 for purchase of sheep (the expenditure being classified as loan in Government account), Rs. 5.26 lakhs were refunded in July 1965 leaving an outstanding balance of Rs. 5.42 lakhs; the total of the interest-free loans actually paid to the hosts in the shape of ewes, however, was Rs. 4.65 lakhs only. The remaining balance of Rs. 0.77 lakh under the loan head is yet to be regularised (January 1969).

(v) The loans to the hosts given in the shape of ewes were to be recovered from them within 19 to 36 months in the shape of one-year old lambs. Although 2,235 ewes were distributed to the hosts between June 1965 and July 1966, only 121 lambs were obtained from the hosts till November 1968 (5 per cent only).

37. *Milk Union*.—Mention was made in paragraph 53 of the Audit Report 1966 of the working of the Milk Union, Phulnakhara, upto 1964-65. The results of a test check of the accounts of the Union from 1965-66 to 1967-68 are given below:—

(i) The intention being that it should run on "no profit, no loss" basis, *pro forma* accounts to show the working results should have been prepared, but this has not yet been done (December 1968). It was, however, seen that the total working expenses (excluding depreciation on plant and machinery and interest on capital) during 1965-66 to 1967-68 were Rs. 46.06 lakhs as against the total income of Rs. 43.73 lakhs resulting in excess of expenditure of Rs. 2.33 lakhs over income.

(ii) *Loss on spoilt milk*—The total quantity of milk collected and the loss on account of milk “curdled” and “separated” during each of the years 1965-66 to 1967-68 are given below:—

Year	Quantity of milk collected	Quantity of milk		Loss on account of spoilt milk (Rupees in lakhs)
		Curdled (Litres in lakhs)	Separated	
1965-66	10.15	0.18	0.83	0.74
1966-67	17.57	1.42	1.24	1.94
1967-68	15.53	0.60	0.66	0.86

The total loss during the three years was Rs. 3.54 lakhs. The loss was attributed by Government (June 1968) to:—

(a) mixing of previous day's milk with next day's milk while collecting milk at late hours;

(b) absence of all-weather roads connecting collection centres with plant, resulting in delay in pasteurisation and

(c) transportation of large quantity of milk from distant collection centres without chilling.

(iii) *Idle equipment*—For want of building two chilling plants purchased during April to July 1965 for Rs. 1.99 lakhs have not been installed so far (November 1968); Government intimated in November 1968 that the building is nearing completion.

INDUSTRIES DEPARTMENT

38. *Craftsmen Training Scheme*—(1) The scheme for training of craftsmen was undertaken by the Government of India mainly to ensure a steady flow of skilled workers for Industry, to increase production and improve its quality by systematic training of workers and to reduce unemployment among educated youth by equipping them for suitable industrial employment. The scheme was transferred to the State Government during 1956; it was agreed that the Director General of Employment and Training, Government of India, would formulate the outlines of the training schemes. The expenses are borne by the Government of India and the State Government in the ratio of 60:40. The total expenditure during 1961-62 to 1967-68 (period covered by Audit review) on the nine training institutions and other ancillary training programmes was Rs. 2,01.71 lakhs (non-recurring: Rs. 1,40.06 lakhs and recurring: Rs. 61.65 lakhs).

Against the total capacity of 20,820 seats in the institutions during the seven year period (1961-68) upto the end of March 1968 the actual admissions were 9,480 (46 per cent of the capacity). Of these, 6,100 students admitted from May 1961 to November 1965 were to complete the training, the last batch by August 1967; only 3,970 of them (65 per cent) completed the course of whom 3,750 (61 per cent) passed the final examination. Due to less admissions, subsequent dropouts, increase in the number of seats without reference to actual admissions and entertaining teaching staff in full without reference to actual need, the cost of training per student per month during the seven year period was, against Rs. 70 fixed by Government, as high as Rs. 217 and Rs. 111 in the institutions at Bhawanipatna and Hirakud respectively. The expenditure incurred on such surplus staff from time to time was Rs. 0.94 lakh in the Hirakud institution.

In October 1966 the Director General of Employment and Training of the Union Government requested the State Government to review the seats lying vacant for long so that the seats in unpopular trades could be converted into those for which there was demand. The Director of Industries recommended to Government only in March 1968 that from the session commencing from July 1969, 640 such seats in nine unpopular trades and 40 posts of instructors might be abolished; approval of Government is awaited (December 1968). Had early decision been taken and the reduction made from the session commencing from July 1967, expenditure of Rs. 1.92 lakhs (upto June 1969) could have been avoided for the two sessions 1967-68 and 1968-69.

(2) Some further points noticed during review of the scheme are given below:—

(i) The amount of stipends paid by Government to the trainees during 1958-59 to 1967-68 pending recovery from the trainees discontinuing their studies before completing their course was Rs. 0.37 lakh (March 1968).

(ii) Equipment (value: Rs. 2.28 lakhs) acquired between 1956-57 and 1967-68 by eight institutions were surplus and were lying unutilised in those institutions (December 1968).

(3) The following points in some of the institutions and in implementation of certain training programmes also have been noticed:—

(i) *Industrial Training Institute, Bhawanipatna*—Upto March 1968 Rs. 10.05 lakhs (non-recurring: Rs. 8.57 lakhs and recurring: Rs. 1.48 lakhs) were spent on this institution. During the 7 years 1961-62 to 1967-68 only 174 students were admitted into the institution against the capacity of 1,000 seats; 36 of them have so far completed the course and passed the final examination.

According to the instructions of the Director General of Employment and Training, the institutes are to be located only in places of heavy concentration of Industries. In March 1967 the Principal of the institute reported to the Joint Director of Industries that since there was no pressing demand in any of the trades introduced in the institute, four trades already introduced had been suspended, that, besides, there was no potentiality of development of technical training in the region as there was no developed industry within 100 K.M. radius of the institute and that the employment market was also not encouraging.

The expenditure incurred on the institute (Rs. 10.05 lakhs) was thus not commensurate with the results obtained.

(ii) *Industrial Training Institute, Puri*—In July 1961 Government sanctioned establishment of an institute at Khurda in Puri district; the site was changed to Puri in February 1962. This was not established. Instead, in pursuance of the instruction of the Director General of Employment and Training that the institutes are to be located where there is high concentration of industries, Government decided in March 1963 to establish the institute at Ambaguda (Koraput district). After Rs. 0.10 lakh were spent at Ambaguda for acquisition of building material, that site was left and the materials handed over to the Dandakaranya Development Authority in November 1964; recovery of the amount from Dandakaranya Development Authority is awaited (November 1968). In February 1965 Government again decided to locate the institute at Puri. The institute started temporarily at Cuttack from January 1966 and transferred to Puri in December 1966.

The following points were noticed about this institute:—

(a) Equipment (value: Rs. 9.14 lakhs) was purchased for the institute between 1961-62 to 1965-66 at Puri (Rs. 4.00 lakhs) and at Ambaguda (Rs. 5.14 lakhs) long before establishment of the institute; some equipment purchased at Ambaguda is yet to be shifted to Puri. The equipment purchased at Puri was stated (December 1964) by the department to have been stored in a "dilapidated rented building on the sea shore" (exposed to saline atmosphere); this equipment was erected only in December 1966. Physical verification of the equipment was reported to be in progress (June 1968).

(b) The scheme contemplated a total plinth area of 16,630 s.ft., in the main and workshop buildings at an estimated cost of Rs. 2.69 lakhs, while that actually provided was 21,660 s. ft., at a cost of Rs. 4.34 lakhs.

(iii) *Industrial Training Institute, Talcher*—Establishment of this institute was approved by Government in January 1963; the total expenditure to end of March 1968 was Rs. 20.80 lakhs (non-recurring: Rs. 18.45 lakhs and recurring: Rs. 2.35 lakhs). The institute started functioning from August 1966.

In June 1966 the District Industries Officer, Dhenkanal reported to the Director of Industries that for want of space costly machinery (value: Rs. 2.25 lakhs) were kept in open space since a year and the staff appointed were sitting in his office without much work. A special committee (appointed by Government) which examined the working of the institute observed in April 1968 that purchases had been made without any planning, these had also not been organised properly and the equipment received for electric trade had not been installed.

(iv) *Accelerated Training Programme*—To meet the national emergency for training of technical personnel for Defence establishments, a short term accelerated training programme of six months duration approved by the department was introduced in 1962-63. This was, however, discontinued from August 1963 as it was considered by the department that the ordnance factories would have little use for trainees who had undergone only six months training and that instead they would require those who completed 18 months training. The expenditure incurred on the programme was Rs. 1.53 lakhs. Against the admission capacity of 884 seats only 140 trainees were enrolled; 98 of them passed finally of whom 45 were reported to have been appointed in Defence establishments.

(v) *Evening classes for industrial workers*—A two year theoretical training course for industrial workers employed in factories around Choudwar was introduced in June 1960. The admission capacity was 50 candidates in two trades. It was contemplated that a fee of Rs. 2 per month would be realised from the candidates. In the first two completed sessions only 39 students appeared in the examination of whom only six passed, and in the third session only six candidates were on the roll. The course was discontinued from July 1967; the total expenditure incurred was Rs. 40,870. No regular fees were realised from the trainees.

39. *Kendrapara Engineering School*—A school for teaching diploma course in Engineering was started in 1960-61 under private management at Kendrapara. Between March 1960 and March 1962 Government paid Rs. 6.95 lakhs as grants-in-aid to the school for construction of buildings, purchase of equipment, etc. In January 1963 the school was taken over by Government with a view to run it in a smooth and efficient manner; the statement of assets and liabilities of the institution on the date of transfer has not been finalised so far (October 1968).

In addition to the non-recurring expenditure of Rs. 14.95 lakhs incurred by Government during January 1963 to March 1968 on construction of school building, hostel, staff quarters, etc., a total recurring expenditure of Rs. 7.35 lakhs was incurred on the running of this school upto March 1968.

The intake of students in each of the classes was fixed in 1963 as 60. From 1964 it was raised to 120 students in each class with 10 per cent additional capacity. The intake of students declined in 1966-67 and 1967-68; this was explained by Government in October 1968 as due to general recession. The school has been closed from 1968. The number of students admitted in the first year class, the number in all classes and the recurring expenditure per student from 1963-64 are shown below:—

Year	Number of students admitted in the first year class	Total number of students in all classes	Total recurring expenditure (Rs. in lakhs)	Recurring expenditure per student Rs.
1963-64	62	135	0.93	689
1964-65	120	280	1.12	400
1965-66	110	320	1.29	103
1966-67	28	179	2.07	1,156
1967-68	6	67	1.94	2,895

Six residential quarters were constructed when the school was under private management while sixteen quarters were constructed by Government after January 1963. All these quarters were occupied by staff by November 1967. No rent has been recovered from the occupants so far (October 1968).

A local audit of the accounts of the school for the period during which it was under private management was undertaken in January 1968 at the instance of Government. The following points were noticed which were reported to Government in March 1968 (Government have stated in October 1968 that the explanation of the *ex-Secretary* for the various lapses pointed out has been called for by them):—

(i) Although the management of the school was taken over by Government in January 1963, the cash book without any cash was handed over by the *ex-Secretary* to the Principal of the school only in August 1963; the cash in hand with the *ex-Secretary* on the date of transfer was subsequently worked out by the internal auditors as Rs. 0.90 lakh. In February 1964 vouchers for the entire amount were produced by the *ex-Secretary*. These included vouchers for Rs. 0.35 lakh for expenditure incurred (from January 1963 to February 1964) after the school was taken over by Government and Rs. 0.27 lakh representing repayment of loans taken from Kendrapara College between August and December 1962 (there was no necessity to borrow as the school's cash balance exceeded Rs. 4 lakhs in those months), which were not supported by any acknowledgements from the college authorities.

(ii) The statement of assets and liabilities of the institution on the date of transfer prepared by the department (not authenticated by the *ex-Secretary*) showed Rs. 1.08 lakhs paid as cash advances between February 1961 and October 1962 to various parties for construction of school buildings. These payments were not shown in the cash book of the school; there were also no records in support of these payments.

(iii) According to the bank account of the school, Rs. 0.51 lakh were paid between November 1961 and October 1962 to an individual (Rs. 0.15 lakh) and to a labour contract co-operative society (Rs. 0.36 lakh). These transactions did not pass through the cash book nor were there any records in support of the payments.

(iv) The bank account showed credit of Rs. 2,293 as interest allowed by the Bank upto December 1962 but Rs. 1,426 only were shown in the receipts and payments account.

(v) The details of the work done and utilisation of the materials purchased for Rs. 1.45 lakhs shown in the receipts and payments account could not be furnished. No register of buildings constructed had been maintained.

40. *Production-cum-training centres*—During 1961 to 1963 five production-cum-training centres (carpentry, blacksmithy, brass, bell-metal and leather trades) were set up. Rs. 79,900 were spent on buildings (Rs. 27,100), tools and machinery (Rs. 35,500), and establishment (Rs. 17,300) during March 1961 to September 1965. In May 1964 Government decided to close down the centres as the possibility of running them profitably on commercial lines was considered remote due to non-availability of power, transport, market facilities, etc., but one carpentry unit continued upto September 1965. No training was imparted in any of the units.

The trading and manufacturing account of the carpentry unit showed a loss of Rs. 304 during July 1963 to September 1965 excluding establishment charges (Rs. 11,300).

After closure of the centres, one of the buildings was occupied by a rice huller unit from July 1964 while another was occupied by Mochi Industrial Co-operative Society from August 1966; no rent has so far been fixed or realised (December 1968).

The buildings at the remaining three centres are yet to be utilised (December 1968).

41. *Buildings lying vacant for long*—Construction of four buildings meant for being let out to small scale industries was completed in the industrial estate, Parlakhemidi, during August-December 1964 at a cost of Rs. 1.13 lakhs. Except one which was occupied during August 1965 to October 1966 by the Fruit Preservation unit of the Agriculture department, all the buildings have remained vacant. The loss of rent on the vacant buildings computed from after six months of the date of their completion (at the provisional rate of the rental value of the buildings) was Rs. 20,700 up to July 1968.

EDUCATION DEPARTMENT

42. *State central library, Bhubaneswar*—With a view to provide free library facilities, Government took up construction of a State central library at Bhubaneswar in March 1961. The building for the library was completed in September 1964 for Rs. 8.78 lakhs. By the end of March 1968 Rs. 20,000 were spent on purchase of furniture (Rs. 1,000) and books (Rs. 19,000); bulk of the purchases were made during July 1966. The expenditure on staff appointed for the library from September 1967 to end of December 1968 was Rs. 0.05 lakh. The library has not been opened so far (February 1969) due to "paucity of funds". The building has been used for housing other Government offices. The utilisation of the covered area in the building during 1964-65 to 1967-68 was 21 per cent, 70 per cent, 80 per cent and 90 per cent respectively.

The building was constructed through a contractor; the final bill of the contractor has not yet been settled as the final measurements of the work done taken in January 1965 were not acceptable to the contractor. Materials like cement, mild steel rods, bricks, etc., (value : Rs. 0.47 lakh) were issued to the contractor during construction in excess ; the cost is yet to be recovered from the contractor (September 1968).

The matter was reported to Government in April 1968 ; their reply is still awaited (February 1969).

43. *Arrears in recovery of loans advanced from Orissa Loan Stipend Fund*—Mention was made in paragraph 75 of the Audit Report 1963 that the detailed accounts including loan ledgers of the Orissa Loan Stipend fund maintained by the Education Department did not indicate a correct or complete picture of the transactions as at the end of March 1962. It was seen in Audit (August, 1968) that the records of the demand and recovery of the loans are still incomplete in as much as (i) loans due for recovery and details of recoveries effected were not recorded in the loan ledger, (ii) payments of loan (upto 1958-59) were not posted completely, (iii) recoveries of loans (upto 1961-62) were not posted completely and (iv) entries pertaining to 1962-63 to 1967-68 were not reconciled.

According to information furnished by the department (September 1968), Rs. 2,22.35 lakhs were advanced as loan stipend to 8,002 borrowers since the inception of the scheme in 1946 to March 1968 ; of that Rs. 0.26 lakh given as loan to 9 persons were written off. Rs. 1,58.90 lakhs became due for recovery from 5,096 borrowers by the end of March 1968 ; of that Rs. 46.79 lakhs were repaid by 2,200 borrowers leaving Rs. 1,12.11 lakhs recoverable from 4,843 borrowers which include 2,896 borrowers recovery from whom has not commenced. Due to incomplete state of accounts year-wise analysis of arrears was not available with the department (December 1968).

COMMUNITY DEVELOPMENT AND PANCHAYATI RAJ DEPARTMENT

44. *Ceramic Centre*—Construction of a Ceramic whiteware training-cum-production centre at Kendrapara Community Development Block was completed in July 1961 at a cost of Rs. 48,267. The centre never went into production. According to the District Industries Officer, Cuttack, (November 1967), the buildings, furnace shed and the machineries of the centre were either completely destroyed or damaged in the cyclone in October 1967. The entire outlay on the centre proved unfruitful.

TRIBAL AND RURAL WELFARE DEPARTMENT

45. *Tumuri-bandha Sevashram buildings*—Construction of the Tumuri-bandha Sevashram buildings in Phulbani district was entrusted to a contractor in February 1964 at the estimated cost of Rs. 1.06 lakhs for completion by February 1965 (subsequently extended at the request of the contractor up to December 1965). After doing certain portions of the work the contractor stopped execution in May 1966 as his payments were stopped by the department for want of funds and he also demanded 20 per cent extra (over his rate), which was not accepted by the department. Even though the contractor was paid later, he finally abandoned the work in April 1967. The contract was subsequently cancelled by the department. The total expenditure incurred on the buildings was Rs. 50,300. The Collector, Phulbani, inspected the

work in May 1967 and observed that, as the masonry work of the buildings had deteriorated, it should be dismantled and construction work handed over to the Rural Engineering Organisation. The work has not been taken up so far (August 1969).

The matter was reported to Government in December 1966 and August 1968 ; their reply is awaited (February 1969).

REVENUE DEPARTMENT

46. *Payment against court decrees assigned to the State*—During 1941 to 1953 a zamindar had obtained decrees from Revenue Courts (Rs. 83,000) and Civil Courts (Rs. 22,000) for recovery of rent from ryots of fourteen doratanam villages. Consequent on the abolition of Zamindari system the estate of the zamindar was taken over by Government in June 1953. Consequent on decision (May, 1957) of the court of Rent Suit Collector that that court had no jurisdiction in the matter, the *ex-zamindar* could not get the decrees obtained from the Revenue Court executed. The court of the District Judge upheld (October 1958) the decision of the Rent Suit Collector. The *ex-zamindar* appealed against that decision to the High Court. In the meanwhile, even after Government had taken over the estate, the *ex-zamindar* was reported to be claiming rents from the *ex-doratanam* villages by filing suits against the ryots. To prevent the *ex-zamindar* from filing such suits against the ryots and for asserting the right of Government over those villages, Government filed a suit (1958) against the *ex-zamindar* in a court of Law. Subsequently in June 1959, Government entered into a compromise with him (through a compromise deed executed in court), according to which the *ex-zamindar* transferred and assigned to Government the court decrees totalling to Rs. 1.05 lakhs and Government undertook responsibility for executing these decrees, realise the dues and pay the *ex-zamindar* after deducting twenty per cent and the cost of execution of the decrees. Government, thus, became a party in the litigation and in the appeal pending in the High Court against the decision of the court of the District Judge. The High Court confirmed the decision of the lower court (August 1961). Subsequently, the *ex-zamindar* approached Government several times for payment of the decretal amounts assigned to Government. On Government intimating the *ex-zamindar* (March 1964), after obtaining legal opinion, that Government need not pay any amounts to him as the revenue court decrees had become non-enforceable, he wanted to proceed against Government for damages for the loss sustained by him. On the *ex-zamindar* approaching Government again in 1966 for payment of advances against the decretal amounts assigned to Government, Government in order to stop him from going to court, paid in March 1966 and August 1966 advances of Rs. 45,000 against the revenue court decrees and in March 1966 Rs. 15,000 against the civil court decrees. No amount could be collected by Government against the revenue court decrees, while upto February 1968 against the civil court decrees Rs. 4,230 only could be collected out of which Rs. 1,900 were paid to the *ex-zamindar* (over and above the advance of Rs. 15,000).

Payment of advances by Government against 12 year old decrees obtained by the *ex-zamindar*, when Government knew that the High Court had nullified the decrees of the Revenue Court seems unusual.

The amount spent by Government in contesting the case in the High Court and the execution proceedings has not been intimated by the department (February 1969).

CO-OPERATION AND FORESTRY DEPARTMENT

47. *Afforestation of eroded lands.*—To prevent rapid silting of Hirakud and Machkund dams, afforestation of eroded localities was taken up in 1961-62.

The following points were noticed in this connection :—

(i) In Afforestation division, Jeypore, Rs. 1.58 lakhs were spent during 1963-64 on jungle clearance, pit digging, etc., in 3,915 acres of land in which, to prevent soil erosion, there was to be sowing and planting. No plantation was raised during that year. 2,667 acres were planted during 1964-65. The remaining 1,248 acres were planted during 1965-66 after re-digging the pits; the expenditure incurred (which could have been avoided) thereon was Rs. 18,700. The delay in plantation was reported to be due to non-availability of seeds and decision taken by the department in April 1964 not to do plantation by sowing seeds in pits as that would have resulted in large scale failure.

(ii) During 1964-66 plantation was raised in 5,643 acres in the catchment of Machkund (at a cost of Rs. 8.50 lakhs). Of that, plantation in 1,629 acres completely failed and re-plantation was done in 1966-67 (cost : Rs. 1.08 lakhs). The failure of plantation was attributed to planting naked seedlings which could not survive due to (a) untimely rain or drought, (b) widespread attack of white ants and (c) grazing of cattle in the plantation areas. Precautionary measures such as use of potted seedlings and insecticides which were taken in 1966-67 were not adopted earlier.

(iii) Rs. 12,900 were spent in 1964 on plantation of eucalyptus in 241 acres at Kurebaga. The eucalyptus seedlings did not thrive and were replaced by bamboo seedlings in 1965. The failure of the eucalyptus seedlings was attributed to wrong choice of species.

GENERAL

48. *Misappropriations, losses, etc., of Government money.*—In paragraph 49 of the Audit Report 1968, 342 cases of misappropriations, losses, etc., (amount: Rs. 26.92 lakhs) which occurred upto 31st July 1967 were reported to be pending finalisation on 31st January 1968. From 1st August 1967 to 31st July 1968, 76 further cases of misappropriations, losses, etc., (amount : Rs. 4.14 lakhs) were reported ; the number of cases disposed of by the end of December 1968 was 37 (amount: Rs. 5.75 lakhs).

An analysis of 381 cases (amount : Rs. 25.31 lakhs) which were pending finalisation on 31st December 1968 is given in appendix V, pages 108-109.

Yearwise analysis when these were reported to Audit is given below:—

Year in which the cases were reported to Audit	Number of cases	Amount (Rupees in lakhs)
1948-49 to 1963-64	217	10.29
1964-65	23	0.78
1965-66	21	1.46
1966-67	62	9.72
1967-68	53	2.97
1968-69	5	0.09
Total	381	25.31

49. *Miscellaneous irregularities, losses, extra expenditure, etc.*—Cases of miscellaneous irregularities, losses, etc., are mentioned in appendix VI, page 110.

CHAPTER IV

WORKS EXPENDITURE

WORKS AND TRANSPORT DEPARTMENT

Expressway Project

50. *Expressway Project*—Construction of the Expressway Project (141 kilometres long) to be used for carriage of iron ore to Paradeep was taken up in February 1962. Its estimated cost is Rs. 14.15 crores (estimate revised to Rs. 21.50 crores in February 1968 is awaiting sanction). It was to be completed by June 1965. The expenditure upto March 1968 was Rs. 19.50 crores; the work is still in progress (October 1968). The delay in completion of the project and increase in cost were attributed by the department to want of adequate funds in time, delay in getting foreign exchange for procuring some materials for construction of bridges, frequent changes in specifications, non-availability of heavy machinery and increase in volume of work to set right defective constructions. The points noticed in audit are mentioned below.

(1) *Defective road (Rs. 38.10 lakhs)*—A stretch of the roadway (43 kilometres long) from Tomka to Haridaspur when opened for ore traffic in June 1966 showed within a month signs of failure which necessitated taking up of remedial works at a cost of Rs. 4.58 crores. A committee of technical experts appointed by Government in August 1966 to investigate into the matter attributed the failure of the road mainly to the soil having low load carrying capacity, inadequate provision of hard crust, deficiencies in construction of embankment without proper compaction, lapses in following the correct methods of execution and use of faulty materials in construction. As a result, works constructed at a cost of Rs. 28.42 lakhs had to be dismantled and reconstructed; the dismantling cost was Rs. 9.68 lakhs. Thus this meant wasteful expenditure of Rs. 38.10 lakhs.

(2) *Infructuous expenditure on closure of a culvert (Rs. 2.74 lakhs)*—Construction of a box type culvert was completed in August 1965 for Rs. 2.74 lakhs; the culvert was 53 metres away from the high level bridge over Gobri canal. After construction, it was found that the culvert was 1.2 metres lower than the surface level of the canal bridge. Mention was made in paragraph 53 of the Audit Report 1968 of construction of two additional spans extending the Gobri canal bridge in March 1967; consequent on this extension, it was found that the culvert and the canal bridge could not be connected with a road having maximum permissible slope. The culvert was, therefore, closed diverting the flow through the extension of the canal bridge.

(3) *Defective hume pipe culverts*—Three pipe culverts constructed for Rs. 0.64 lakh during 1964-65 and 1965-66 collapsed as the "pipes were not of adequate strength" and the culverts were "underdesigned". One of those culverts was closed in February 1967 as there was no flow of water through the culvert; Rs. 0.07 lakh were spent in closing it. The hume pipes of the remaining two culverts were replaced by standard pipes at an expenditure of Rs. 0.22 lakh on removal of over burden, dismantling the pipes and sand filling after replacement.

(4) *Extra contractual payment*—Mention was made in paragraph 51 of the Audit Report 1968 of certain extra contractual payments made to Orissa Construction Corporation for construction of high level bridge over Mahanadi at Bhutmundi. Rs. 0.79 lakh were further paid to the Corporation in June 1967 for remedying cracks in fourteen wells of the bridge. According to the terms of the contract, the Corporation was responsible for making good,

without extra cost to Government all damages and repair occasioned or rendered necessary by fire or other causes and defects appearing within six months from completion of work. The payment of Rs. 0.79 lakh was beyond the terms of the contract.

(5) (i) 542.4 tonnes of high tensile wire procured by Kendrapara division during April-June 1964 for Rs. 14.84 lakhs have been proposed to be written off on the ground that the material has lost its tensile property; decision is still awaited (February 1969).

(ii) 30.30 tonnes of the high tensile wire procured by the Paradeep division in December 1966 for Rs. 0.70 lakh had become surplus to requirement. The Additional Chief Engineer submitted proposals to Government in November 1967 for write-off, as having been exposed to a cyclonic storm in October 1967 it had lost its tensile property; decision is awaited (February 1969).

(6) *Unauthorised financial aid to a contractor*—According to the financial rules and instructions of Government, earnest money at the time of tender, security deposit at the time of signing contract and performance security (recoverable from running account bills) has to be paid by contractors to whom works are given for execution. During 1962-63 to 1965-66 a private firm of contractors was allowed to execute seventeen works without paying earnest money, security deposit and performance security of Rs. 6.28 lakhs. Instead, Government decided in April 1967 to accept insurance guarantee bonds in lieu of earnest money and security deposit for fifteen works (estimated cost: Rs. 60.59 lakhs) and to recover these in the usual manner for the other two works (estimated cost : Rs. 20.45 lakhs). In April 1967 the firm submitted guarantee bonds for Rs. 2.54 lakhs (against Rs. 4.24 lakhs required to be deposited for the fifteen works), the validity of which had already expired between July 1966 and December 1966. Rs. 1.70 lakhs required to be recovered for the other two works were not recovered.

For another work (estimated cost : Rs. 15.30 lakhs) entrusted to the same contractor, the Superintending Engineer accepted in April 1968 insurance guarantee bonds for Rs. 1.00 lakh and refunded the security deposit of Rs. 0.58 lakh recovered from the contractor's running account bills. The bonds were not hypothecated in favour of the departmental officer.

(7) *Non-utilisation of machinery*—(i) A drilling machine purchased in May 1967 for Rs. 0.38 lakh was not put to operation since when it was purchased

(ii) A road roller purchased in July 1965 for Rs. 0.45 lakh was not put to use since its purchase.

(iii) A dozer acquired from Hirakud Dam Project during May 1964 for Rs. 2.74 lakhs was, without being put to use, transferred to the Aero Engine Factory where also it remained unused. The cost has not yet been recovered from that factory.

51. *Non-acceptance of lowest tender for construction of a stretch of Expressway*—For construction of a stretch of the Expressway, estimated to cost Rs. 17.93 lakhs, from the right of Kulacreek to the left of Mahanadi river, tender were received in January 1967; those received were 1.35 per cent, 9.61 per cent, 11.40 per cent and 22.57 per cent below the estimated cost. In March 1967 the work was allotted to the highest tenderer on the ground that other tenderers had in the past failed to complete in time the works entrusted to them. On enquiry from Audit, the department stated in August 1968 that the works allotted to those tenderers earlier could not be completed in time due to change in design and specifications.

Construction of the portion of the Expressway was to be completed by June 1967. Extension of time was, however, allowed and the work was completed by the contractor only in October 1968. Upto November 1968 the extra expenditure computed with reference to the offer of the lowest tenderer was Rs. 4.70 lakhs.

Roads and Buildings Branch

52. *Construction of Bhargavi bridge*—For construction of a high level bridge over river Bhargavi on Sardeipur-Nimapara road, four tenders were received during February-March 1962 which were 0.10 per cent, 9.53 per cent, 12.68 per cent and 21.7 per cent above the estimated cost of Rs. 28.95 lakhs. Considering the view of the Chief Engineer that he could execute the work within the prescribed time-schedule, the contract committee after negotiating with the tenderers recommended to Government in May 1962 acceptance of the lowest tender of contractor 'A' (Rs. 28.98 lakhs). Government, however, did not accept (October 1962) the lowest tender of contractor 'A' on the ground that his rates were unworkable and that he had no experience in bridge work. The second lowest tender of contractor 'B' was accepted at the negotiated offer of Rs. 30.70 lakhs and work order was issued to him in November 1962; it was stipulated therein that the roller and rocker bearings would be supplied departmentally. After the work of sinking the wells and erecting the piers by contractor 'B' was completed, the department noticed in June 1963 that the roller and rocker bearings (estimated cost : Rs. 1.29 lakhs) required for the bridge had not been obtained; the work was stopped on that account and due to non-availability of funds. Action was initiated by the Chief Engineer for obtaining the bearings only in January 1964. The contract with the contractor 'B' was closed in September 1964; his final bill for Rs. 12.19 lakhs for value of work done was paid and the security deposit of Rs. 0.61 lakh refunded during March 1965.

On availability of funds and on receipt of the bearings, the balance of the work was allotted to contractor 'C' in January 1966 for a lumpsum amount of Rs. 17.77 lakhs (excluding the cost of roller and rocker bearings). In course of execution of the work, the department noticed in April 1966 that four wells and two piers constructed thereon by contractor 'B' at a cost of Rs. 1.17 lakhs, tilted much beyond the permissible limit rendering the piers incapable of withstanding the designed load. The department had to construct through contractor 'C' during December 1966 and January 1967, two additional piers and new sets of wells at a cost of Rs. 2.25 lakhs by the side of the defective wells and piers. The Chief Engineer reported to Government during December 1966 that the officers-in-charge of the work and the contractor were responsible for the sub-standard work.

Due to failure of the department to detect the defects in the wells and the piers constructed by contractor 'B' in time due to which recovery could not be effected from him, there was extra expenditure of Rs. 2.25 lakhs. Government warned the Divisional Officer and the Sub-divisional Officer in-charge of the work and framed charges against an overseer (June 1968).

The work was completed in August 1967 and the total payments made to contractors 'B' and 'C' (excluding Rs. 2.25 lakhs for the work on two additional piers) were Rs. 29.96 lakhs so far (March 1968). If the work had been got done through the lowest tenderer, there would have been a further saving of Rs. 0.98 lakh.))

53. *Bridge over river Ib*—In March 1961 construction of a high level bridge (estimated cost : Rs. 22.24 lakhs) over river Ib near Budhipadar was entrusted to a contractor for a lumpsum amount of Rs. 15.97 lakhs. The bridge was to be completed by December 1962. The design of the contractor (which was approved) provided for use of plate bearings. The specifications prescribed by the Government of India in December 1961 contemplated use of "metallic roller and rocker bearings" for the bridge. The type of bearings to be used in the bridge was not finally decided by the department till March 1963. When the contractor was asked to change the design to the new specification of the bearings he pointed out to the department in April 1963 that it would take more than two years to obtain cast steel roller and rocker bearings and suggested use of mild steel roller and rocker bearings at an extra cost of Rs. 1.56 lakhs. In June 1963 a design according to the new specifications was given by the contractor to the Chief Engineer for approval. By then the contractor had done the substructure work and stopped further work pending approval of the design; the value of the work done upto then was Rs. 7.37 lakhs. The Chief Engineer sent the modified design proposed by the contractor to Government in December 1963. This was approved by Government in April 1964. The work could not be restarted for want of allotment of additional funds (Rs. 1.56 lakhs). In November 1964 the contractor requested the Chief Engineer to close his contract and subsequently put in a claim for Rs. 1.73 lakhs for his idle establishment for that period. Funds were provided by Government in April 1965. The contractor was approached in September 1965 who refused to resume the work at the original rate. A fresh quotation of the contractor to execute the balance of the work for Rs. 14.10 lakhs was accepted by the department in March 1966 on the condition that the claim for Rs. 1.73 lakhs be withdrawn by the contractor. The contractor resumed the work in June 1966. He was to complete it by May 1968. Rs. 20.22 lakhs were paid to the contractor upto August 1968; the work is still in progress.

Delay in adopting the revised design and failure to provide in time additional funds (Rs. 1.56 lakhs) resulted in extra liability of Rs. 3.94 lakhs. Extra expenditure so far incurred (August 1968) was over Rs. 2.50 lakhs.

54. *Overpayment for carriage of bricks*—The contract for carriage of stock materials such as cement, iron, a. c. sheets, etc., for 1965-66 in Sundergarh division provided for a rate of Re.1 per metric tonne per kilometre which was 128 per cent in excess of the rate in the schedule of rates. The Superintending Engineer, Northern Circle, allowed (December 1965) the same rate for also carriage of brick which is not a stock material. In all 12.92 lakh bricks were transported by the contractor in 1965-66. Rs. 66,270 were paid to the contractor for carriage of bricks on weight basis.

The schedule of rates provided for a rate for carriage of bricks. According to the terms of the contract, for items not provided for in the contract, payment was to be made on the basis of the schedule of rates; and according to the schedule of rates, the contractor was entitled to a payment of Rs. 21,460. There has thus been overpayment of Rs. 44,810. Government stated in May 1968 that the excess payment would be recovered; the amount is yet to be recovered (February 1969).

55. *Waiver of departmental charges on a deposit Work*—According to the rules of Government, no reduction of departmental charges leviable on works costing Rs. 1,000 or more executed by the Public Works Department on behalf of private bodies may be made. Construction of certain educational

buildings at Rourkela was undertaken by the Executive Engineer, Rourkela Construction Division, in September 1967 on behalf of a college trust and management society (Rourkela) at an estimated cost of Rs. 7.60 lakhs. Departmental charges (Rs. 1.29 lakhs at 17 per cent of the estimated cost) have been waived by Government as a special case in February 1968. Construction is in progress (December 1968).

For proper control by the Legislature the departmental charges should not have been waived and instead Government should have sanctioned for the purpose an equal amount as grant-in-aid and budgetted for being voted upon by the Legislature. Since departmental charges are meant to recover the establishment expenditure incurred by Government in constructing the buildings not owned by Government, waiving recovery of the departmental charges meant, in effect, a grant by Government. When this was pointed out by Audit (March 1968) Government did not agree to reopen the question on the ground that the waiver had been made after due consideration.

56. *Unauthorised issue of stock material*—(i) Rules do not provide for issue of stock materials to local and other bodies otherwise than for execution of Government works entrusted to them. In a Public Works division stock materials, such as, cement, mild steel rods, etc., valued at Rs 1.09 lakhs not required for any work were issued (on loan) between June 1961 and March 1965 to two local bodies, one co-operative sugar factory, one Government company and nine other private bodies. The division recovered Rs. 0.15 lakh from one local body in May 1966. Materials worth Rs. 0.94 lakh are yet to be recovered (August 1968). The Divisional Officer intimated to Audit (March 1968) that Rs. 0.45 lakh towards cost of materials issued to a private body are pending realisation for want of Government decision about levy of supervision charges; decision is still awaited (January 1969).

(ii) Between March 1947 and October 1966 in another Public Works division cement, coal, asbestos cement sheets, mild steel rods, etc., costing Rs. 1.06 lakhs were issued to fifteen private bodies, eleven private persons and three local bodies. Value thereof is yet to be realised (January 1969). Of that Rs. 0.42 lakh have been outstanding for recovery for more than ten years.

IRRIGATION AND POWER DEPARTMENT

Irrigation Branch

57. *Salandi Irrigation Project*—(1) The estimated cost of and the actual expenditure on the project are as follows—

	Cost (Target of irrigation)	Cost of irrigation per acre Rs.	Percentage of financial return
Original estimate (November 1955)	Rs. 4,65.60 lakhs (3.27 lakh acres)	142	7.25 (at the end of the 27th year of completion)
Revised estimate (March 1967)	Rs. 13,07.69 lakhs (1.66 lakh acres)	788	0.39 (at the end of the 4th year of completion)
Actual expenditure (March 1968)	Rs. 11,43.36 lakhs		

Construction of the project commenced in 1960 and was to be completed by 1965. The cost went up nearly three times in the estimates revised in March 1967 and the date of completion was extended to June 1969. The increase in cost has been attributed mainly to (i) increase in cost of labour and materials (Rs.4,96.34 lakhs), (ii) change of designs of earth dam and spillway (Rs.1,66.50 lakhs) and (iii) provision for construction of a barrage (Rs.80.45 lakhs). The delay in completion of the project was mainly attributed to the delay in finalisation of foundation treatment of the earth dam, non-finalisation of design of masonry dam (June 1968) and frequent breakdown of earth-moving machinery procured from Hirakud dam project.

(2) The scheme was financed by loans obtained from the International Development Association; the designs and plans of the project were to be drawn up with their approval. Originally, the Salandi dam was to be constructed to a height of 140 feet. At the time of actual execution, it was decided (1959) to construct it to a height of 160 feet to provide for adequate storage capacity on the presumption that the run-off of the river was 7 lakh acre feet. Detailed investigation in 1962 showed that the run-off of Salandi river was only 4 lakh acre feet. To supplement the reservoir, the department decided in 1963 to construct a barrage over Baitarani river and a link channel from the barrage to the Salandi reservoir. Construction of the barrage and the link channel commenced even though the International Development Association did not approve the linking of the two schemes. Subsequently, as Government could not provide funds and as the International Development Association did not provide finance for the linked scheme, Government decided in November 1965 to drop the barrage scheme. The following points came to notice during review of the scheme:—

(i) Rs. 20.84 lakhs (booked upto 1967-68) were already spent on the Baitarani barrage scheme. The work has not been resumed so far (December 1968).

(ii) Consequent on non-implementation of the Baitarani barrage scheme, the height of the Salandi dam upto 160 feet was apparently not necessary as due to smaller run-off of the Salandi river the reservoir would be smaller. Nevertheless the dam to a height of 160 feet is expected to be completed by March 1969. The extra expenditure on construction of the dam by 20 feet more would be Rs.75 lakhs (approximately one-eighth of total estimated cost of Rs. 6.21 crores).

(iii) Rs.2.54 lakhs spent on acquisition of 250 acres of land in 1964 (Rs.2.30 lakhs) and excavation of canals (Rs.0.24 lakh) for linking of the two schemes has also remained unfruitful.

(iv) A Canal Division created in June 1964 to construct canals from Baitarani barrage to Salandi reservoir was abolished in March 1966. Rs. 3.53 lakhs spent on pay, allowances and contingencies of that Division have also remained unfruitful.

(3) In order to provide irrigation to at least 30,000 acres before completion of the project, a coffer dam was constructed in June 1967 at a cost of Rs.0.95 lakh. This included Rs.0.20 lakh spent on construction of an earthen bund which was completely washed away in the high flood in September 1967. Water was, however, let out into the canal between September and November 1967 which was insufficient for providing irrigation as the minimum guaranteed depth of nine inches water required for even fourth class irrigation could not be maintained. The coffer dam was dismantled subsequently at a further cost of Rs.0.48 lakh. The entire expenditure of Rs. 1.43 lakhs was thus unfruitful.

(4) Due to omission to provide for turfing to the canal embankments in the original estimate, there were rain cuts to the embankments and earth-work was washed away in 1962-63. The embankments were reconstructed in 1963-64 for Rs. 1.35 lakhs and turfing was also provided.

(5) Supply of different kinds of stones required for the masonry dam was entrusted in April 1962 to a contractor at an estimated cost of Rs.48.97 lakhs with the stipulation that one-fourth of the stones should be supplied within four months from the date of written order and the rest within twelve months thereafter. Materials costing Rs.29.26 lakhs only have so far been supplied (June 1968). In 1963 the contractor claimed extra Rs. 6 per 100 c.ft. of stone towards stacking charges at quarry site during rainy season when conveyance to dam site was stated to be not possible. In September 1966 the department accepted the claim on the ground that stacking at the quarry during rainy season was unavoidable notwithstanding the fact that the original contract was to run for sixteen months which also included the rainy season. The extra expenditure upto June 1968 was Rs.1.26 lakhs.

(6) *Idle machinery*—(i) Machinery costing Rs.2.50 lakhs purchased between 1961 and 1965 have been lying unutilised for want of spares (February 1969).

(ii) One excavator and a shovel purchased during 1964 are lying idle from June and July 1967 respectively for want of work. Rs. 34,000 were spent on establishment therefor upto March 1968.

(iii) Sixteen dumpers were declared surplus in September 1967. Of these ten were transferred to other divisions between November 1967 and March 1968. Of the other six, four were stated to require repairs. The expenditure on establishment for these dumpers after March 1968 was Rs. 24,331.

(iv) One dumper purchased in November 1964 for Rs.2.89 lakhs worked for 2,739 hours upto December 1967 (against the total potential capacity of 10,000 hours) when it was damaged in an accident. It has not so far been repaired and is lying unutilised (July 1968).

58. *Darjang Irrigation Project*—The project is intended to provide irrigation and drinking water facilities to Angul area in Dhenkanal district. The estimated cost, target of irrigation, actual expenditure, etc., are mentioned below :—

	Estimate (Target of irrigation)	Financial return (percentage)
Original estimate (1960) .. .	Rs. 82.50 lakhs (24,800 acres)	1.270
Revised estimate (1964) ..	Rs. 3,72.36 lakhs (24,800 acres)	0.025
Actual expenditure (March 1968) ..	Rs. 2,87.78 lakhs	

The project was to be completed by March 1963 but the work is still in progress. The estimate was revised in 1964 but this has not so far been sanctioned by Government. The increase in cost and the delay in completion were attributed by the department mainly to increase in volume of work consequent on changes in design of spillway and earth dam and alignment of canals (Rs. 56.79 lakhs) higher cost and more time taken in executing earth-work by departmental machinery (Rs. 53.61 lakhs) and rise in cost of labour and materials (Rs. 1,45.01 lakhs).

The following further points have been noticed :—

(i) *Higher cost of execution of work departmentally.*—Execution of earthwork was taken up departmentally in June 1960 with machinery obtained partly on hire from Hirakud dam project and partly purchased from open market during 1963 to 1965. There were frequent breakdowns of machinery (mainly those obtained from Hirakud) as a result of which execution of the work was delayed. Even though the machinery before being obtained from Hirakud had been stated to have been overhauled and in working condition, Rs. 28.21 lakhs were spent on purchasing spares. Spares valued at Rs. 15.38 lakhs became surplus (June 1966) and are yet to be disposed of (January 1969). Rs. 22.41 lakhs were paid as hire charges; the machinery are yet to be transferred back to Hirakud (January 1969). These increased the cost of departmental execution of earthwork (300 lakh c. ft.) from Rs. 71 (estimated) to Rs. 250 per 1,000 c. ft. In June 1966 it was decided to change over to contract system. The balance earthwork (140 lakh c. ft.) was entrusted to a contractor at an average rate of Rs. 160 per 1,000 c. ft. Compared with the cost at which the work was entrusted to the contractor, departmental execution of 300 lakh c. ft. of earthwork thus resulted in extra expenditure of Rs. 27.00 lakhs. Machines costing Rs. 10.77 lakhs purchased by the project were lying idle from June 1966. They are yet to be disposed of (January 1969).

(ii) *Construction of spillway*—Construction of the spillway as for a reservoir was entrusted to a contractor in May 1964 for Rs. 55.62 lakhs for completion by June 1965 so that the stilling basin of the spillway could be completed before the rainy season of 1965 (this was to prevent accumulation of muck in the stilling basin after the 1965 rains; otherwise the muck has to be cleared for concreting the stilling basin). Extension of time was given upto June 1966 after the contractor gave an undertaking to clear the muck deposited in the stilling basin by the rains of 1965 at his own cost. In 1965-66 the department reconsidered whether to construct the spillway as for a diversion weir or as for a reservoir. For a reservoir the spillway has to be higher than that for a diversion weir. The contractor constructed the spillway upto the height required for a diversion weir (June 1965) and did not proceed further on instructions of the department. Government decided in March 1966 that it should be a reservoir project. Thereafter, the contractor resumed the work; by June 1966, 63 per cent of the work was done. For want of funds, the contractor was asked in July 1966 to stop further construction. In September 1967 the contractor again resumed work and advance of Rs. 1.00 lakh was paid for reorganisation of his establishment after he agreed to execute the balance work at his original tendered rates. By then, due to rains of 1966 and 1967 further muck had accumulated in the stilling basin. The department approved in January 1968 a rate of Rs. 250 per 1,000 c. ft. for its clearance (4 lakh c. ft.) and Re. 1 per s. ft. for cleaning and chiselling the old surface (total estimated cost Rs. 1.52 lakhs) and the contractor was asked to execute the work. The contractor had offered in September 1967 to do both the works for lumpsum of Rs. 50,000 only. Rs. 1.54 lakhs were paid to the contractor for clearance of muck including that which had accumulated after the 1965 rains (3.94 lakh c. ft.) and cleaning and chiselling the old surface (55,915 s. ft.) There has thus been extra expenditure of Rs. 1.04 lakhs (Rs. 1.54 lakhs minus Rs. 0.50 lakh). The department did not thus take advantage of the earlier offer of the contractor to clear the muck that had deposited due to the rains of 1965.

(iii) *Extra expenditure consequent on incorrect preparation of schedule of quantities*—The estimate for excavation of main canals (second reach) RD 19062 to RD 28950 provided for excavation in soft rock along with other kinds of soil and some other items of work. The rates tendered by contractors 'A' and 'B' compared with the rates in the estimate for some of the items of work are given below :—

	Estimate		Quantity executed cu. m.	Rate of contractor 'A' per 100 cu.m. Rs.	Rate of contractor 'B' per 100 cu. m. Rs.
	Quantity cu. m.	Rate per 100 cu.m. Rs.			
Hard soil ..	32,847	85	70,457	211.92	184
Stony earth ..	16,704	140	2,403	194.26	148
Hard and soft disintegrated rock	44,542	215	37,864	264.90	238
Soft rock ..	13,363	441	Nil	264.90	469

With reference to the estimated quantities the lowest tender of contractor 'A' was accepted and work order was issued to him in March 1965.

The work was completed in October 1966. Contractor 'A' was paid Rs. 2.57 lakhs for the whole work. There was no excavation in soft rock. According to the rates tendered by the contractor 'B', Rs.2.27 lakhs would have been payable to him for the whole work actually done. Incorrect estimate of the volumes of work thus resulted in extra expenditure of Rs. 0.30 lakh.

(iv) *Infructuous expenditure on shifting of the site of the spillway*—Mention was made in paragraph 41 of the Audit Report 1964 about infructuous expenditure of Rs.2.43 lakhs consequent on change of site of the spillway of the project. It has since come to notice that the work on the earth dam commenced at the old site of the spillway was also abandoned consequent on the change of site of the spillway (July 1962). Rs. 4.60 lakhs spent on departmental execution of earthwork for the earth dam at the old site upto that date were also, therefore, infructuous.

59. *Hiradharbati Medium Irrigation Project*—The project consisted of constructing a *pucca* anicut with diversion weir along Rushikulya river and remodelling and extending the existing Hiradharbati channel. The estimated cost and the actual expenditure, etc., are given below :—

	Estimate (Target of irrigation)	Cost of irrigation per acre	Financial return (Percentage)
Original estimate (1954) ..	Rs. 16.55 lakhs (17,000 acres)	Rs. 97	..
Revised estimate (1962) ..	Rs. 31.37 lakhs (12,570 acres)	250	2.63
(1967) ..	Rs. 34.46 lakhs (12,570 acres)	274	2.08
Actual expenditure	Rs. 33.91 lakhs		
Irrigation provided (March 1968)	9,675 acres		

The increase in cost was attributed by the department to provision for more distributaries, minors and cross drainage works, damage to earthwork done without turfing and rise in cost of labour and materials.

The distributaries and water courses are yet to be completed (November 1968) due to which there was shortfall in actual irrigation.

The following further points were noticed :—

(i) While the work was under execution, the alignment of a canal was changed (1960). A portion of the canal excavated at a cost of Rs. 10,000 was abandoned and subsequently filled up between September-December 1961 at a further cost of Rs. 14,000; this resulted in infructuous expenditure of Rs. 24,000.

(ii) Embankments constructed upto 1957-58 were washed away in rains during 1958-59 as turfing had not been done while constructing the embankments. Provision was made in the revised estimate (1962) for re-constructing the embankments at a cost of Rs. 56,000; that along with turfing was completed in 1965. The omission to provide for turfing in the initial stage resulted in avoidable expenditure.

60. *Salki Medium Irrigation Project*—(1) The Salki medium irrigation project, sanctioned by Government in May 1957 at an estimated cost of Rs. 52.85 lakhs, was intended (after completion in 1962) to irrigate 45,000 acres of land and yield a return of 5.2 per cent on the capital invested. Work on the project commenced in January 1959. The headworks were completed in 1961-62 but the canal system was completed only in June 1966. This was mainly attributed to delay in land acquisition and delay in completing detailed investigation. The department have intimated (September 1968) that construction of water courses has yet to be taken up.

Upto 1967-68 Rs. 1,24.81 lakhs were spent on the project. Because of the revision of the estimate, the cost of irrigation per acre went up from Rs. 117 to Rs. 307 resulting in decline in the estimated financial return from 5.2 per cent to 1.37 per cent.

The estimated cost of the project was revised in November 1967 to Rs. 1,66.00 lakhs. The increase was attributed by the department mainly to—

(i) lump provision having been made in the original estimate in the absence of detailed investigation and plans and estimates;

(ii) extension of right canal to bring under command additional 9,100 acres of land; and

(iii) rise in cost of labour and materials.

(2) Three cases of apparently additional/infructuous expenditure (Rs. 1.27 lakhs) noticed in audit are mentioned below:—

(i) Excavation of Mundapada main canal (RD 00 to RD 8400)—Estimated cost : Rs. 2.28 lakhs—Additional expenditure : Rs. 85,800.

Two tenders (28.8 per cent and 23.4 per cent above the estimated cost) were received. After negotiation, the lowest tenderer agreed to execute the work at 22.2 per cent above the estimated cost. The work was, however, split up into two reaches and in March 1962 entrusted to the two tenderers at their original tendered rates. Reasons for not accepting the negotiated rate of the lowest tenderer were not placed on record.

(ii) Excavation of Boudh main canal (extension portion-II reach)
Estimated cost : Rs. 1.50 lakhs—Additional expenditure : Rs. 19,000.

The lowest tender received in June 1967 for Rs. 1.96 lakhs (30.67 per cent above the estimate) was rejected on the ground that the tenderer was new, his efficiency was not known and the rates were unworkable. The work was entrusted to the second lowest tenderer for Rs. 2.15 lakhs; it has, however, been noticed that the lowest tenderer was entrusted with another work (for Rs. 1.71 lakhs) of the same nature in August 1967 (30.67 per cent above estimate).

(iii) Excavation of Boudh main canal (second reach RD 37,300 to RD 43,600) was entrusted to a contractor in August 1967. In October 1967 the alignment of the canal was changed; Rs. 0.22 lakh already spent according to the old alignment upto then became infructuous.

61. *Extra expenditure*—The estimate for construction of an aqueduct over Salia river provided for reinforced cement concrete work over well caps (705 cu.m.) and pier caps (20 cu.m). The tender notice issued by the Superintending Engineer, Irrigation Project Circle, and the agreement executed in May 1966 with the contractor, however, mentioned the total quantity of reinforced cement concrete work to be 725 cu.m. as for pier caps only. (Pier caps are to be laid on the superstructure which has to be constructed over the well caps after they are laid on the wells sunk). After the wells were sunk, the contractor was allowed by the divisional officer to proceed with laying of well caps which the contractor agreed (February 1967) to execute it at Rs. 410 per cu.m. which was tendered by him for laying pier caps. The Superintending Engineer, however, recommended (July 1967) to the Chief Engineer a rate of Rs. 401.55 per cu.m. Pending approval of the rate by the Chief Engineer, payment for the well caps was made at that rate. The contractor did not accept the rate of Rs. 401.55 per cu.m. After nearly 50 per cent of the work was executed, the Chief Engineer decided (August 1967) that the remaining work of laying well caps should be put to tender and the rate of Rs. 704.22 per cu.m. tendered by the same contractor was accepted in November 1967. Part of the work in well caps done upto that date was paid ultimately at Rs. 410 per cu.m. and a fresh agreement was entered into for remaining 343 cu.m. at the higher rate of Rs. 704.22 per cu.m. This is likely to result in extra expenditure of Rs. 1.01 lakhs for completing the work. The work is in progress. The extra expenditure on laying the well caps upto March 1968 was Rs. 0.26 lakh.

The matter was reported to Government in April 1968; their reply is awaited (February 1969).

Lift Irrigation Branch

62. *Lift Irrigation*—Lift irrigation for perennial controlled water supply to cultivators was taken up by Government during 1958. According to the Director of Lift Irrigation, 360 lift irrigation projects with an ayacut area of 40,809 acres were taken up for execution for completion by March 1967 at an estimated cost of Rs. 1.26 crores (exclusive of the cost of field distribution system to be borne by the beneficiaries) against which 176 projects with an ayacut area of 23,000 acres (56 per cent) were completed by March 1967. The total expenditure incurred on lift irrigation during 1958-59 to 1966-67 was Rs. 3.44 crores (works : Rs. 2.75 crores, staff and office contingencies : Rs. 0.63 crore and investigation : Rs. 0.06 crore).

Public Works system of accounting was introduced in the Lift Irrigation Organisation from 1st December 1966 which necessitated, *inter alia*, working out of progressive expenditure on each project to end of November 1966. Project-wise expenditure has not been computed by the Director of Lift Irrigation as, prior to the introduction of Public Works system, the statement of accounts, expenditure, site accounts, etc., were not compiled project-wise; and the final expenditure was not also ascertained as a large amount drawn on abstract contingent bills prior to November 1966 was lying unadjusted pending submission of detailed contingent bills. The actual expenditure could not thus be correlated with the estimates project-wise. In the absence of that correlation it would not be possible to find out the financial results of the working of each project.

The following points were noticed:—

(i) Mention was made in paragraph 56 of the Audit Report 1968 of excess stocking of pumps by Lift Irrigation Organisation leading to avoidable expenditure. Further equipment and stores such as pipes, steel barges and turbine pumps purchased for Rs. 3.33 lakhs between 1952-53 and 1965-66 (inclusive of materials costing Rs. 1.43 lakhs procured by the Agriculture department during 1952-53 and 1955-56 and transferred to the Lift Irrigation Organisation on its formation) were lying unutilised at the end of September 1968.

(ii) Out of the offers received in February 1960 for drilling rigs, a "Porta" drill rig offered by a firm for Rs. 1.50 lakhs was not considered suitable. A second-hand reconditioned "Failing" rig (which had already been used for 5,000 hours) with equipment was purchased (in October 1960) by the Director, Lift Irrigation, from another firm for Rs. 2.61 lakhs stating that there was "immediate necessity". This was, however, put to use only from April 1964 and worked for 1,317 hours only upto April 1968. In November 1961 a new "Failing" rig with equipment mounted on a TMB truck was purchased for Rs. 1.98 lakhs. A second-hand "Porta" drill rig, which kind of drilling rig was considered unsuitable in February 1960, was also purchased in March 1964 for Rs. 1.97 lakhs. The price paid for the second-hand "Failing" rig purchased in October 1960 seems to be excessive.

The matter was reported to Government in January 1967; their reply is awaited (February 1969).

Delta Irrigation Scheme

63. *Loss on construction of a structure*—Construction of a fall-cum-bridge was taken up in March 1959 at Satyabhamapur on Puri main canal (emanating from the Mahanadi river) at an estimated cost of Rs. 0.85 lakh. At the site of this structure, the canal runs almost parallel to another river Kuakhai and is at a distance of about 30 metres from it. While the work was under construction, the structure collapsed in September 1959 due to flood in Kuakhai river. Rs. 1.19 lakhs spent on the work proved infructuous. The cause of the collapse has not been enquired into.

The estimate was revised in 1961-62 to Rs. 2.15 lakhs for reconstruction of the structure with no provision for safeguards required for taking up the work situated in a sandy belt. It was taken up for reconstruction only in March 1964 and completed in December 1965. Water was let out into the canal in July 1966. The villagers cut the left bank of the canal at a point 60 metres upstream for unauthorised irrigation. Even though the breach was closed in the next few days, water which came out of the breach flooded the area around the site of the structure, which was in a sandy belt, due to which

it collapsed in August 1966. Rs. 1.24 lakhs were spent on reconstruction of the structure (including a liability of Rs. 6,835 to be discharged) also proved infructuous. The Additional Chief Engineer assessed the loss in May 1967 as Rs. 1.50 lakhs against the total expenditure of Rs. 2.43 lakhs.

The estimate was again revised in October 1966 to Rs. 3.29 lakhs (which included the expenditure of Rs. 2.43 lakhs incurred earlier) based on revised drawings incorporating "sheet pile foundation". Work was not taken up according to the revised estimate. But the structure is now proposed to be repaired at a cost of Rs. 1.36 lakhs. The repair estimate sanctioned in June 1968 provides for (i) graded walls to avoid retrogression, (ii) lining as the bed and slopes were in sandy soil and (iii) a rubble packed apron to overcome difficulties of scouring. Had the bridge been constructed in the first instance after providing for (these) necessary safeguards, the loss of Rs. 1.50 lakhs could have been avoided.

64. *Construction of an aqueduct abandoned*—Construction of an aqueduct as part of lift distributary from Daya west branch canal was taken up in July 1964. Part estimate for the lift canal including the aqueduct was sanctioned only in August 1965 and the estimate for the other part was not sanctioned as it was decided by Government in October 1965 that the area proposed for lift irrigation should come under flow irrigation of Manibhadra project construction of which is still to be taken up. Construction of the aqueduct was stopped in February 1966. Government finally decided in April 1967 that there should be no lift irrigation as it would be expensive. Rs. 42,310 spent on construction of the aqueduct (during July 1964 to February 1966) thus became unfruitful.

65. *Extra expenditure for procuring granite metal*—The tender for "Collection of granite metal and chips for construction of Lock Chamber upstream and downstream at Mundali invited by the Superintending Engineer, Delta Irrigation Circle, in November 1965 included, among other items, collection of 8,500 cu.m. and 18,000 cu. m. of granite metal requiring the use of "Groundler" and "IOWA" crushers respectively. It was stipulated that the crushers would be supplied by the department. At that time it was known that for want of spares the departments' "IOWA" crusher was lying out of order since 1964 without repairs.

The estimated cost of the work requiring the use of the two crushers and of the entire work, the rates tendered by contractors 'A' and 'B' and the negotiated rates of contractor 'A' are given below:—

Work put to tender	Rates of contractors							
	Tender rate of 'A'		Negotiated rate of 'A'		Tender rate of 'B'			
	Rate per cu. m. Rs.	Value (Rs. lakhs)	Rate per cu. m. Rs.	Value (Rs. lakhs)	Rate per cu. m. Rs.	Value (Rs. lakhs)	Rate per cu. m. Rs.	Value (Rs. lakhs)
(1) Requiring use of Groundler crusher	10.95	0.93	17.00	1.45	16.50	1.40	12.00	1.02
(2) Requiring use of 'IOWA' crusher	8.80	1.58	7.25	1.30	7.00	1.26	8.50	1.53
(3) Total of items (1) and (2)		2.51		2.75		2.66		2.55
(4) Rates for the entire work		2.78		2.93		2.84		2.85

After negotiation, the tender of contractor 'A' was accepted and work order was issued in February 1966 to complete the supplies by February 1967. In July 1966 the divisional officer brought to the notice of the Superintending Engineer that 'IOWA' crusher was not available and hence granite metal requiring its use could not be supplied by the contractor. The Superintending Engineer decided in August 1966 to call fresh tenders for supply of such granite metal. The contract with contractor 'A' was closed in December 1966 after accepting supply of 8,490 cu.m. of metal using 'Groundler' crusher. Fresh tenders were called for in January 1967 for supply of 13,867 cu.m. of metal by use of "Groundler" crusher. The tender of another contractor 'C' was accepted and work order was issued to him to effect supplies at Rs. 16.50 per cu.m. by using "Groundler" crusher. He supplied 10,030 cu.m. of metal upto August 1968; the work is in progress. 1,547 cu.m. were also obtained through job workers at Rs. 16.10 per cu.m.

Compared with the rates of contractor 'B' who had tendered on the first occasion, award of the work to contractor 'A' (who supplied 8,490 cu. m. of metal) and to contractor 'C' for the residual work (13,867 cu. m. of metal) resulted in an extra liability of Rs. 1.01 lakhs. The extra expenditure for the work done through contractors 'A' and 'C' and through job workers so far (August 1968) is Rs. 0.80 lakh.

The matter was reported to Government in August 1967 ; their reply is still awaited (February 1969).

66. *Extra expenditure*—In order to provide earth for closing a breach in the embankment of Kathjuri river at Dalaighai caused in 1955 floods Mahanadi South Division took possession of 32.27 acres of private cultivable land in 1956 without land acquisition proceedings. A proposal for temporary acquisition of the land was sent by the Divisional Officer to the Land Acquisition Officer only in 1961. As the lands had already been taken possession of temporarily the Land Acquisition Officer returned the proposals suggesting payment of compensation to the landowners by way of amicable settlement.

The compensation assessed by the Executive Engineer in 1962 (Rs. 1.62 lakhs) was considered high by the Chief Engineer, Irrigation, and the Land Acquisition Officer in February 1963 and it was decided by them that the land might be acquired permanently as compensation for temporary acquisition was heavy and earth would be still required for repairs of embankments. The land was not acquired permanently. The repairs took seven years and the land was returned to the owners in 1963. Government sanctioned (March 1967) a total compensation of Rs. 1.90 lakhs for 32.27 acres of land temporarily occupied by the department during 1956—63 (crop compensation: Rs. 1.54 lakhs and restoration charges : Rs. 0.36 lakh) which worked out to Rs. 5,688 per acre.

Had the land been permanently acquired before actual occupation, the compensation payable would have been Rs. 0.58 lakh, at Rs. 1,782.50 per acre, which was the rate at which compensation was paid at that time. Failure to initiate the land acquisition proceedings for permanent land acquisition before occupation of the land in 1956 has resulted in extra expenditure of Rs. 1.32 lakhs besides loss of land which was required permanently.

The matter was reported to Government in August 1968; their reply is awaited (February 1969).

67. *Loss due to long storage of Maxphalt*—330 drums of Maxphalt procured by a division during February 1959 for black topping of the link road from national highway to Mundali became surplus to requirements. In June 1967 the Divisional Officer brought to the notice of the higher authorities that in course of time the drums burst due to heat and the contents had leaked out and they were nearly empty. The Additional Chief Engineer ordered (July 1967) a survey for framing proposals for write-off. The value of the maxphalt at the issue rate of the division is Rs. 20,443. The loss has not been written off so far (January 1969). The reasons for which the material remained unutilised for over 7 years have not been intimated by the department.

Balimela Dam Project

68. *Clearing of the Balimela reservoir basin*—For clearing (by felling trees) 41,000 acres of forest in the Balimela reservoir site, the Chief Engineer paid in March 1963 Rs. 20 lakhs as advance to the Orissa Forest Corporation (a fully Government owned company) against the expected cost of Rs. 20.50 lakhs at Rs. 50 per acre agreed to by the Corporation. Survey of the area to be cleared was not done and approval of Government required (under rules) for payment of the advance was not obtained. No agreement was also executed. The Corporation started the work but stopped it in July 1964 and did not resume it thereafter. As against one foot stumps prescribed by the Chief Engineer, the Corporation (after felling the trees) left stumps 2 to 3 feet high. For the work done by it the Corporation claimed in October 1965 Rs. 9.98 lakhs. The claim has not been finalised due to discrepancies noticed in the total area in which felling of trees was done. The advance of Rs. 20 lakhs remains wholly unadjusted.

A proper scheme for clearing the reservoir basin of trees has not so far been prepared (January 1969).

69. *Appointment of unauthorised staff*—According to orders of Government, in the Balimela dam project Class IV personnel are allowed to Section Officers (overseers holding charge of sections) and officers above that rank. According to a decision of the Project administration (January 1964), Khalasis were, for economy and other reasons, to replace the Class IV personnel; in the case of officers who were entitled to two Class IV personnel, one of them was to be replaced by a Khalasi.

The Chief Engineer, however, allowed Khalasis to all overseers irrespective of whether they were holding charge of sections or not. On 1st August 1964, 189 Khalasis were entertained and the number of Class IV personnel was reduced by 51. The extra expenditure in appointment of 138 Khalasis which were allowed to overseers who were not entitled to have Class IV personnel was over Rs. 2 lakhs (March 1968).

The matter was reported by Audit to Government in May 1968; their reply is awaited (February 1969).

70. *Procurement of sand*—In June 1964 tenders for (1) carriage of sand (including loading, unloading and stacking-collection of sand at river bank to be done by the department) from the bank of river Potteru to the dam site and (2) carriage of sand from the bed of river Potteru to dam site including collection, loading, unloading and stacking charges, etc., were invited separately for the three reaches of the earth dam (10 lakh c.ft. for each reach) and the three dykes (10 lakh c.ft. for each dyke) stipulating that the tenders would be decided on the basis of the rate quoted for the first item where the collection of sand would be done by the department; the second item providing both collection and carriage of sand by the contractors was stated to be an alternative to be adopted in the event of failure of departmental collection due to breakdown of machinery.

In August 1964 the rates of Rs. 2.40 and Rs. 2.30 per 100 c.ft. per mile were accepted for carriage, etc., (item 1) for the dam and dykes respectively and Rs. Rs. 2.70 per 100 c.ft. per mile for collection and carriage, etc., (item 2), both for the dam and dykes; the work was entrusted to four contractors at these rates. The contractors were allowed to collect the sand in the river bed and the department was also collecting sand in the river bank during the same period.

During 1964-65 to 1967-68, 12.23 lakh c.ft. of sand were collected and carried by the contractors for which they were paid Rs. 6.56 lakhs (at the contract rate of Rs. 2.70 per 100 c.ft. per mile). The average cost of collection of sand departmentally at the bank of the river was Rs. 2.38 per 100 c.ft. during that period. Had the department collected sand in the river bed and allowed the contractors only the charges for carriage, etc., at the accepted rate of Rs. 2.40 and Rs. 2.30 per 100 c.ft. per mile for the dam and dykes respectively there would have been a saving of Rs. 0.45 lakh for the sand carried so far; the work is still in progress (August 1968).

The matter was reported to Government in September 1968; their reply is awaited (February 1969).

71. *Purchase of steel from stockist*—According to the orders of Government, indenting officers should assess their requirements of iron and steel early and obtain supplies thereof not from registered stockists but by placing indents directly on the producers whose prices are lower than those of the former. If however, there is abnormal delay in receiving materials from the producers or some special category of steel is not available with them, procurement through stockists might be resorted to and Government informed of it.

Without ascertaining the availability of stocks with the producers, during June-July 1966 Balimela Power House Division purchased 145 tonnes of mild steel rods from a stockist for Rs. 1.42 lakhs. Had these been purchased from the producers, it would have cost Rs. 1.07 lakhs. Only 59 per cent of the material purchased from the stockist was utilised during the subsequent fourteen months i.e., upto September 1967. It would appear from this that there was no urgency for acquiring so much of the rods from the stockist at higher prices.

The matter was reported to Government in August 1967; their reply is still awaited (February 1969).

72. *Advance to a Government Company*—Mention was made in paragraph 45 of the Audit Report 1967 and paragraph 48 of the Audit Report 1968 of advance payment (before receipt of material or the railway receipt) to suppliers (against the value of materials ordered for) on condition that the suppliers would subscribe to Orissa Government loan.

In September 1967 Government sanctioned an advance of Rs. 10 lakhs to the Orissa Construction Corporation (a fully Government owned company) for, it was stated, carrying out miscellaneous works (for construction of Balimela power house) on the condition that it would invest a substantial portion thereof in the State Government loans. The advance was to be recouped by deduction of 10 per cent from each running bill until the advance was fully recovered.

The advance of Rs. 10 lakhs was paid in September 1967; this was booked as expenditure on Balimela power house. No agreement was executed before the advance was paid. Out of the advance, the corporation invested (in September 1967) only Rs. 6 lakhs in Government loan (5½ per cent Orissa Government Loan 1979).

Apart from the propriety of payment of the advance before awarding any specific work to corporation, the payment of the advance for subscribing to the Government loan resulted, in effect, in investment of Government money in Government loans (till the advance is fully adjusted from the work bills of the corporation) and payment of interest to the corporation for nothing at all.

Construction of power house (civil works) at Balimela for Rs. 1,22.88 lakhs was entrusted to the Corporation only in August 1968; the entire advance is outstanding (March 1969).

COMMUNITY DEVELOPMENT & PANCHAYATI RAJ DEPARTMENT

73. *Abandoning minor irrigation works after incurring expenditure thereon*—
(i) Construction of thirteen minor irrigation works in Biramaharajpur block in Bolangir district was taken up during February 1958 to January 1962 at an estimated cost of Rs. 74,260. Rs. 49,245 were spent on those works to end of February 1964 after which all of them were abandoned rendering the expenditure infructuous.

According to the Executive Officer, Zilla Parishad, Bolangir, (March 1966) three of them were dropped as they were found not technically feasible and the other ten were dropped as they were not in conformity with the minor irrigation rules.

(ii) Construction of four minor irrigation works in Athgarh block (Cuttack district) taken up during March 1959 to September 1960 (estimated cost : Rs. 83,600) were after spending Rs. 39,700 thereon left incomplete between November 1960 and May 1962. The Block Development Officer stated (August 1968) that the Rural Engineering Organisation was to complete the works after survey and preparing revised estimates; the works have not yet been taken up by that Organisation (August 1968).

GENERAL

74. *Adjustments in works accounts*—According to the financial rules of Government, no stock materials should be issued unless they are required for immediate use in works. However, in the following cases adjustments were carried out towards the close of the financial year by debiting the works and

crediting stock or accounts of other works though the materials had not been issued in that month or were not required for immediate consumption on the work (the amounts were written back during the following financial year) —

Sl. no. (i) Name of the division
(ii) Month of adjustment

Particulars

WORKS AND TRANSPORT DEPARTMENT

- | | | |
|-----|---|--|
| (1) | (i) Sundergarh Roads and Buildings division
(ii) March 1965 and March 1966 | Rs. 0.90 lakh and Rs. 1.00 lakh were allotted during 1964-65 and 1965-66 for improvement to Rourkela-Bisra-Jaraikella road. Rs. 0.76 lakh and Rs. 0.99 lakh being the value of stores were debited to the road work in March 1965 and March 1966 respectively. The entire debit of Rs. 1.75 lakhs was written back to stock in September 1967. |
| (2) | (i) Keonjhar Roads and Buildings division
(ii) March 1967 | Rs. 1.74 lakhs (value of stock materials) were debited to seven works in the accounts for March 1967. The debit was written back to stock during 1967-68. |
| (3) | (i) Capital Construction division No. 1
(ii) March 1967 | Rs. 1.05 lakhs (value of stores) were debited to the work Utkal Bhawan in Calcutta in March 1967. The entire debit was written back to stock in December 1967. |
| (4) | (i) Cuttack Roads and Buildings division
(ii) August 1964 to March 1965 | Between August 1964 and March 1965 Rs. 6.22 lakhs (value of maxphalt) were debited to improvement to Cuttack-Keonjhar road. Maxphalt costing Rs. 5.30 lakhs was written back to stock or transferred to other divisions during 1965-66. |
| (5) | (i) Balasore Roads and Buildings division
(ii) March 1967 | In 1966-67 Rs. 0.28 lakh (value of stock materials) were debited to construction of staff quarters for Bhadrak Engineering School without physical transfer of the materials. |
| (6) | (i) Medical College division, Berhampur
(ii) March 1967 | In March 1967 Rs. 5.45 lakhs (value of stock materials) were debited to five works. Of that, debit of Rs. 2.28 lakhs was written back to stock or transferred to other works in 1967-68. |

PLANNING AND CO-ORDINATION DEPARTMENT (RURAL ENGINEERING ORGANISATION)

- | | | |
|-----|---|---|
| (7) | (i) Rural Engineering division, Balasore
(ii) March 1967 | In March 1967, without physical transfer of materials, Rs. 1.77 lakhs (value of stock materials) were debited to construction of Nunabundh. It was stated by the Divisional Officer that such adjustment was inevitable to utilise the grant received at the end of the financial year. |
| (8) | (i) Rural Engineering division, Bolangir
(ii) March 1967 | Stock materials costing Rs. 1.47 lakhs were debited to six works in March 1967. The debit was written back to stock in 1967-68. |

CHAPTER V

• STORES AND STOCK ACCOUNTS

75. *Synopsis of important accounts*—A synopsis of the important stores and stock accounts for 1967-68 (other than those relating to Government commercial and quasi-commercial departments/undertakings, etc.) is given in appendix VII, page 111.

Stores and stock accounts for 1963-64 have not been received from 11 Roads and Buildings, Irrigation, Public Health, Expressway Project, Electricity, Lift Irrigation and Rural Engineering Organisation divisions and for 1964-65, 1965-66, 1966-67 and 1967-68 from 13, 21, 25 and 29 such divisions respectively (January, 1969.) The total value of stock held by these divisions at the end of 1963-64, 1964-65, 1965-66, 1966-67 and 1967-68 was Rs. 2.67 lakhs, Rs. 7.61 lakhs, Rs. 38.24 lakhs, Rs. 36.24 lakhs and Rs. 1,46.24 lakhs respectively. The accounts are also awaited from Government Headquarters Hospital including Medical College Hospital, Cuttack, Medical College Hospital, Berhampur, Sales Stores (Medicine) from 1964-65 onwards and Chemical Fertilisers and Orissa Government Press, Cuttack, for 1967-68.

The rules of the Public Works Department require that the stores held in stock should be verified physically at least once in a year by divisional officers. Reports of physical verification due for 1967-68 have not been received from forty four Public Works divisions (January 1969.)

76. *Non-fixation of reserve limit of stock*—According to the rules of Public Works Department, the value of stores held in stock should not exceed the limit specified by Government. But during 1963-64, 1964-65, 1965-66, 1966-67 and 1967-68, reserve stock limit was not sanctioned for ten divisions, fourteen divisions, eighteen divisions, twenty-five divisions and forty-two divisions respectively, the value of stores held by these divisions at the end of 1967-68 was Rs. 1,77.86 lakhs.

77. *Stock Registers and stock verification*—(1) Shortages of stock totalling Rs. 15.67 lakhs in thirteen divisions were pointed out by Government's stores verification party during 1966-67 and 1967-68.

(2) The departmental officers noticed during physical verification shortages of stock of value Rs. 2.36 lakhs in three divisions during 1967-68.

(3) In Mahanadi North division, shortages of stock for Rs. 3.99 lakhs during the period February 1962 to May 1965 were detected by audit. The matter has been reported to the Chief Engineer and Government in April 1968; their replies are awaited (January 1969.)

78. *Procurement of materials in advance of requirement*—It was noticed in Audit that even though 18,960 litres of thoroseal paint was lying in stock since June 1965 in Chiplima Electrical Operation division, 2,040 more litres of that paint were procured in September 1966. During June 1965 to September 1967, 720 litres only were consumed, leaving a balance of 20,280 litres of paint costing Rs. 0.54 lakh.

79. *Unutilised machinery, equipment, etc.*—In seven cases machinery, equipment etc., costing Rs. 16.45 lakhs acquired by various departmental officers have been remaining unutilised; these cases have been mentioned in appendix VIII, page 112.

CHAPTER VI

REVENUE RECEIPTS

80. *Arrears in collection of revenue*—According to the information furnished by some of the departments, the arrears in collection of revenue excluding interest on loans as on 31st March 1968 amounted to Rs. 11,23.85 lakhs as indicated below:—

Nature of revenue	Arrears (Rs. lakhs)
(1) Commercial Taxes (Sales Tax, Agricultural Income Tax and Taxes on goods carried on road and inland waterways)	4,11.91
(2) Land Revenue	2,70.97
(3) Forest leases	1,36.16
(4) Mining revenue	1,22.52
(5) Other revenues (such as house rent, electricity receipts, water charges, State transport receipts, receipts from industries and Tribal and Rural Welfare schemes, Audit fees, press receipts, fishery receipts, recovery for services rendered by the State Police, etc.)	1,82.29
Total	11,23.85

Information on the extent of arrears outstanding as on 31st March 1968 in respect of Excise Duties, Electricity Duties, Motor Vehicle Tax and Receipts from working of the Agriculture and Animal Husbandry Schemes has not been received so far (December 1968).

81. *Write-off and remission of claims to revenue*—During the year 1967-68 demands in 87 cases aggregating Rs.69,326 were written off, remitted or waived as indicated below:—

Department	Nature of revenue	Number of cases	Amount Rs.
(1) Co-operation and Forestry	Forest leases—		
	(a) Written off	3	10,102
	(b) Remitted	3	26,099
(2) Finance	Sales Tax written off	5	9,460
(3) Works	Rent of buildings remitted	25	8,992
(4) Political and Services	House rent—		
	(a) Written off	3	656
	(b) Waived	3	3,776
(5) Community Development and Panchayati Raj (Grama Panchayat)	Cost of medicines and telephone charges to be recovered written off	2	5,856
(6) Other departments	Miscellaneous Receipts/Revenues—		
	(a) Written off	42	4,359
	(b) Waived	1	6
Total		87	69,326

WORKS AND TRANSPORT DEPARTMENT

82. *Revenue foregone*—A ferry ghat across Mahanadi river was leased out by Government by auction prior to 1959-60 on an average annual revenue of Rs.8,646 during the 3 years upto 1958-59. On the specific request of a Municipality for augmenting its revenues, the ferry ghat was leased out to the

Municipality at a nominal amount of Rs.501 for the year 1959-60 on condition that the Municipality should construct a fair weather road from the ferry point to the other bank of the river. The road was not constructed by the Municipality. The ferry ghat was auctioned by the department during the years 1960-61 to 1962-63 and an average annual revenue of Rs.9,377 was realised by Government. The ferry ghat was, however, again leased out to the Municipality during 1963-64 on the same terms as before. The Municipality did not construct the road. Again the ferry ghat was auctioned during 1964-65 and 1965-66 and a revenue of Rs.12,500 was realised during each year. But during 1966-67 and 1967-68, the ferry ghat was leased out to the Municipality for amounts of Rs.7,000 and Rs.7,700 respectively without any condition about construction of the fair weather road. The revenue foregone by Government during the years 1959-60, 1963-64, 1966-67 and 1967-68, by leasing out the ferry ghat to the Municipality for a nominal sum compared with the average annual revenue immediately preceding the respective years amounted to Rs.27,321.

Instead of foregoing revenue as stated above Government should have sanctioned an appropriate amount as Grants -in-aid for augmenting the revenues of the Municipality.

HEALTH DEPARTMENT

83. *Non-recovery of service tax*—According to the Service Rules of Government, the Municipal and other taxes not being in the nature of house or property tax, are payable by Government servants allotted with residences owned or leased by Government even though they occupy them rent-free. With effect from 1st April 1958 Government decided that municipal taxes in the nature of service taxes, i. e. latrine tax, lighting tax, water tax and drainage tax, in respect of all residential buildings belonging to Government should be borne by Government and Government servants occupying them on 50: 50 basis. These taxes in the first instance are to be paid by Government and the share of 50 per cent payable by the Government servants is to be recovered from them. Such taxes in respect of residential quarters of a Medical College for the period from April 1958 to March 1968 amounting to Rs. 8,710 were paid by Government to the Municipality as owner of the buildings but the occupants' share amounting to Rs.14,355 has not been recovered from the Government servants so far (December 1968).

The matter was reported to Government in August 1965; their reply is still awaited (December 1968).

HOME DEPARTMENT

84. *Recoveries on account of services rendered by the Police Department*—The Government supplied Police guards to some private bodies; the cost has to be recovered and credited as receipts of the department. Recovery of a sum of Rs.3.38 lakhs in 3 cases in respect of demands for the period upto March 1968 raised upto July 1968 is in arrears. Further demands were not raised for recovery of an amount of Rs.0.42 lakh in one case. Some of these arrears date back to the year 1961-62.

85. *Arrears of Sales Tax demands*—At the end of 31st March 1968 the total outstanding demands of sales tax assessed but not realised was Rs. 3,44.48 lakhs against Rs.3,19.23 lakhs as on 31st March 1967. The detailed break up

of the arrears indicating the stages at which these stood as at the end of March 1967 and March 1968 are indicated below:—

	31st March 1967	31st March 1968
	(Rupees in lakhs)	
(i) Amount covered by stay order ..	1,16.01	1,08.47
(ii) Amount covered by certificate cases ..	29.67	39.47
(iii) Amount covered by notices to third parties contemplated in the Act ..	9.47	23.72
(iv) Amount covered by notices of penalty ..	1,16.06	1,21.69
(v) Amount awaiting recovery by coercive measures contemplated under the Act ..	6.71	16.36
(vi) Recovery kept in abeyance—		
(a) Proposed to be written off being irrecoverable ..	32.17	2.44
(b) Outstanding against works contractors likely to be written off ..	3.36	..
(c) Outstanding against the dealers outside the State recovery of which is stated to be beyond control ..	5.78	9.33
Total ..	3,19.23	3,44.48

The year-wise breakup of the arrears was not furnished by the department.

86. *Results of test audit in general*—(i) 25 cases of underassessments of sales tax amounting to Rs.16,857 were noticed; the details, classified according to the cases of underassessment are given below:—

	Tax underassessed	
	Number of cases	Amount Rs.
(a) Application of wrong rate or lower rate of tax under Central/State Sales Tax Act ..	6	7,690
(b) Arithmetical inaccuracy in assessment of tax ..	4	694
(c) Incorrect computation of Gross turnover/Taxable turnover for assessment of tax ..	4	3,616
(d) Irregular allowance of deduction ..	3	1,303
(e) Irregular allowance of rebate ..	6	1,169
(f) Miscellaneous ..	2	2,355
Total ..	25	16,857

According to the Commissioner of Commercial Taxes (December 1968) recoveries of Rs.281 have been effected in 2 cases, demand notices have been issued for Rs.4,731 in 10 cases and action has been initiated for recovery of Rs.8,185 in 6 other cases.

(ii) *Escapement of tax*— 2 cases of escapement of sales tax amounting to Rs.1,546 were noticed as indicated below:—

Particulars	Number of cases	Amount Rs.
(a) Assessment barred by limitation as the liability of the dealer could not be detected earlier ..	1	553
(b) Assessment barred by limitation due to delay in taking action on the appellate authority's decision ..	1	993
Total ..	2	1,546

(iii) *Non-levy of interest*—The Orissa Sales Tax Act provides that in case a dealer defaults in payment of the tax or composition money, in accordance with the notice issued to him by the date specified, he shall be liable to pay interest at the rate prescribed under the Act. During test check of accounts, it was noticed that in 394 cases demands for interest at the prescribed rates amounting to Rs. 1.57 lakhs as on 31st March 1967 were not raised and realised.

TAXES ON VEHICLES

87. *Results of Test Audit in general*—A test check disclosed cases of underassessments and loss of revenue to the extent of Rs. 5.64 lakhs under Taxes on Vehicles; a summary, classified according to the reasons for underassessments/loss of revenue is given below:—

Particulars	Number of cases	Amount Rs.
(1) Non-levy of tax from the date of purchase of vehicles (in respect of vehicles already registered)	212	77,307
(2) Underassessment/short realisation of tax due to wrong application of rates, errors in calculation, etc.	165	1,00,478
(3) Loss of revenue due to acceptance of indefinite, incomplete and defective off-road intimations	91	63,586
(4) Failure to levy and realise tax and penalty for the violations of off-road declarations detected by the Enforcement Branch	50	1,41,898
(5) Cancellation of registration without realising the arrear tax	20	1,44,774
(6) Acceptance of belated off-road intimation in contravention of the provisions of the Act and the departmental instructions involving ignoring the levy of tax	32	17,022
(7) Refund of tax without observing the provisions of the Act and rules made thereunder, viz., without getting the tax token surrendered, without any record of off-road intimation or its acceptance, applications for refund having been received beyond the period of three years, etc.	12	2,675
(8) Short levy/non-realisation of penalty towards non/late payment of tax	21	4,321
(9) Short realisation of fees, such as for issue of temporary permits, drivers/learners licence fees, fees for testing competency of drivers and fitness of vehicles, for assignment of new marks in respect of vehicles plying in the State for over 12 months but registered in other States, etc.	306	3,161
(10) Non-realisation of tax at enhanced rate in respect of tax paid after 3rd May 1966 resulting in short realisation of tax (the rate was enhanced from 3rd May 1966)	66	6,709
(11) Irregular exemption from payment of penalty for failure to pay tax in time, by the Taxing Officer himself in violation of the provisions of the Act	4	1,800

CHAPTER VII
GOVERNMENT COMMERCIAL AND TRADING ACTIVITIES
SECTION A

General

88. This chapter deals with the results of audit of:

- (i) Statutory Corporations/Board,
- (ii) Government Companies,
- (iii) Government Commercial and Quasi Commercial Departments, and
- (iv) Investments and guarantees by the State Government.

SECTION B

Statutory Corporations

89. There were three Statutory Corporations/Board in the State as on the 31st March 1968, viz.,

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

Government investment as on 31st March 1968 in the share capital of the first two statutory corporations was Rs. 64.17 lakhs and Rs. 11 lakhs respectively.

90. *Orissa State Financial Corporation*—(i) A synoptic statement showing the financial position of the Corporation (incorporated in 1956) for the last three years ending 1967-68 is given below:—

	1965-66	1966-67	1967-68
	(In lakhs of rupees)		
(1) Authorised capital ..	2,00.00	2,00.00	2,00.00
(2) Paid-up capital—			
(a) Share of Orissa Government ..	64.18	64.18	64.17
(b) Others ..	35.82	35.82	35.83
Total ..	1,00.00	1,00.00	1,00.00
(3) Borrowings ..	1,17.85	1,67.33	2,03.30
(4) Free Reserves—			
(i) Capital Reserve ..	0.08	0.08	0.08
(ii) Special Reserve under Income Tax Act ..	3.46	4.82	6.38
(iii) Special Reserve under Section 35-A of the State Financial Corporation Act ..	5.00	6.50	8.00
(5) Total Capital invested ..	2,26.39	2,78.73	3,17.76
(6) Block assets (net) ..	0.21	0.20	0.43
(7) Depreciation ..	0.15	0.17	0.21
(8) Excess of income over expenditure before provision for taxation ..	6.73	6.82	7.78
(9) Intangible assets to be written off out of future profits ..	6.12	7.73	9.23
(10) Percentage of return on capital invested ..	2.97	2.45	2.45

(ii) The divisible profit during the year 1967-68 amounted to Rs. 2.30 lakhs; this was not sufficient to meet the guaranteed dividend of Rs. 3.75 lakhs. The liability of the State Government for the payment of the guaranteed dividend during 1967-68 amounted to Rs. 1.45 lakhs; the amount has not been received by the Corporation so far (September 1968). The subventions received from the State Government to meet the guaranteed dividend over a period of 11 years upto March 1968 amounted to Rs. 9.23 lakhs (Rs. 10.68 lakhs including the amount to be received for the year 1967-68).

(iii) Two loans of Rs. 10 lakhs and Rs. 6.43 lakhs were paid by the Corporation to M/s Orissa Cotton Mills, Bhagatpur (under private management) during December 1962 to April 1963 and November 1963 to March 1964 respectively for expansion of its business. The Company defaulted in repayment of the instalments of principal and interest. The company was closed in 1965 and the loan remained unpaid even thereafter. In June 1966 the Corporation filed a civil suit against the company for realisation of the entire loan and interest as on 30th June 1966. In September 1967 the court passed a decree against the loanee for Rs. 19.27 lakhs (principal: Rs. 16.43 lakhs and interest: Rs. 2.84 lakhs) with costs and future interest at 6 per cent on the decreed amount from the date of decree to the date of realisation and interest on the loan during the period of litigation at 6 per cent per annum. No realisation of the decretal amount could be made within six months time allowed by the court. An execution case had been filed by the corporation in April 1968 and the court was moved for issue of sale proclamation for auctioning the mortgaged assets of the company; the case is *subjudice*, (January 1969).

(iv) The books of the Corporation showed an amount of Rs. 18,817 as due from M/s Orissa Cotton Mills towards insurance charges paid by the Corporation on behalf of the Cotton Mills. The corporation filed a suit on 29th June 1966 for realisation of the amount along with the loan amounts outstanding against the Cotton Mills. The court disallowed the claim (September 1967) as it was not legally established. The amount was written off by the Corporation (June 1968).

ORISSA STATE WAREHOUSING CORPORATION

91. The Orissa State Warehousing Corporation was incorporated in March 1961 with a paid-up capital of Rs. 22 lakhs contributed equally by the Government of Orissa and the Central Warehousing Corporation.

Mention was made in paragraph 76 of Audit Report 1967 about working of the Corporation during 1965-66. Working results of the Corporation during the three years ending March 1968 are given below:—

	1965-66	1966-67	1967-68
	(Items (2) to (6) in rupees)		
(1) Number of warehouses functioning	14	13	12
(2) Warehousing receipts	35,243	1,27,869	1,12,098
(3) Interest on investments	69,603	63,969	56,660
(4) Total income	1,04,846	1,91,838	1,68,758
(5) Expenditure	1,34,732	2,00,090	1,98,180
(6) Net profit (+)/ Loss (-)	-29,886	-8,252	-29,422
(7) Percentage of expenditure to income	128	104	117
(8) Total available capacity (in metric tonnes)	8,731	8,365	10,135
(9) Average daily utilisation (in metric tonnes)	1,179	3,348	4,232
(10) Percentage of utilisation of capacity	13	40	42

The accumulated loss to end of March 1968 amounted to Rs. 1.00 lakh. The loss disclosed in the accounts was, however, understated as depreciation on five godowns of the Corporation constructed and brought into use from 1961-62 to 1964-65 has not been provided in the accounts of any year. The management has stated (October 1968) that accounts of construction of these godowns have not been finalised; on the basis of estimated cost of these five godowns, depreciation would be Rs. 1.38 lakhs upto March 1968.

Rs. 7.49 lakhs were advanced by the Corporation to the State Public Works Department for construction of godowns during 1960-61 to 1967-68. The advance is yet to be adjusted (October 1968).

Shortages valuing Rs. 0.37 lakh in the stocks deposited by different parties in five warehouses were noticed during 1967-68; provision has not, however, been made in the accounts to cover this liability. The shortages were attributed by the management to long storage, fixation of low rate for shortages and natural drying.

Out of the paid-up capital of Rs. 22 lakhs, on the 31st March 1968, the Corporation invested Rs. 9.37 lakhs in Orissa Government loan, 1972 (September 1961: Rs. 3.68 lakhs) carrying 4½ per cent interest and in fixed deposits (Rs. 5.69 lakhs) in Orissa State Co-operative Bank (Rs. 4.00 lakhs and Rs. 1.00 lakh deposited with the State Bank of India from April 1961 withdrawn from the State Bank and deposited with the Orissa State Co-operative Bank from December 1966 and December 1967, respectively, Rs. 0.50 lakh from December 1967 and Rs. 0.19 lakh from June 1967) fetching 5½ per cent to 6 per cent interest. During the earlier periods, from April 1962 to June 1965 in all Rs. 11.43 lakhs, out of the unutilised amount of the share capital, were kept as short term deposits in the State Bank of India and the Orissa State Co-operative Bank for 3 months and renewed each time for 1 month to 3 months and 6 months in some cases. The short term deposits thus fetched a low rate of interest varying from 3½ per cent to 3¾ per cent. Had the surplus funds (Rs. 11.43 lakhs) been deposited during April 1962 to June 1965 in long term deposits which fetch a higher rate of interest of not less than 6 per cent the Corporation would have earned a further amount of at least Rs. 84,000 as interest on the idle capital.

The following two rented warehouses were maintained for over 6 years, but were ultimately closed due to low income from them and heavy expenditure on their maintenance (resulting in loss):

Ware house	Date of opening	Date of closure	Total loss
Bhanjanagar ..	January 1961	April 1967	Rs. 25,000
Padampur ..	December 1961	April 1968	18,000

The receipts during 1967-68 from the following four godowns situated near the rail-heads (the first two were owned and the other two rented by the Corporation) were far below the expenditure on their maintenance.

Warehouse	Capacity	Utilisation	Operating expenses	Receipts	Loss
(1) Khariar Road ..	M.T.	M.T.	Rs.	Rs.	Rs.
(2) Kantabanji ..	1,000	391	17,358	9,366	7,992
(3) Bolangir ..	1,000	136	10,859	3,100	7,759
(4) Jharsuguda ..	325	106	11,986	8,326	3,660
	110	60	14,058	7,092	6,966

Storage charges amounting to Rs.2.56 lakhs were outstanding for recovery upto March 1968 from Government Departments (Rs.2.15 lakhs at rates fixed by the Corporation) and from private parties (Rs.0.41 lakh); the management stated in October 1968 that the dues could not be realised from Government departments due to non-fixation of rates of custom by Government.

92. *Orissa State Electricity Board*—(1) The accounts of the Board for the year 1967-68 are yet to be presented by Government to the State Legislature as required under Section 69(4) of the Electricity (Supply) Act, 1948 (October 1968).

(2) The accounts of the Board for three years upto 1967-68 indicate the following working results :—

	1965-66	1966-67	1967-68
	(In lakhs of rupees)		
(A) <i>Capital invested</i> —			
(i) Capital liabilities ..	34,96.23	39,07.90	44,97.86
(ii) Reserves—			
(a) Development Reserve ..	1,49.28	1,49.28	1,49.28
(b) Depreciation Reserve ..	3,35.15	4,24.68	5,23.30
(c) Other Reserves ..	1,25.03	1,47.55	1,44.91
(d) Loan Bonds Redemption Fund ..	2,13.67	2,67.61	2,67.61
(B) <i>Working results</i> —			
(a) Gross revenue ..	6,28.57	6,42.64	7,88.47
(b) Working expenses ..	5,10.51	5,79.24	6,27.31
(c) Net surplus as per consolidated revenue account	1,18.06	63.40	1,61.16
(d) Less interest charges and appropriation	2,36.76	2,17.88	1,86.92
(e) Net deficit (—) as per Net Revenue and Appropriation account	—1,18.70	—1,54.48	—25.76
(f) Net accumulated deficit ..	—2,25.87	—3,80.35	—4,06.11

(3) Mention was made in para 80(3) of the Audit Report 1968 that there was steep rise in the amount of book debts during 1966-67. The book debts doubled during 1967-68 and were out of proportion in relation to the rise in the revenue from the sale of energy as indicated below:—

Position as on	Book debts	Revenue from sale of energy	Percentage of total debts to sales
	(In lakhs of rupees)		
31st March 1966 ..	1,37.00	6,14.44	22
31st March 1967 ..	1,88.92	6,10.21	31
31st March 1968 ..	3,73.71	7,56.62	49

(4) *Internal check*—According to the provisions of Section 69 (i) of the Electricity (Supply) Act, 1948, the Board is required to have a system of proper internal check. The internal check was in arrear by 3 years in respect of check of vouchers and 2 years in respect of inspection of divisions.

(5) *Loss of interest and under-charges*—Mention was made in para 80 (6) of the Audit Report 1968 about cases of interest foregone due to its non-recovery on default of the payment of the charges by the consumers for consumption of electric energy and cases of under-charges noticed during August 1966 to August 1967. Further cases noticed are mentioned below:—

- (a) The interest foregone in 70 cases in five divisions amounted to Rs. 1.53 lakhs during 1967-68.
- (b) Cases where consumers were charged less than the amount chargeable during 1966-67 (noticed in local audit between August 1967 and August 1968) were as follows:—

Nature of under-charges	No. of divisions involved	No. of cases	Amount of under charges (Rs. in lakhs)
(i) Under-charges due to application of wrong tariff	6	123	1.36
(ii) Under-charges due to non-installation of separate meter	1	2	1.13
(iii) Under-charges due to non-accounting of multiplying factor	1	1	0.08
(iv) Under-charges due to defective billing	11	153	3.71

(6) *Cases of losses due to theft*—In seven divisions of the Board, 34 cases of losses by theft of stores materials had occurred during the period between December 1965 and March 1968. The total loss in these cases amounted to Rs. 0.39 lakh.

(7) The various irregularities noticed in audit in connection with the execution of works by the Board during 1967—68 are detailed below:—

	No. of divisions	No. of cases	Amount involved (Rs. in lakhs)
(a) Works expenditure incurred without obtaining administrative approval and technical sanction	6	25	53.99
(b) Expenditure incurred without sanctioned estimate	9	83	1,02.00
(c) Expenditure incurred in excess of sanctioned estimate	5	38	7.10
(d) Expenditure incurred without allotment of funds	3	11	0.80
(e) Expenditure incurred in excess of allotment	5	39	10.77

(8) *Non-realisation of security deposit for supply of power*—Security deposits amounting to Rs. 13.06 lakhs for supply of power to consumers (6 cases) have not been realised in two divisions.

93. *Loss of revenue on account of power at a concessional rate*—Mention was made in para 77 (6) (a) of the Audit Report 1967 about supply of power to the Ferro-Manganese Plant of M/s Jeypore Sugars at Rayagada at an uneconomic rate of 3.26 paise per unit for the contract demand of 7,000 K. W. and at 4.40 paise per unit for the additional demand of 1,000 K. W. against the cost of 6.11 paise per unit at the point of supply. The company intimated the Board in October 1965 that they required additional power of 2,000 K. W. for their Calcium Carbide Plant set up at Rayagada. For this demand the Board fixed (in January 1966) a rate of Rs. 375 per K. W. per annum on the highest maximum demand registered at any time during the year; in the absence of any agreement with the consumer fixing the load factor, the rate per unit could not be calculated. The company did not accept this rate. As the power was immediately required, the company intimated the Board in March 1966 that it proposed to utilise the power drawn for the Ferro-Manganese Plant for their Calcium Carbide Plant also in the event of the inability of the Board to arrange immediate supply of the demand even though the diversion of power for use in any other industry was not permissible under the agreement governing the supply of power to the Ferro-Manganese Plant.

Pending execution of agreement, the Board started supply of power to the Calcium Carbide Plant from April 1966 after obtaining an undertaking from the company during that month that it would pay at 5 paise per unit; the overall maximum rate as per the normal industrial tariff was 9 paise per unit upto July 1966 and 10 paise per unit from August 1966. In a similar case, the Committee on Public Undertakings in para 31 of their First Report (Fourth Assembly) (August 1967) also observed that standard tariff structure should be applied in such cases pending execution of the agreement. 2,71.42 lakh units were sold to the carbide plant during the period of April 1966 to March 1968 for Rs. 13.57 lakhs (at 5 paise per unit). Had the normal industrial tariff structure been applied, the Board would have received an additional amount of Rs. 12.98 lakhs subject to adjustment after execution of the agreement.

As according to the undertaking obtained from the company, the rate can not exceed 5 paise per unit, there has already been a loss of Rs. 3.01 lakhs upto March 1968 (at 1.11 paise per unit).

The matter was reported to the Board in August 1966; their reply is awaited (January 1969).

SECTION C

Government Companies

94. (1) At the end of March 1968 there were 44 Government Companies in the State with a total investment of Rs. 20,39.55 lakhs by Government as share capital. Of the 44 companies, 33 (serial numbers 7 to 39 of the synoptic statement) were established under the pilot project scheme embarked upon by the State Government in March, 1958 to accelerate promotion of small scale industries; of the remaining 11 companies, 6 (serial numbers 1 to 6 *ibid*) were fully owned by Government and 5 (serial numbers 40 to 43 of the synoptic statement and Khosal Industries Development Syndicate Ltd. not shown in the synoptic statement) were partly owned by Government.

A synoptic statement showing the financial position of forty-three companies of the latest year for which audited accounts are available is given in annexure 'A' to this chapter (pages 86 to 89). No information about Khosla Industries Development Syndicate Ltd., is available.

(2) Out of 43 companies, only one company (sl. no. 1 of synoptic statement) has furnished its audited accounts for 1967-68 (till October 1968). The rest of the companies furnished the accounts upto the following years:—

1966-67	..	11	including 3 fully owned by Government
1965-66	..	9	including 1 fully owned by Government
1964-65	..	13	including 1 fully owned by Government
1963-64	..	1	
1962-63	..	4	
1961-62	..	4	

(3) *Companies fully owned by Government*—The latest available accounts indicate that two companies (sl. nos. 3 and 6 of the synoptic statement) with a total capital investment of Rs. 9,53.33 lakhs earned a profit of Rs. 4.74 lakh s. Four companies (sl. no. 1, 2, 4 and 5 of the synoptic statement) with a total capital investment of Rs. 24,58.40 lakhs sustained a total loss of Rs. 30.39 lakhs.

(4) *Companies partly owned by the State Government*—(i) 26 pilot project companies have gone into production. According to the latest available accounts, 16 of these companies (sl. nos. 7, 8, 9, 11, 12, 16, 19, 20, 21, 23, 25, 28, 31, 35, 37 and 38 with the total capital investment of Rs. 46.32 lakhs) sustained a total loss of Rs. 8.33 lakhs. The remaining 10 companies (sl. nos. 10, 13, 14, 15, 18, 22, 24, 26, 27 and 29 with the total capital investment of Rs. 29.22 lakhs) earned a profit of Rs. 1.28 lakhs.

(ii) Four companies (sl. nos. 19, 20, 27, and 31) stopped production between October 1966 and October 1967.

(iii) 8 pilot project companies with a total capital investment of Rs. 19.69 lakhs (sl. nos. 17, 30, 32, 33, 34, 36, 39 and 43 of the synoptic statement) in which Government investment is Rs. 16.10 lakhs are either under liquidation or proposed to be put into liquidation.

Companies fully owned by the State Government

ORISSA MINING CORPORATION

95. *Extra expenditure on purchase of "distribution transformers"*—In October 1965 tenders were invited by the Orissa Mining Corporation for supply of 11 KV distribution transformers of different categories. The lowest tender with a delivery schedule of 2 to 3 months from the date of receipt of clear order was rejected by the company and 17 transformers were purchased (orders placed in April 1966) at a cost of Rs. 3.14 lakhs from a higher tenderer whose delivery schedule was to start supplies 5 to 6 months after the date of order and complete the supplies within 2 to 3 months thereafter; the purchase of these 17 transformers from the lowest tenderer (at the rates quoted) would have cost Rs. 2.85 lakhs. No valid reasons were kept on record for rejecting the lower tender. Of the 17 transformers received (by March 1967), only 8 were installed upto February 1968 and the rest were not installed (January 1969). Had the purchase been made from the lowest tenderer, extra expenditure of Rs. 0.29 lakh could have been avoided.

96. *Construction of residential quarters at Daitari*—(1) In August 1965 the construction of 70 residential quarters at Daitari was entrusted by the Orissa Mining Corporation to a labour contract co-operative society at an agreed cost of Rs. 4.76 lakhs; the work was stipulated to be completed by February 1966. The society took up construction of 32 quarters but left the work incomplete in June 1966; according to the measurements taken by engineers of the company in August 1966, the value of the work done was only Rs. 0.96 lakh.

Rs. 1.40 lakhs were paid as advances by the company to the society during August 1965 to April 1966. Roofing materials, like, asbestos cement sheets, ridges, tiles, trusses, columns, etc., of value Rs. 0.12 lakh were issued to the society upto June 1966 even though the work had not reached the roof level. No action has so far been taken against the society for leaving the work incomplete and for recovery of Rs. 0.90 lakh still outstanding.

(2) After the society left the work, construction of the remaining 38 quarters and the 32 incomplete quarters was entrusted (September 1966) without calling for tenders to a private firm of contractors at a total cost of Rs. 6.00 lakhs which was completed on 25th January 1968 and 20th March 1968 respectively. Due to abandonment of the work by the labour contract co-operative society, the cost of the work increased by Rs. 2.20 lakhs.

97. *Orissa Forest Corporation*—(1) The Orissa Forest Corporation was registered as a company in September 1962 with the object of exploiting forest coupes to get maximum utilisation of forest resources of the State. It commenced its business from October 1962. The company obtains leases of coupes subject to payment of royalty to forest department of the State Government. The entire paid-up capital of Rs. 69.00 lakhs as at the end of 31st October 1966 of the company was subscribed by Government.

(2) The accounting year of the company ends on 31st October each year. The accounts of the company for 1966-67 have not been finalised as royalty payable for the year has not been decided and the Statutory auditors for that year have not been appointed so far (September 1968).

The company incurred a loss of Rs. 9.11 lakhs during 1965-66. The sales during 1965-66 (Rs. 1,78.67 lakhs) registered an increase of Rs. 48.89 lakhs over that in the preceding year (Rs. 1,29.78 lakhs). The gross profit, however, declined by Rs. 14.99 lakhs from Rs. 18.71 lakhs during 1964-65 to Rs. 3.72 lakhs during 1965-66. This was attributed by the Company to the following :—

- (i) shortage of more than a lakh c.ft. of round and sawn timber in the various divisions of the company ;
- (ii) increase in royalty by about 10 per cent over that of previous year ;
- (iii) increase in forest expenses due to increase in general rate of labour charges ;
- (iv) increase in cost of transport and saw mill expenses due to rise in petrol and diesel rates ;
- (v) discontinuance of work in Balimela submersible area at the instance of project authorities ; and
- (vi) lack of demand for production due to general recession and slump in the economy and the drought situation in the State.

(3) *Shortages in stocks*—(a) Out of shortages valuing Rs. 6.32 lakhs noticed by the management at the time of finalisation of accounts for 1965-66, shortages of Rs. 2.88 lakhs were ordered by them to be specifically investigated. After investigation shortages involving Rs. 1.30 lakhs which pertained to Balimela division were written off in August 1968; results of investigation of shortages of Rs. 1.58 lakhs have not been intimated. The reasons for the shortages of the remaining Rs. 3.44 lakhs have also not been intimated so far (January 1969).

(b) According to report of inspection of stocks conducted by the Managing Director in April 1968, a quantity of 50,000 c.ft. of old and deteriorated timber valuing Rs. 1.08 lakhs lying in the forest may have to be written off.

(4) *Balimela Forest Division*—(a) According to information placed before the Board of Directors in August 1968 the working of the Balimela Forest Division over a span of 5 years from 1962-63 to 1966-67 disclosed a net deficit of Rs. 1.95 lakhs. This was based on the amount of royalty (Rs. 28.88 lakhs) payable to the State Government, calculated by the company provisionally at Re. 1. per c.ft. In May 1968, the Chief Conservator of Forests of Government sent a demand for an amount of Rs. 1,13.40 lakhs as royalty payable by the company. Since then the company has been negotiating with the department to reduce the royalty. The company closed the division from November 1968.

(b) On a proposal of the State Government to resettle 50 displaced families at Balimela, the company constructed (March 1965) a saw mill shed and other quarters at a cost of Rs. 0.27 lakh to provide employment to the displaced persons. Subsequently Government abandoned (April 1966) the idea. The company claimed (November 1966) the cost incurred in constructing saw mill shed and quarters from the State Government; Government's decision in the matter is awaited (December 1968).

(5) *Idle Plant and Machinery*—A timber treatment plant was purchased in February 1965 at a cost of Rs. 0.75 lakh for installation at Jeypore. The plant was installed only in January 1966 but has not been commissioned so far (October 1968) as power connection for the plant could not be obtained.

98. *Orissa Fisheries Development Corporation*—(i) Mention was made in paragraph 84(iv) of the Audit Report 1967 of the purchase of four Polish trawlers for deep sea fishing. The trawlers were never used for fishing. A test check of the accounts during May 1968 disclosed the following further points :—

(i) Rs. 1.62 lakhs were spent on the salary and emoluments of the staff for the trawlers from April 1965 to March 1968.

(ii) Rs. 8,000 were spent on training two officers (August 1965) abroad in deep sea fishing. They were not put on the job.

(iii) Rs. 1.00 lakh were spent upto March 1968 on insuring the trawlers with private insurance companies. Of this, Rs. 21,000 could have been saved had the insurance been made with the Life Insurance Corporation of India after availing of the rebate allowed by it.

(iv) Rs. 20,000 were spent as berthing charges of the trawlers (due to delay on the part of the clearing agent to clear the trawlers from the port on their receipt at the time of purchase).

(v) Rs. 5.05 lakhs were paid as advance to the clearing agent during March 1965 to March 1966 for taking delivery of the trawlers at the port. The advance has not so far been adjusted; proceedings were started

(May 1968) to have been started against the then Managing Director for the "unauthorised advance"; the case has not been finalised so far (December 1968).

The trawlers continue to be idle (September 1968). Rs. 14.00 lakhs so far spent on purchase of the trawlers not only remained blocked, but also an expenditure of Rs. 3.80 lakhs [some items detailed above at (i) to (iv)] incidental thereto became unfruitful.

(2) *Loss in execution of two projects for pisciculture purposes*—In order to supply sweet water fish to Cuttack and Bhubaneswar markets at regulated prices, two projects on the river beds at Balia and Alaka were undertaken by the company during 1962 to 1964 with an investment of Rs. 4.49 lakhs. The total yield from 1962-63 to the end of March 1967 was Rs. 0.76 lakh as against expenditure of Rs. 1.68 lakhs on establishment and contingencies. The management stated in October 1968 that the projects could not earn profits due to inadequate finance and non-completion of cross bunds.

For reclamation work under the two projects, four pumps were acquired in 1962-63 at a cost of Rs. 1.01 lakhs. Although reclamation was over by 1965, the pumps were not disposed of. The management has stated (December 1968) that the pumps required repairs which would involve Rs. 5,000 and after repairs, they would be disposed of. The pumps are lying idle exposed to vagaries of weather (December 1968).

(3) *Loss in fish meal and dry fish*—(a) 40 tons of fish meal, 22 tons of dry fish and 70 gallons of shark liver oil were produced during 1965-66 at a cost of Rs. 0.58 lakh by utilising 357 tons of raw fish costing Rs. 0.65 lakh. The difference (Rs. 0.07 lakh) was attributed by the management to the unfavourable conditions under which the work was done. The conversion ratio between raw fish, dry fish and fish meal was not fixed.

(b) Out of 22 tons of dry fish worth Rs. 0.33 lakh produced, only 11.353 tons were sold during May 1967 for Rs. 0.06 lakh (which was below the cost price) due to deterioration in stock; the balance of 10.647 tons could not be accounted for. The total loss in dry fish thus was Rs. 0.27 lakh; the loss, as stated by the management (December 1968) was to be brought before the Board for fixing responsibility.

(4) *Loss in the fish deal at Paradeep base*—During October 1965 to March 1966, 3.11 lakh K. Gs. of fish were handled by the company at Paradeep. Of this, 2.81 lakh K.Gs. were despatched for sale outside Paradeep. The acceptance notes issued by the selling agents, however, showed that they had received 0.30 lakh K.Gs. less. The value of the shortage (11 per cent) was Rs. 0.22 lakh (at the average rate of 75 paise per K. G.) and was stated by the company to be due to bad packing and inadequate ice. No limit was fixed by the management for any permissible shortage even when the acceptance notes showed large discrepancies in the quantities despatched and those received by the agents. The management stated (December 1968) that the matter would be brought before the Board for fixing responsibility.

(5) *Shortages in the production of by-product*—Production of by-product, i.e., shark liver oil, was undertaken by the company in 1964-65. Crude shark liver oil and groundnut oil are utilised in a process to yield an equal quantity of refined shark liver oil. During 1964-65 to 1966-67, 543 and 4,849 gallons of crude shark liver oil and groundnut oil were utilised by the company for production of 4,350 gallons of refined shark liver oil. The production showed a shortage of 1,042 gallons worth Rs. 34,000 (valued at sale price).

Companies partly owned by the State Government
Pilot Project Companies

(Jointly owned by the State Government and Private Parties)

99. *Manorama Foundry Company Limited*—The company was incorporated in March 1959 with the object of manufacturing railway sleepers, sanitary fittings, machine parts, etc. The total paid-up capital of the company as on 31st March 1967 was Rs. 1.81 lakhs of which a sum of Rs. 1.56 lakhs was contributed by the State Government and the balance by a private entrepreneur who is the Managing Director.

The accounts for the year 1966-67 disclosed a net accumulated loss of Rs. 0.62 lakh of which Rs. 0.61 lakh pertained to 1966-67 alone. The heavy loss during 1966-67 was attributed to (a) reduction of sale price of the finished goods (from Rs. 0.69 per K. G. in 1965-66 to Rs. 0.56 per K. G. in 1966-67); (b) rejection of finished goods worth Rs. 0.14 lakh due to defective manufacture; (c) rise in cost of labour, fuel, etc.; (d) high percentage of wastage in production; and (e) payment of compensation of Rs. 0.08 lakh to the retrenched personnel.

During the course of audit, the following points were noticed :—

(i) Proper cost records were not maintained to determine the actual cost of production. The closing stock of finished goods for 1966-67 was valued at cost of production (Rs. 0.62 per K. G.) and included defective materials (23,305 M. T.) worth Rs. 0.14 lakh. These materials were stated to have been treated as scrap and utilised in production subsequently.

(ii) 208.737 M. T. of materials were sold during the year at the rate of Rs. 0.56 per K. G. as against the cost of production of Rs. 0.62 per K. G. which resulted in a loss of Rs. 0.13 lakh; the reduction in sale price even below cost was stated to have been resorted to for disposal of the huge accumulation of finished stock.

(iii) Two loans of Rs. 0.04 lakh and Rs. 0.05 lakh were obtained from private parties in March 1966 and November 1966 respectively, at a rate of interest of 9 per cent without prior approval of the Board; the temporary loan was approved by the Board only in June 1968.

100. *Modern Electronics Limited*—(1) The Modern Electronics Limited was incorporated in March 1960 with an authorised capital of Rs. 5 lakhs for manufacturing radio sets, amplifiers, transformers, chokes, battery charges, etc. The paid-up capital of the company on 31st March 1965 was Rs. 2.55 lakhs; out of this, Government held shares worth Rs. 2.45 lakhs as against Rs. 0.10 lakh contributed by two private entrepreneurs. One of the entrepreneurs was acting as the Managing Director of the company.

The company earned a net profit of Rs. 24,406 during 1964-65 which wiped out the loss of Rs. 24,374 in the previous years. The accounts of the company for the years 1965-66 to 1967-68 have not been received so far (December 1968). The company stopped production from August 1967 for paucity of funds.

(2) Mention was made in para 90 of the Audit Report 1967 about the increase in the Managing Director's remuneration on the basis of incorrect information, non-maintenance of systematic records to show the total number of radio sets manufactured out of the materials issued during a given period and the work-in-progress remaining in hand at a particular period and absence

of a satisfactory costing system due to which the actual cost of manufacture could not be ascertained correctly. Further points noticed during the course of audit of the financial transactions of the company upto August 1967 are mentioned below:—

(i) According to an agreement with a firm of distributors in Calcutta, all products manufactured by the company from 1st December 1963 were to be sold to the former "at cost" plus a margin of $11\frac{1}{4}$ per cent. The agreement remained in force for one year upto end of November 1964. Renewal of the same was not made from 1st December 1964. Even then transactions continued with the firm of distributors. Though according to the agreement, the company was to manufacture the radio sets to the requirements of the firm of distributors on getting necessary instructions for assembling the sets, the company continued to produce radio sets without any written order or requisition from the firm of distributors; 312 radio sets of value of Rs. 1.08 lakhs remained undelivered by March 1968. The firm of distributors had not lifted the stock on account of lack of demand in the market.

(ii) The following transactions with the firm of distributors by the Managing Director were adversely commented by the Board from time to time.

(A) A sum of Rs. 1.50 lakhs was shown in the accounts of the company as recoverable as on 31st March 1967 from the firm of distributors to whom advances were paid for purchase of materials, release of imported materials and other incidental charges. But no acknowledgement for the advance payments was obtained from the distributors.

(B) Due to non-inclusion of overhead charges, like, depreciation, statutory bonus and interest, the cost of manufacture was understated and the firm of distributors was undercharged to the extent of Rs. 0.17 lakh upto the end of March 1967 for the finished products supplied. There was no satisfactory costing system to ascertain the actual cost of manufacture correctly.

(C) The Board directed the Managing Director in April 1967 to prepare cost sheets for each variety of radio set and prefer bills against the firm of distributors. The Managing Director did not carry out this directive. He sold away 10,000 pieces of a component part (imported prior to June 1966) for Rs. 0.73 lakh (cost price plus $11\frac{1}{4}$ per cent) to the firm of distributors during May 1967 even though the value of the imported parts increased due to devaluation. The company was to sell only the manufactured products and not the component parts at cost price plus $11\frac{1}{4}$ per cent to the firm.

(D) For manufacture of radio sets valued at Rs. 0.66 lakh during the quarter ending September 1966, raw materials worth Rs. 0.63 lakh were consumed.

(iii) In October 1967 the Board held the Managing Director guilty of the following acts of omissions and commissions and he was removed from service with effect from 1st November 1967:—

- (a) non-disclosure of his interest in the firm of distributors which had put the company to loss;
- (b) wilful disregard on several occasions in not carrying out the orders issued by the Board;

(c) execution of unauthorised schemes and not furnishing the accounts thereof to the company;

(d) advancing goods on credit to firms in which he was interested and not taking steps to realise the proceeds; and

(e) showing undue favour to the Assistant Production Manager of the Company who happened to be his brother concealing his misdeed.

(iv) The following further points were noticed in audit—

(a) Stock register of raw materials was not maintained properly.

(b) Physical verification of stock of materials was not done.

Companies jointly owned by the State Government/Central Government and Private Parties

ORISSA ROAD TRANSPORT COMPANY LIMITED

101. *Loss in running a Railway City Booking Office*—In October 1964, M/s Orissa Road Transport Company set up under an agreement with the South Eastern Railway a city booking office at Khurda on condition that the Orissa Road Transport Company would get a commission of 2½ per cent on sale of tickets. During the period from October 1964 to March 1967 a total expenditure of Rs. 0.45 lakh was incurred by the company on the maintenance of the city booking office; the revenue in the shape of commission received from the Railways amounted to Rs. 0.13 lakh resulting in a loss of Rs. 0.32 lakh.

The Board of Directors of the company decided in May 1967 to close down the city booking office to avoid further loss; the decision is yet to be implemented (December 1968).

Companies jointly owned by the State Government and Private Parties

ORISSA AGRO AND SMALL INDUSTRIES CORPORATION

102. *Loss in investment in Government Loan*—Mention was made in paragraph 48 of Audit Report 1968 of payment of advances to private parties for investment in Government loan, 1978. Five cases in which Rs. 11.21 lakhs were paid as such advances to M/s Orissa Small Industries Corporation (since converted as Orissa Agro and Small Industries Corporation) were included therein. During the course of audit of the accounts of M/s Orissa Agro and Small Industries Corporation, it was noticed that Rs. 2.95 lakhs were further paid by Government as advances to the company in September 1966 for the same purpose; these advances represent 90 per cent payment of articles to be produced and supplied by the company to Government. Out of the total advance of Rs. 14.16 lakhs received by the company, it invested Rs. 9.64 lakhs in the Orissa Government Loan, 1978 floated during September 1966. These loan bonds were subsequently sold by the company in July 1967 for Rs. 9.16 lakhs. There was thus a loss of Rs. 0.48 lakh to the company in so investing the advance received from Government.

SECTION D

Government Commercial and Quasi Commercial Departments

103. *Departmentally managed Government undertakings*—At the end of 1967-68, there were 16 departmentally managed commercial and Quasi-Commercial Undertakings. 14 of these undertakings had a total capital of Rs. 7,78.24 lakhs; the *pro forma* accounts of the remaining two undertakings (*viz.*, Jeep Servicing Station, Bhubaneswar and the scheme for State Trading in Kendu leaves declared as “Commercial/Quasi-Commercial” from July 1960 and November 1965 respectively) have not been submitted to audit so far (December 1968).

A statement showing the summarised financial results of the working of the undertakings as disclosed by *pro forma* accounts for the latest year is given in annexure ‘B’, pages 90-91.

The *pro forma* accounts are in arrears (i) for seven years (from 1962) in respect of one undertaking (Serial No. 14 of the Synoptic statement); (ii) for five years (from 1963-64) in respect of one undertaking (Serial No. 9, *ibid*); (iii) for four years (from 1964-65) in respect of one undertaking (Serial No. 13, *ibid*); (iv) for three years (from 1965-66) in respect of three undertakings (Serial Nos. 8, 10 and 11, *ibid*); (v) for two years (from 1966-67) in respect of two undertakings (Serial Nos. 2 and 4, *ibid*) and (vi) for one year in respect of six undertakings (Serial Nos. 1, 3, 5, 6, 7 and 12, *ibid*).

The assets/liabilities of the two inoperative schemes (Sl. Nos. 9 and 10) have not been disposed of/liquidated completely (December 1968).

INDUSTRIES DEPARTMENT

104. *Government Shoe Factory, Cuttack*—The Government Shoe Factory, Cuttack was established during 1951-52 after closing the manufacturing sections of tanneries at Boudh and Titlagarh with the object of improving the economic conditions of shoemakers by providing training and sufficient work. Since 1962-63 the factory had been functioning as a purely production unit on commercial lines mainly supplying shoes to the Police department and M/s Hindustan Steel Limited.

The factory was continuously sustaining loss upto the year 1961-62; the total loss incurred upto to 1961-62 amounted to Rs. 1.33 lakhs which was attributed by the department to less turnover and sales at below the cost of production. The factory has, however, been earning profits from the year 1962-63. The following table indicates the working results of the factory for the three years ending 1966-67:—

	1964-65	1965-66	1966-67
	(Figures in items 1 to 4 in lakhs of rupees)		
(1) Production ..	3.75	5.10	4.82
(2) Sale of finished products ..	4.53	6.69	5.34
(3) Gross Profit ..	0.60	0.53	0.51
(4) Net Profit ..	0.27	0.19	0.05
(5) Percentage of Gross Profit on Turnover ..	13.22	7.88	9.62
(6) Percentage of net Profit on Turnover ..	5.90	2.88	0.85

According to the management, the fall in profit during 1966-67 was due to increase in the cost of leather, rates of wages, maintenance and repairs of machinery and establishment and heavy amount of interest charges. The interest charges during 1965-66 and 1966-67 were calculated at 4 per cent on the Government capital as against 7 per cent prescribed by Government. If interest is charged at 7 per cent the working results would turn out to be a net loss of Rs. 0.02 lakh during 1966-67 as against the net profit of Rs. 0.05 lakh shown in the accounts.

The following points were noticed in the accounts for 1966-67:—

(i) As on 31st March 1967, the factory had old stock of finished goods valued at Rs. 0.07 lakh lying undisposed for the past 6 years. There was no market for these goods.

(ii) The total outstanding debts on account of credit sales, etc., amounted to Rs. 1.75 lakhs as on 31st March 1967. Some outstandings relate to the year 1950-51 and an amount of Rs. 0.16 lakh has been outstanding for more than 10 years. Out of the total outstandings, an amount of Rs. 0.05 lakh due from private parties relating to the period 1950-51 to 1956-57 was considered bad by the management; Government orders writing off these bad debts have not yet been obtained (December 1968).

SUPPLY DEPARTMENT

(State Trading in Foodgrains)

105. *Grain Purchase Scheme*—(1) The Grain Purchase Scheme for building buffer stocks by compulsory procurement of foodgrains from the licencees was introduced by Government with effect from 1st January 1959. During the year 1964-65, the trading operations included the following schemes:—

- (i) Cash/loan schemes operated through Grama Panchayats and gram-gola co-operative societies by giving cash loans to them;
- (ii) huller agency scheme; and
- (iii) imported wheat scheme.

The *pro forma* accounts for 1964-65 are appended (annexure C, pages 92-93). The accounts for 1965-66, 1966-67 and 1967-68 have not been made available so far (December 1968).

(2) The scheme sustained a net loss of Rs. 84.14 lakhs from its inception upto 1964-65. The loss disclosed for the years 1963-64 and 1964-65 amounted to Rs. 13.77 lakhs and Rs. 8.39 lakhs respectively. The loss in 1964-65 was mainly due to increase of interest charges (Rs. 6.14 lakhs) and establishment charges. Pensionary liability of the staff employed in respect of the scheme and liability in respect of additional benefits accruing to huller agents as a result of revision of the conversion rates of paddy to milled rice has not been calculated and provided in the accounts.

(3) The balance as on 31st March 1965 in the personal ledger account shown in the *pro forma* accounts (Rs. 3,19.60 lakhs) differs from the balance as per general accounts (Rs. 3,21.15 lakhs). The difference of Rs. 1.55 lakhs has not so far been reconciled (January 1969).

In respect of the grain supply scheme which became inoperative from 1st January 1959, there is a balance of Rs. 2,48.15 lakhs in the personal ledger account on 31st March 1967; even though more than 9 years have elapsed, the accounts have not been finally closed (January 1969). The outstanding debtors and advances under this scheme amounted to Rs. 78.14 lakhs as on 31st March 1965.

(4) The following points have been noticed in audit in respect of the Cash Loan Scheme and the Huller Agency Scheme:—

(i) *Cash loan scheme*—According to this scheme implemented during the Khariff year 1963-64, various Grama Panchayats and grain gola co-operative societies were appointed as agents for procurement of stocks of paddy to build up buffer stocks for meeting internal demand during the lean months. Advances amounting to Rs. 39.88 lakhs were paid to the producers and cultivators in rural areas through Grama Panchayats between October and December 1963 as an incentive to release their surplus stocks to Government soon after harvest. The cultivators were liable to repay the loan in shape of paddy by 31st March 1964, interest at 6½ per cent from the date of advance being charged in case of default. Paddy has not been given by cultivators in respect of advances amounting to Rs. 8.40 lakhs which are outstanding for recovery (January 1969). The Collectors of the districts have intimated that certificate cases were instituted for recovery of advances amounting to Rs. 4.01 lakhs in 200 cases while the balance amount of Rs. 4.39 lakhs was under recovery (January 1969).

(ii) *Huller Agency scheme*—(i) Under this scheme, licenced huller agents were appointed as agents for procurement of paddy during the Khariff season of 1964-65 and delivery of rice after milling. The scheme contemplated grant of interest free advances to the agents for procurement of paddy; the stocks of paddy and the milled rice were to be held by the agents on behalf of Government and to be disposed of by them only on specific instructions of the department. In four districts, advances amounting to Rs. 15.17 lakhs were paid to the agents of which Rs. 6.22 lakhs remained outstanding for recovery by end of March 1968 due to short delivery of stocks by the agents. The department has intimated that certificate cases have been instituted for recovery of advances amounting to Rs. 5.62 lakhs in 94 cases while the balance amount of Rs. 0.60 lakh was in process of recovery (January 1969).

(ii) According to the agreements entered into by the department with huller agents, the latter were to deliver rice as indicated below for every 100 quintals of paddy procured by them:—

	Whole rice	Broken rice	Total
	(In quintals)		
Boiled rice	65	3	68
Raw rice	63	5	68

As large quantities of rice remained undelivered by the agents, on their representation, Government permitted (February 1967) the agents to retain all broken rice and deliver 64 quintals of boiled rice or 63 quintals of raw rice against each 100 quintals of paddy. This revision resulted in a loss of Rs. 3.91 lakhs in 4 districts compared with the quantities fixed in the agreements. The department has stated that the revision was made on the assumption that there would not be any loss considering the comfortable margin between the procurement price and the issue price.

(5) *Shortages*—The uncertified transit shortages during 1964-65 amounted to Rs. 2.30 lakhs. Although the value of the shortages has been excluded from the stock accounts, no investigation has been made into these cases of shortages for regularisation.

106. *Non-recovery of advances*—During the Khariff year 1966-67 monopoly procurement scheme was in force. Under this scheme, private traders were appointed as purchasing agents. The agreements entered into by the department with the purchasing agents envisaged that they would be solely responsible for financing all transactions under the scheme and the department would grant advances at its discretion to the extent of 75 per cent of the value of the visible stocks procured and held by the agents only after verification by the departmental officials. The advances carried interest at $7\frac{1}{2}$ per cent per annum.

During the period December 1966 to May 1967, the Collector, Keonjhar paid an advance of Rs. 19.05 lakhs representing 90 per cent of the value of visible stocks procured by two purchasing agents. Stocks of the value of Rs. 16.75 lakhs were delivered subsequently by the two agents leaving a balance of Rs. 2.30 lakhs (March 1968). There were shortages in excess of the permissible limit for which penalty amounting to Rs. 1.43 lakhs was required to be paid by the two agents. Certificate cases have been started against the two agents for recovery of the balance of advance and the amounts of penalty; recovery is awaited (January 1969). The department has not taken any action for recovery of the interest outstanding on the amount of advance paid to the two agents.

107. *State Trading in Skull Scrap*—The scheme started in March 1963 envisaged purchase of Skull Scrap from M/s Hindusthan Steel Company Limited for supply of the same on deferred payment system to the foundries in the State on "no profit—no loss" basis. According to agreements, the allottees (foundries) should pay the price of skull scrap within one year from the date of delivery in addition to the payment of interest at the rate of $6\frac{1}{2}$ per cent per annum from the date of receipt of skull scrap till the date of full repayment. Complete records regarding the dates of delivery and value of skull scrap supplied to the foundries were not made available to audit. Rs. 21.82 lakhs worth of skull scrap were supplied to 7 foundries in 2 districts. (In one of the districts the supply was made without any security and the nature of security obtained for the supply made in the other district was not made available by the department). Of this, Rs. 17.42 lakhs (principal : Rs. 14.05 lakhs and interest : Rs. 3.37 lakhs) fell due for recovery (by March 1967 : Rs. 9.07 lakhs and by June 1967 : Rs. 8.35 lakhs) which remained unrealised (January 1969). Certificate cases were stated to have been instituted against the foundries for recovery of the dues. The extent of supplies made to foundries in other districts and the amounts recoverable from them have not been intimated by the department (January 1969).

TRANSPORT DEPARTMENT

108. *State Transport Service*—*Pro forma* accounts of the scheme for 1963-64 are at annexure 'D' pages 94-95. Accounts for 1964-65 to 1967-68 have not been made available to audit so far (December 1968). The following points were noticed:—

(i) *Diversion of depreciation reserve fund for purposes not covered by the objects of the fund*—Mention was made in para 66 of Audit Report 1964 and para 94 of Audit Report 1966 that amounts of Rs. 15.60 lakhs and Rs. 19.41 lakhs

were utilised from balances of the depreciation reserve fund during 1960-61 and 1961-62 respectively for purposes not covered by objects of the fund as necessary funds had not been provided under capital heads for purchase of new vehicles, etc.

Similarly, during 1963-64, an amount of Rs. 5.97 lakhs was utilised from the depreciation reserve fund on purchase of new vehicles etc., which were not in replacement of old ones. The Director of Transport had stated (June 1968) that due to dearth of funds under capital head and in the absence of any reserve such a course was adopted.

(ii) *Spare parts*—Mention was made in paragraph 97 (iii) of Audit Report 1967 about closing stock of spare parts valued at Rs. 23.12 lakhs as on 31st March 1963 including obsolete and unserviceable spare parts worth Rs. 2.62 lakhs. The value of closing stock increased to Rs. 26.20 lakhs as on 31st March 1964. The obsolete parts lying in different units were stored in the Central Transport Workshop at the instance of the Director of Transport (August 1964) for eventual disposal at the central point. The value of such obsolete parts collected till April 1968 at the Central Transport Workshop amounted to Rs. 3.97 lakhs of which parts worth Rs. 0.03 lakh only were disposed of so far (August 1968). According to Works Engineer of the Transport Workshop (November 1967), "not even a reasonable percentage of the total obsolete stock in hand would ever be sold as their make and models would not fit the vehicles on Orissa roads or outside".

(iii) *Loss due to shortages*—Physical verification conducted from time to time revealed shortages of stores worth Rs. 1.61 lakhs upto end of 1963-64. No steps were taken by the department to investigate reasons for such shortages (December 1968).

(iv) *Utilisation of departmental receipts for current expenditure*—Rs. 20.33 lakhs out of departmental receipts were utilised for various purposes and shown as advances recoverable from various Zonal Offices on 31st March 1968. According to the Director of Transport (June 1968), Zonal Officers were authorised to utilise cash collections for various items of expenditure as permanent imprest with them was quite inadequate. But the financial rules of Government prohibit utilisation of departmental receipts for current expenditure.

(v) During 1963-64, the department had undertaken body building work for 30 new vehicles. Out of 30 vehicles, body building for 20 vehicles was done by three departmental workshops at an average cost of Rs. 11,362 per vehicle; body building of the remaining 10 vehicles was, however, done through a private firm at Rs. 15,958 per vehicle during November-December 1963 without calling for tenders (4 were delivered in December 1963, 4 in January 1964 and the balance 2 in February 1964) incurring an avoidable expenditure of Rs. 0.46 lakh (at Rs. 4,596 per vehicle). The Director of Transport stated (May 1968) that the work had to be entrusted to the private firm due to urgent requirement of vehicles. 5 vehicles only were put on the road during January 1964 and the other 5 between March-October 1964.

(vi) A sum of Rs. 16.22 lakhs was outstanding under Sundry Debtors as at the end of March 1964. The Department furnished details to the extent of Rs. 12.48 lakhs and details for the balance amount of Rs. 3.74 lakhs were not available. According to the details an amount of Rs. 6.49 lakhs pertains to 1961-62 and earlier years including Rs. 1,485 outstanding from 1948-49; a total amount of Rs. 5.12 lakhs was due from private parties.

(vii) Three units of the State Transport Service have been continuously incurring loss as detailed below:—

Unit	Loss		
	1961-62	1962-63	1963-64
Rourkela Zone	0.71	1.66	3.08
Taxi Reservation Scheme, Cuttack	0.71	0.50	0.22
Central Workshop, Sambalpur	..	0.60	1.23

109. *Extra expenditure on payment of electric energy charges*—The Central Workshop, Sambalpur of the State Transport Service obtained a load for a maximum demand of 170 K. W. of electric energy whereas the maximum demand varied from 14 K. W. to 31 K. W.; on this basis, a load for a maximum demand of 35 K. W. of electric energy seemed to have been sufficient. An agreement has been executed for a contract demand of 35 K. W. from January 1969. Due to non-execution of any agreement with the Orissa State Electricity Board fixing the contract demand on the basis of actual consumption prior to January 1969 the workshop had to pay the energy demand charges on the basis of the connected load for 170 K. W.; this resulted in an extra expenditure of Rs. 0.60 lakh during the period from August 1966 to December 1968.

SECTION E

Investments and Guarantees by the State Government

CO-OPERATION AND FORESTRY DEPARTMENT

110. *Co-operative Institutions*—(a) *Financial Assistance*—With a view to accelerating the co-operative movement in the State, Government have been rendering financial assistance to Co-operative institutions in the shape of investments in share capital, loans, grants and subsidies; Government investment in the share capital at close of each of the three years ending 1967-68 was as follows:—

Year	Number of institutions	Amount (In lakhs of rupees)
1965-66	2,238	3,45.74
1966-67	2,432	4,17.13
1967-68	2,623	4,92.52

Loans, grants and subsidies paid by Government to various co-operative institutions during the three years ending 1967-68 were as follows:—

Year	Balance at the end of the previous year	Disbursed during the year	Repayment during the year	Balance at the end of the year	Grants and subsidies during the year
	(In lakhs of rupees)				
1965-66	2,56.01	78.93	29.55	3,05.39	39.41
1966-67	3,05.39	50.14	25.88	3,29.65	32.22
1967-68	3,29.65	45.18	46.66	3,28.17	73.70

Government have also guaranteed loans raised by 21 co-operative institutions to the extent of Rs. 9,38.31 lakhs upto March 1968. Details of guarantees are available in statement no. 6 of Finance Accounts, 1967-68.

(b) *Dividend received by Government*—Mention was made in para 102(b) of Audit Report 1968, about dividend received by Government in respect of co-operative institutions (including banks) during 1964-65 against investment made in the institutions; information in respect of the subsequent year has not been furnished by the department so far (December 1968).

(c) *Delay in completion of audit*—In accordance with the provisions of the Co-operative Societies Act, accounts of co-operative institutions are required to be audited by auditors appointed by the Registrar of Co-operative Societies, Orissa once in every year. Accounts of 6,568 societies remained unaudited as on 30th June 1968 as indicated below:—

Accounts upto co-operative year 1963-64	2,522 societies
Accounts for the year 1964-65	1,223 societies
Accounts for the year 1965-66	1,005 societies
Accounts for the year 1966-67	1,818 societies

Delay in completion of audit was attributed to shortage of staff, inexperienced hands, seizure of records due to defalcations and non-maintenance of accounts.

Audit reports prepared by the co-operative department in respect of societies in which the State Government hold shares are required to be forwarded to the Accountant General. The position of receipt of audit reports (September 1968) is indicated below:—

Year	Number of co-operative institutions	Number of reports due for submission	Number received till September 1968
1965-66	2,238	Not furnished by the Registrar of Co-operative Societies	251
1966-67	2,432		92
1967-68	2,623		nil

(d) *Review of audited accounts/reports*—A review of audited accounts/reports of certain selected societies revealed that a sum of Rs. 0.33 lakh was alleged to have been misappropriated by staff in seventeen non-banking societies.

Some points noticed in the working of Orissa Handloom Weavers Co-operative Society are mentioned in paragraph 111 following.

INDUSTRIES DEPARTMENT

111. *Working of Orissa Handloom Weavers Co-operative Society*—The Orissa Handloom Weavers Co-operative Society is an apex society formed in 1955-56 for helping the primary weavers' co-operative societies in marketing the cloth and supply of yarn. The share capital of the society as on 30th June 1965 was Rs. 8.47 lakhs of which Government's contribution was Rs. 7.98 lakhs. In addition, Government had advanced loans of Rs. 6.55 lakhs (Rs. 2.00 lakhs in 1964-65 and Rs. 4.55 lakhs in earlier years) for various purposes and paid subsidy of Rs. 0.87 lakh in 1964-65 for opening sales depots, exhibition and managerial expenses.

Some points noticed from the audited accounts and reports of the Registrar of Co-operative Societies for the year 1964-65 are mentioned below:—

(1) The society sustained loss of Rs. 0.20 lakh in the year 1964-65, the accumulated loss upto the end of 30th June 1965 being Rs. 0.48 lakh. The loss was attributed mainly to heavy expenditure on establishment and contingencies.

(2) The value of shortages of cloth and yarn during the period 1960-61 to 1964-65 was Rs. 0.75 lakh; the shortages were not regularised.

(3) Out of the subsidy sanctioned by Government from the co-operative year 1961-62 onwards for various purposes Rs. 1.88 lakhs remained unutilised till 30th June 1965.

(4) Machinery worth Rs. 0.31 lakh purchased in 1963-64 (Rs. 0.13 lakh) and 1964-65 (Rs. 0.18 lakh) out of Government subsidy of Rs. 0.77 lakh granted during 1963-64 remained idle till 30th June 1965.

(5) The closing stock of cloth, yarn, dyes and chemicals as on 30th June 1965 was Rs. 10.61 lakhs of which Rs. 0.58 lakh was the value of stock of the *ex*-Textile Marketing Organisation transferred to this society; the stock received from the *ex*-Textile Marketing Organisation was reported to be deteriorating fast.

112. *Indian Metals and Ferro Alloys Ltd.*—(i) The company was incorporated in November 1961 for manufacturing ferro-silican and other ferro alloys with an authorised capital of Rs. 1 crore divided into 6 lakhs equity shares of Rs. 10 each and 40,000 redeemable 9.5 per cent cumulative preference shares of Rs. 100 each. The issued and subscribed capital of the company as on 31st December 1967 was Rs. 75 lakhs; the Industrial Development Corporation of Orissa Ltd. (a fully owned Government company) and the Orissa State Financial Corporation (a Statutory Corporation in which Government hold 64 per cent of the shares) have subscribed 42.44 per cent of the shares (equity shares: Rs. 22 lakhs and preference shares; Rs. 9.63 lakhs). The Industrial Development Corporation of Orissa Ltd., has also given a loan of Rs. 6 lakhs to the Managing Director to enable him to invest it in the share capital of the company (mention of this loan was made in para 114 (4) (d) of the Audit Report, 1966).

Guarantee was given by Government to the Orissa State Financial Corporation and the Industrial Credit and Investment Corporation of India Ltd. in April 1962 and April 1966 for repayment of loans raised by the company to the extent of Rs. 60 lakhs and Rs. 52 lakhs respectively. The total loan actually availed of from both the sources taken together was Rs. 94.85 lakhs and Rs. 1,04.85 lakhs by the end of 1966 and 1967 respectively. Defaults made (upto November 1968) in the repayment of instalments of principal and payment of interest due by 30th June 1968 were as follows:—

	Amount due		Remarks
	Principal	Interest	
	(In lakhs of rupees)		
The Industrial Credit and Investment Corporation Ltd.	9.27	..	Instalments were due from April 1966.
The Orissa State Financial Corporation	1.50	2.66	Instalments were due from April 1968 and Interest from March 1967

The management has explained that the financing institutions have been approached for rephasing of the schedule of repayment and their decision is awaited (August 1968).

The plant was commissioned in April 1967 and the factory started commercial production from May 1967. The company sustained a net loss of Rs. 20.70 lakhs during 1967.

(2) The accounts of the company were audited for the first time in August 1968; some points noticed in Audit are mentioned below:—

(i) Guarantee commission for the years 1965 to 1967 totalling Rs. 2.10 lakhs required to be paid by the company on the loans obtained by it, the repayment of which was guaranteed by Government, has not been paid so far (November 1968).

(ii) Loans of Rs. 15.00 lakhs and Rs. 20.00 lakhs obtained from the Orissa State Financial Corporation and the Indian Overseas Bank were secured by the personal guarantees of the Managing Director and one more Director (who happens to be the wife of the Managing Director) in addition to the Government guarantee on the former loan and security by hypothecation of raw materials, consumable and finished goods in the case of the latter loan. For this, the Board decided (November 1966) that both of them, viz., the Managing Director and the other Director should be paid guarantee commission at 1 per cent.

(iii) A Consulting Engineer was appointed on 12th September 1962 at an agreed fee of Rs. 3.40 lakhs; the contract was terminated on 20th June 1965 after paying Rs. 2.34 lakhs to the consultant. Claim of the consultant for further Rs. 2.56 lakhs was stated to have been referred to an arbitrator whose decision is awaited (January 1969). Another firm of Consulting Engineers was appointed with effect from 29th June 1965 on a fee of Rs. 10.60 lakhs. The appointment was made in both the cases, without calling for quotations from well established firms of Consulting Engineers. The report given by the second Consulting Engineers indicates that the first consultant was appointed without considering his capability.

(iv) Before the company was incorporated Rs. 2.00 lakhs were paid to a Norwegian firm for securing technical know-how. After the incorporation of the company, Rs. 8.07 lakhs were paid to the Managing Director towards promotional expenditure for the technical know-how by allotment of shares; details of this expenditure with supporting vouchers were not made available to the Board of Directors.

(v) Without receipt of any cash, Rs. 50,000 were shown in the books of the company as subscribed by a director of the company towards share capital on the date of registration (20th November 1961); these shares were subsequently transferred in full to the Managing Director.

(vi) The daily allowance of the Managing Director while on tour in India was fixed by the Board at Rs. 200 per day.

The travelling allowance (including daily allowance) drawn by the Managing Director each year during 1962 to 1967 varied from Rs. 0.29 lakh to Rs. 0.49 lakh.

The remuneration of the Managing Director was increased from time to time and was fixed at Rs. 50,000 for the year 1967 as against Rs. 14,191 paid during the year 1962.

(Reference: paragraph 94,

Summarised financial position of (a) Companies wholly owned by the State Government

Sl. no.	Name of the company	Name of the department	Date of incorporation	Total capital invested	Profit(+) Loss(-)	Total interest charged to Profit and Loss Account
(1)	(2)	(3)	(4)	(5)	(6)	(7)
	<i>(A) Companies fully owned by the State Government-</i>					
	<i>Accounts for 1967-68</i>					
1.	The Orissa Construction Corporation Ltd	Irrigation department	22-5-1962	82,71	-6,46	
	<i>Accounts for 1966-67</i>					
2.	The Industrial Development Corporation of Orissa Ltd.	Industries department	29-3-1962	19,89,29	-10,99	7,71
3.	The Orissa Mining Corporation Ltd.	Mining and Geology department	16-5-1956	8,97,08	4,68	8
4.	The Orissa State Commercial Transport Corporation Ltd	Commerce department	7-1-1964	3,06,50	-4,44	
	<i>Accounts for 1965-66</i>					
5.	The Orissa Forest Corporation Ltd.	Co-operation and Forestry department	22-9-1962	79,90	-8,50	1,48
	<i>Accounts for 1964-65</i>					
6.	The Orissa Fisheries Development Corporation Ltd.	Agriculture department	8-8-1962	56,25	6	..
	Total (A) (Sl. Nos. 1 to 6)			34,11,73	-25,65	9,97
	<i>(B) Companies partly owned by the State Government</i>					
	<i>(a) Pilot Project Companies- (Jointly owned by State Government and private parties)</i>					
	<i>Accounts for 1966-67</i>					
7.	Manorama Foundry Ltd.	Industries department	30-3-1959	2,17	61	18
8.	Kalinga Foundry Ltd.	Industries department	26-3-1958	4,23	-2,65	1,23
9.	Modern Malleable Casting Company Ltd.	Industries department	2-9-1960	5,30	-42	
10.	Rourkela Fabrication Ltd.	Industries department	28-3-1959	4,44	6	
11.	Utkal Foundry and Engineering Works Ltd.	Industries department	3-4-1959	3,20	-1,01	26
12.	Utkal Metal Products Ltd.	Industries department	24-2-1961	2,13	-3	
	<i>Accounts for 1965-66</i>					
13.	Orissa Timber Products Ltd.	Industries department	2-3-1960	5,39	21	31
14.	Spark Battery Manufacturing Works Ltd.	Industries department	17-3-1958	83	21	7
15.	Orissa Boat Builders Ltd.	Industries department	18-3-1958	2,22	1	..
16.	Orissa Electrical Manufacturing Company Ltd.	Industries department	31-3-1958	4,11	-55	3
17.	Utkal Fruit Products Ltd.	Industries department	18-3-1958	20	(B)	..
18.	Orissa Agricole Ltd.	Industries department	16-3-1961	2,52	19	8
19.	Orissa Concrete Products Ltd.	Industries department	23-9-1959	1,90	-33	14
	<i>Accounts for 1964-65</i>					
20.	Orissa Tiles Ltd.	Industries department	1-9-1959	5,35	-6	..
21.	Orissa Board Mills Ltd.	Industries department	4-4-1960	8,51	-1,56	35
22.	Gajapati Steel Industries Ltd.	Industries department	15-2-1960	2,95	2	8
23.	Orissa Foundry Company Ltd.	Industries department	18-3-1958	2,78	-7	
24.	Balanga Iron Works Ltd.	Industries department	27-3-1958	2,99	7	

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and (b) Companies partly owned by the State Government

(Amount in thousands of rupees)

Interest on long term loans	Total return on capital invested (6+8)	Percentage of total return on capital invested	Capital employed	Total return on capital employed (6+7)	Percentage of total return on capital employed	Remarks
(8)	(9)	(10)	(11)	(12)	(13)	(14)
	-6.46	..	1,34,27	-5.76	..	
7.71(C)	-3.28	..	15,46,67	-3.28	..	
2.32	37.00	4.12	5,84,67	4.76	0.81	
	-4.44	..	2,66,68	-4.44	..	
60	-7.90	..	76,02	-7.02	..	Declared dividend of Rs. 1.40 lakhs during 1964-65 but not paid.
..	6	0.11	49,56	6	0.12	
40,63	14,98		26,57,87	-15,68		
(C)	-61	..	2,95	-43	..	
..	-2,65	..	15,29	-1,42	..	
14	-28	..	2,69	-28	..	(A)
(C)	6	1.35	6,22	40	6.43	Declared dividend Rs. 36,500 in 1964-65 but not paid so far.
	-1,01	..	5,50	-75	..	
(C)	-3	..	2,36	-2	..	
31	52	9.65	5,29	52	9.83	
..	21	25.40	2,17	28	12.90 (Z)	Unpaid dividend Rs. 12,000 up to 1965-66.
..	1	0.45	2,11	1	0.47	
..	-55	..	4,59	-52	..	
..	..	..	6	..	..
(C)	19	7.54	2,74	27	9.85	
(C)	-33	..	2,62	-19	..	The production was stopped from February 1967.
..	-6	..	-2.05	-6	..	The company stopped production since October 1967.
35	-1.21	..	4,83	-1.21	..	
4	6	2.03	3,21	10	3.12	
(X)	-7	..	3,11	-4	..	
	11	3.68	2,96	11	3.71	

Summarised financial position of (a) Companies wholly owned by the State Government

Sl no.	Name of the Company	Name of the department	Date of incorporation	Total capital invested	Profit (+) Loss (-)	Total interest charged to profit and Loss Account
(1)	(2)	(3)	(4)	(5)	(6)	(7)
25	Jagannath Chemical and Pharmaceutical Works Ltd.	Industries department	12-2-1960	1,04	-23	3
26	Orissa Wood Products Ltd.	Industries department	10-12-1958	3,80	23	
27	Modern Electronics Ltd.	Industries department	22-3-1960	2,55	24	
28	Kalinga Steel and Wire Products Ltd.	Industries department	31-3-1959	1,42	-25	12
29	Orissa Instrument Company Ltd.	Industries department	14-3-1961	1,53	4	
30	Eastern Aquatic Products Ltd.	Industries department	6-5-1959	58	-10	
<i>Accounts for 1964</i>						
31	Premier Bolts and Nuts Ltd.	Industries department	4-8-1959	1,54	-5	
<i>Accounts for 1963-64</i>						
32	Chulka Cashew Manufacturing Company Ltd.	Industries department	28-3-1959	57	-11	
<i>Accounts for 1962-63</i>						
33	Madhusudan Chemical Industries Ltd.	Industries department	15-3-1958	69	2	
34	Orissa Trunk and Enamel Works Ltd.	Industries department	3-4-1959	1,45	2	
35	Orissa Sports Manufacturing and Fabricators Ltd.	Industries department	2-7-1960	1,27	-3	
36	Hansanath Ceramic Industries Ltd.	Industries department	30-3-1959	43	-5	
<i>Accounts for 1961-62</i>						
37	Manufacture Electro Ltd.	Industries department	24-9-1959	42	-8	
38	Cuttack Iron and Steel Products Ltd.	Industries department	15-3-1958	95	-40	1
39	Konark Processing Works	Industries department	17-3-1958	87	2	
Total (B) (a) (Sl. Nos. 7 to 39)				80,33	-7,25	3,45
<i>(b) Companies jointly owned by the state Government (Central Government and private parties - Accounts for 1966-67</i>						
40	Orissa Road Transport Company Ltd.	Transport department	1-12-1950	89,23	31,37	16
Total (B) (b) (Sl. No. 40)				89,23	31,37	
<i>(c) Others (Jointly owned by the State Government private parties) - Accounts for 1966-67</i>						
41	Mayurbhanj Textiles Ltd.	Industries department	1943	3,71	-34	5
<i>Accounts for 1965-66</i>						
42	Orissa Small Industries Corporation Ltd.	Industries department	20-12-1961	47,24	-3,91	2,27
<i>Accounts for 1961</i>						
43	Mayurbhanj Spinning and Weaving Mills Ltd.	Industries department	1947	14,90	(B)	
Total (B) (c) (Sl. Nos. 41 to 43)				65,85	-4,25	2,32
Grand Total				36,47,14	-5,78	15,93

(A) This company has gone into production in October 1966. Government loan of Rs. 1.20 lakhs was converted into shares during 1966-67.

(B) These companies have decided to go into voluntary liquidation.

(C) Interest on long term loans has not been exhibited separately in the accounts.

(X) In the case of these companies Government shares have been converted into loan to the company terms of repayment of loan and rate of interest payable have not been settled.

(Z) Dividends declared by these companies.

'A'
and (b) Companies partly owned by the State Government—concl'd.

(Amount in thousands of rupees)

Interest on long term loans	Total return on capital invested (6+8)	Percentage of total return on capital invested	Capital employed	Total return on capital employed (6+7)	Percentage of total return on capital employed	Remarks
(8)	(9)	(10)	(11)	(12)	(13)	(14)
..	-23	..	1,18	-20	..	
..	23	6.05	3,81	23	6.04	
..	24	9.41	2,53	24	4.49	Stopped production since August 1967.
..	-25	..	57	-13	..	
..	4	2.61	1,78	4	2.25	
..	-10	..	37	-10	..	(B)
..	-5	..	1,32	-5	..	Stopped production since October 1966.
..	-11	..	6	-11	..	(B)
..	2	2.90	75	2	2.67	(B)
..	2	1.38	1,42	2	1.41	(B)
..	-3	..	1,25	-3	..	
..	-5	..	32	-5	..	(B)
..	-8	..	27	-8	..	
1	-39	..	37	-39	..	
..	2	2.30	55	2	3.64	(B)
89	-6.36	..	83,20	-3.82	..	
..	31,37	35.16	1,02,66	31,56	30.74	
..	31,37	..	1,02,66	31,56	..	
(C)	-34	..	1,99	-29	..	(C)
1,33	-2.58	..	1,69,48	-1,64	..	
..	..	..	6,46	..	..	(B)
1,33	-2.92	..	1,77,93	-1,93	..	
42,85	37,07	..	30,21,66	15,15	..	

(Reference : paragraph 103)

Summarised financial results of the working

Serial no.	Name of the concern and name of the Administrative Department	Government capital	Mean Government capital	Free reserves
(1)	(2)	(3)	(4)	(5)
1.	Government leather Industries-cum-Tannery, Titilagarh (1966-67) (Industries Department)	5,87	5,65	20
2.	Government Tannery, Boudh (1965-66) (Industries Department)	3,65	3,45	13
3.	Government Shoe Factory, Cuttack (1966-67) (Industries Department)	4,21	2,27	16
4.	Government Raniganj Pattern Tile Factory, Balasore (1965-66) (Industries Department)	1,41	1,52	3
5.	Production Centre for Development of Ceramic Industry, Cuttack (1966-67) (Industries Department)	3,49	3,60	4
6.	Government Tile Factory, Kendrapara (1966-67) (Industries Department)	1,18	1,31	4
7.	Government Tile Factory, Panikoili (1966-67) (Industries Department)	1,11	1,19	4
8.	State Schemes of Government Trading (Grain Purchase Scheme) (1964-65) (Supply Department)	3,34,16	3,16,63	2,48
9.	State Schemes of Government Trading (Grain Supply Scheme) (1962-63) (Supply Department)	2,00,36	1,99,90	...
10.	Schemes of Government Trading (Cloth and Yarn) (1964-65) (Supply Department)	11,58	11,58	..
11.	Cold Storage Plant, Cuttack (1965) (Agriculture Department)	15,25	13,36	..
12.	Scheme for trading in Iron Ore through Paradeep Port (1966-67) (Commerce Department)	37,48	25,93	15
13.	State Transport Services (1963-64) (Transport Department)	1,53,73	1,19,88	5,44
14.	Cold Storage Plant, Sambalpur (1961) (Agriculture Department)	4,76	4,77	..

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of the undertakings as disclosed by the *pro forma* accounts for the latest year available

(Amount in thousands of rupees)

Block Assets	Depreciation	Profit (+) Loss (-)	Percentage of return on mean capital	Remarks
(6)	(7)	(8)	(9)	(10)
1,63	60	55	9.73	
70	49	21	6.08	
27	30	14	6.17	
57	40	-13	Loss	The factory has been closed during March 1967
1,37	68	-12	Loss	The factory has been closed during August 1965
54	42	-17	Loss	The factory was closed since April 1966
53	41	-9	Loss	The factory has been closed from April 1966
..	..	4,28	1.35	Sustained net loss of Rs. 8.39 lakhs after charging interest of Rs. 12.67 lakhs on capital
3	3	46	0.02	Inoperative with effect from 1st January 1959
..	..	3	Loss	Inoperative from 1954-55
2,81	2,89	1,94	14.52	
13	28	3,94	15.19	
1,25,94	83,23	38,89	32.44	
4,35	51	-27	Loss	No provision was made for interest on capital.

ANNEXURE "C"

(Reference : paragraph 105, page 78)

Pro forma accounts of Grain purchase Scheme for the year ending 31st March 1965

(i) Trading account of food grains for the year ended 31st March 1965

Dr. 1963-64	Particulars	1964-65	1963-64	Particulars	Cr. 1964-65
Rs.		Rs.	Rs.		Rs.
2,12,35,209	To opening stock	2,09,48,846	5,63,61,380	By sales and exports	6,30,00,220
4,93,19,212	To purchases and milling charges, purchase tax	5,28,41,614	2,09,48,846	By closing stock	1,86,93,501
67,55,805	To Gross Profit	79,03,261			
7,73,10,226	Total	8,16,93,721	7,73,10,226	Total	8,16,93,721

(ii) Profit and Loss Account of food grains for the the year ended 31st March 1965

23,93,340	To establishment charges	26,49,170	67,55,805	By gross profit brought forward from Trading Account	79,03,261
			734	By Interest	4,545
49,22,882	To transport and consolidated charges	49,10,413	3,78,048	By miscellaneous receipt	7,31,545
11,73,792	To interest on Government capital	12,66,534	9,924	By sundry Creditors written off	
1,644	To interest to State Bank of India on cash credit	6,15,573	13,76,515	By net loss	8,38,700
23,554	To cost of audit	36,441			
5,814	To debtors written off				
85,21,026	Total	94,78,131	85,21,026	Total	94,78,131

(iii) Balance Sheet of food grains as on 31st March 1965

Capital and liabilities			* Properties and assets		
1963-64	Particulars	1964-65	1963-64	Particulars	1964-65
Rs.		Rs.	Rs.		Rs.
3,03,38,756	Government capital	3,34,15,680	2,09,48,846	Stock in Trade	1,86,93,501
2,93,24,012	Sundry Creditors	4,32,38,418	2,28,10,124	Sundry debtors	3,59,80,960
1,00,00,000	Secured loan - cash credit from State Bank of India	1,00,00,000	3,013	Interest recoverable	3,097
			3,89,379	Advance recoverable	6,14,647
3,50,000	Reserve for disputed claims	3,50,000	2,60,72,805	Cash in treasury (Balance in Personal Ledger Accounts)	3,19,57,732
2,11,399	Central audit cost payable	2,47,839			
7,02,24,167	Total	8,72,51,937	7,02,24,167	Total	8,72,51,937

Pro forma accounts of Grain purchase Scheme for the year ending 31st March 1965—concl'd.

(iv) Stock account of food grains and gunnies for the year ended 31st March 1965

(In Quintals)

Particulars	Paddy	Rice	Broken rice	Wheat	Atta	No. of gunnies
Opening balance ..	1,52,137	3,20,094	..	6,702	401	17,75,151
Receipts ..	5,47,395	4,61,491	..	..	..	5,78,693
From milling ..	..	2,40,341	4,383	..	17,706	..
Import (Central reserve) ..	..	..	..	81,486	..	86,066
Total ..	6,99,532	10,21,926	4,383	88,188	18,107	24,39,910
Sales and disposals ..	45,985	4,62,162	..	54,654	17,209	7,01,529
Export ..	..	3,99,959	..	..	..	..
Milling ..	3,70,131	..	..	18,169	..	..
Shrinkage ..	10,424	19,468	2,080	4,002	45	402
Closing balance ..	2,72,992	1,40,337	2,303	11,363	853	17,37,979
Total ..	6,99,532	10,21,926	4,383	88,188	18,107	24,39,910

ANNEXURE "D"

(Reference : paragraph 108, page 80)

Pro forma accounts of State Transport Service for 1963-64

(i) Balance sheet as at 31st March 1964

Capital and liabilities			Properties and assets		
1962-63	Particulars	1963-64	1962-63	Particulars	1963-64
Rs.		Rs.	Rs.		Rs.
1,24,92,507	Government capital including profit	1,53,72,760	3,56,069	Land	5,84,252
15,34,502	Creditors and liabilities	19,59,967	6,59,954	Building	6,00,000
1,28,99,088	Depreciation Reserve Fund and other reserve	1,48,24,843	19,36,381	Works in progress	21,91,000
			77,408	Building material	83,246
			1,47,43,507	Vehicles	1,75,38,336
			14,85,494	Furniture, tools and equipment	17,25,498
			16,41,421	Sundry debtors (Rs. 16,22,130) and advances recoverable	21,44,717
7,737	Other sundries	13,877	21,30,188	Investment account of Reserve Funds etc.	31,32,897
			58,322	Amenity assets	1,07,779
			9,414	Suspense	11,926
			29,51,300	Stores, spare parts, etc.	30,92,500
			1,11,623	Shortage of stock	1,60,912
			7,68,099	Cash in hand	7,92,952
			4,654	Other office account	4,654
2,69,33,834	Total	3,21,71,447	2,69,33,834	Total	3,21,71,447

(ii) Profit and loss account for the year ending 31st March 1964

Dr.	Particulars	1963-64	1962-63	Particulars	Cr.
1962-63		1963-64	1962-63		1963-64
Rs.		Rs.	Rs.		Rs.
29,13,612	To establishment charges	29,66,845	1,46,70,462	By Fares and Freight	1,69,79,930
3,46,162	To direction and overhead expenses	4,39,824	83,728	By postal mails	1,21,160
19,09,214	To consumption of stores	18,61,413	4,27,152	By other receipts	5,60,274
21,53,120	To fuel	27,19,028			
15,32,330	To Motor Vehicle Tax and permit fee	17,41,699			
18,95,331	To depreciation	24,00,954			

Pro forma accounts of State Transport Service for 1963-64—*Concl'd.*
Profit and loss account for the year ending 31st March 1964—Concl'd.

Dr 1962-63	Particulars	1963-64	1962-63	Particulars	Cr 1963-64
Rs.		Rs.	Rs.		Rs.
85,986	To repairs	1,19,140	..		..
3,22,588	To general and miscellaneous charges	3,64,464	..		..
2,91,594	To interest on capital	3,99,510	..		..
7,64,664	To obsolescence and other reserves	9,46,113	..		..
29,66,741	To net profit transferred to profit and loss Appropriation Account	37,02,433	..		..
1,51,81,342	Total	1,76,61,423	1,51,81,342	Total	1,76,61,423

(iii) Profit and Loss Appropriation Account for the year ending 31st March 1964

1,67,592	To Annuity Reserve Fund Account	2,12,576	29,66,741	By net profit transferred from profit and loss account	37,02,433
27,99,149	To balance transferred to Capital Account	34,89,857			
29,66,741	Total	37,02,433	29,66,741	Total	37,02,433

(iv) Stores and stock statement for the year ending 31st March 1964

Particulars	Petrol, Oil and lubricants	Spare and accessories including Bus Body materials	Tyres and tubes	Batteries	Uniform, stationery and other stores
	Rs.	Rs.	Rs.	Rs.	Rs.
Opening balance as on 1st April 1963	99,564	25,43,939	2,24,416	11,743	31,073
Receipts	30,77,304	20,61,355	9,54,578	45,292	1,91,283
Excess	1,725	36,339	1,480	..	2
Total	31,78,593	46,41,633	11,80,474	57,035	2,22,358
Issues	30,04,998	19,78,848	9,90,609	42,719	1,58,456
Shortage	2,890	43,068	2,351	852	129
Closing balance as on 31st March 1964	1,70,705	26,19,717	1,87,514	13,464	63,773

CHAPTER VIII

FINANCIAL ASSISTANCE TO ORISSA KHADI AND
VILLAGE INDUSTRIES BOARD, CO-OPERATIVE
INSTITUTIONS, LOCAL BODIES AND OTHERS

INDUSTRIES DEPARTMENT

113. *Orissa Khadi and Village Industries Board*—The Orissa Khadi and Village Industries Board, a statutory body functioning from 1956 was dissolved by a resolution of the Orissa Legislative Assembly in March 1968. The Board has ceased to exist and its funds, liabilities, etc., have vested in the State Government. The assets and liabilities on the day of dissolution (12th March 1968) of the Board have not been worked out so far (December 1968).

In paragraph 108 of the Audit Report 1968 certain points about the loans and grants received by the Board and about the working of some of its units were mentioned. The following points have also come to notice:—

(i) *Khadi Industry*—(a) In the working of the Khadi industry there was a loss of Rs. 2.64 lakhs in 1966-67; the accumulated loss upto that year was Rs. 13.21 lakhs. The loss was mainly due to sales not keeping pace with production.

(b) On the ground that the production staff in the centres had hardly any work to do it was decided by the Board in January 1968 to close all the production centres with immediate effect. But the staff continued; Rs. 22,200 were spent on their pay and allowances during February-June 1968.

(ii) *Saranjam Karyalaya, Bhubaneswar*—The Saranjam Karyalaya was a factory-cum-workshop (run by the Board) for manufacturing implements, etc., required for village industries. It also undertook sawing of timber and production of furniture required for officers and private parties. During 1957-58 to 1966-67 the Karyalaya sustained a total loss of Rs. 3.01 lakhs. The loss was attributed to idle labour due to frequent shutdown of the factory and frequent changes of models of the implements.

In January 1968 the Board decided to close the workshop; the labourers and staff, however, were retained without work till June 1968 and August 1968 respectively; Rs. 28,650 were spent on their pay and allowances for that period.

(iii) *Outstanding advances*—Rs. 4.17 lakhs (employees: Rs. 1.32 lakhs, firms, etc.: Rs. 2.85 lakhs) paid as advances (upto March 1968) were due for recovery by end of July 1968. Year-wise breakup of the outstanding advances has not been furnished.

114. *Grants to Local Bodies*—During 1967-68 Rs. 10,86.38 lakhs were paid as grants-in-aid to local bodies, panchayat samitis, etc., as shown below—

	(In lakhs of rupees)
Zilla Parishads	7.94
Panchayat Samitis	9,40.36
Grama Panchayats	52.04
Municipalities and notified area councils	86.04

Following are some of the important points reported during 1967-68 and 1968-69 by the Examiner, Local Fund Accounts, who audits the accounts of local bodies,

(a) *Local bodies*—(i) Out of the total amount of Rs. 1,21.99 lakhs (Rs. 67.43 lakhs received from Government as grant during 1966-67 and Rs. 54.56 lakhs being previous year's unspent balance) only Rs. 64.00 lakhs were spent in 1966-67 leaving Rs. 57.99 lakhs unspent by 31st March 1967.

(ii) Nine local bodies diverted the unspent balances for purposes other than those for which the grants had been sanctioned; the total amount of grants so diverted to the end of 1966-67 was Rs. 7.77 lakhs.

(iii) Rs. 38.80 lakhs towards instalments of principal (Rs. 38.14 lakhs) of, and interest (Rs. 0.66 lakh) on, loans paid by Government to local bodies were outstanding for recovery at the end of March 1967.

(iv) The total money value of objections in respect of irregular expenditure (Rs. 36.68 lakhs) and items involving recoveries (Rs. 9.67 lakhs) raised by the Examiner upto the end of 1965-66 but remaining unsettled on 31st March 1967 was Rs. 46.35 lakhs.

(b) *Panchayat samitis and zilla parishads*—(i) 234 panchayat samities and 4 zilla parishads diverted the unspent amounts of grants for purposes other than those for which the grants had been sanctioned. The total amount of grant so diverted to the end of 1966-67 was Rs. 43.17 lakhs.

(ii) Heavy cash balances (Rs. 10,000 or more in each case) totalling in all Rs. 16.08 lakhs were kept in hand by 88 institutions on 31st March 1967.

(iii) 84 cases of thefts, misappropriation and losses of cash (Rs. 0.51 lakh) and shortage of Rs. 1.50 lakhs in stores (206 institutions) were noticed during 1966-67.

(iv) Overpayments and infructuous expenditure of Rs. 10.05 lakhs were noticed in 306 institutions during 1966-67. In addition, recoveries of Rs. 20.29 lakhs on account of miscellaneous overpayments, inadmissible payments, etc., were suggested by the Examiner for which action by the department is awaited.

(v) Upto 1966-67 irregular expenditure of Rs. 6,32.01 lakhs was suggested for regularisation through *ex-post-facto* sanction but Rs. 40.53 lakhs only were regularised by March 1967.

(vi) Rs. 6,87.03 lakhs paid as advances upto 1966-67 for execution of works and other purposes were outstanding against contractors, executants, samiti staff, etc., on 31st March 1967.

(vii) Rs. 70.03 lakhs towards instalments of principal (Rs. 49.11 lakhs) of, and interest (Rs. 20.92 lakhs) on, loans paid by Government to various institutions and parties were outstanding for recovery in March 1967.

(viii) The following would show that large balances of grants given by Government were left unspent with panchayat samitis:—

	(Rupees in lakhs)
Balance on 1st April 1966	6,28.37
Grants received in 1966-67	15,01.25
Withdrawals made from deposit account in 1966-67	15,66.48
Balance on 31st March 1967	5,63.14

COMMUNITY DEVELOPMENT AND PANCHAYATI RAJ (C. D.) DEPARTMENT

115. *Buildings constructed by a Panchayat Samiti*—During a test check of the accounts of Panchayat Samiti, Lamptaput, conducted during 1968, it was noticed that twelve buildings and a well, construction of which had been

taken up during November 1957 to December 1966 by the samiti from of Government grants, had collapsed during 1964 to 1966. Rs. 25,000 were spent on these works; this includes Rs. 11,600 given as advance to the executants of the works; that amount is awaiting adjustment by recovery or against work done. The Block Development officer attributed the loss to negligence of the executants.

EDUCATION DEPARTMENT

116. *Utkal University*—The Utkal University receives grants-in-aid from the State Government, Central Government and University Grants Commission. According to the reports of the Examiner of Local Fund Accounts, grants received by the University and expenditure incurred during the four years ending March 1966 are indicated below:—

Year	State Government		Central Government		University Grants Commission	
	Receipt	Expenditure	Receipt	Expenditure	Receipt	Expenditure
	(In lakhs of rupees)					
1962-63 ..	34.17	9.33	0.55	0.49	11.39	2.98
1963-64 ..	24.63	28.75	0.55	0.50	10.41	5.79
1964-65 ..	30.11	30.75	0.22	0.27	17.94	6.14
1965-66 ..	23.27	24.81	0.30	0.27	5.98	17.35
Total ..	1,12.18	93.64	1.62	1.53	45.72	32.26

Some of the important points brought out in the report of the Examiner are mentioned below:—

(i) The register of grants-in-aid was not maintained correctly. In many cases expenditure against each grant was not allocated between the State Government and University Grants Commission in accordance with the conditions of grant.

(ii) Rs. 39.93 lakhs spent on campus construction during 1961-62 to 1963-64 were not debited against the relevant grant.

(iii) Expenditure against recurring grants (Rs. 21.89 lakhs) received for Burla Engineering College from 1961-62 onwards has not been debited.

(iv) By the end of March 1966, the University diverted Rs. 16.75 lakhs from the unspent balances of grants for meeting its day-to-day expenditure and various other commitments. The following are some of the instances of unauthorised diversion of unspent balances of grants by the end of March 1966:—

Particulars	Amount of sanctioned grants	Expenditure incurred
	(In lakhs of rupees)	
(i) Compilation of History of Orissa	Nil	0.67
(ii) Improvement and encouragement of Oriental learning	Nil	0.55
(iii) Sound proof furniture for auditorium attached to Arts block	Nil	0.33
(iv) Department of Oriya Encyclopedia	2.51	6.11

(v) No systematic records are maintained to watch utilisation of grants.

(vi) Although large amounts were paid by the University as advance for various purposes no advance register was maintained. Unadjusted advances for 1964-65 and 1965-66 were Rs. 0.99 lakh and Rs. 1.26 lakhs respectively (December 1967). The outstanding prior to 1964-65 could not be ascertained by the Examiner for want of records.

117. *Unutilised grants-in-aid*—Audit of sanctions to grants conducted in offices sanctioning the grants indicated the following :—

- | | |
|--|---------|
| (i) Name of the grantee/purpose of grant | Remarks |
| (ii) Amount and (year of sanction) | |

URBAN DEVELOPMENT DEPARTMENT

- | | |
|---|--|
| (i) Cuttack Municipality for various purposes | The municipality did not maintain separate accounts for each of the grants. Therefore, it was not possible to check whether the grants were utilised for the purposes for which they were meant. Advances totalling Rs. 4.12 lakhs disbursed by the municipality out of the grants received by it during 1965-66 and earlier years were outstanding (January 1969) against contractors (Rs. 0.56 lakhs), staff (Rs. 2.45 lakhs) and other parties (Rs. 1.11 lakhs); some of these relate to 1959-60. |
| (ii) Rs. 10.68 lakhs (1965-66) | |

118. *Non-receipt of certificates of utilisation of grants-in-aid*—The financial rules of Government require that certificates of proper utilisation of grants paid to non-Government bodies and institutions should be sent by the departments to the Accountant General within a reasonable time. On 1st January 1969 utilisation certificates were awaited for 20,370 grants totalling Rs. 54,56.80 lakhs paid during 1955-56 to 1967-68 as indicated below (in 14,541 of these cases, Rs. 43,94.58 lakhs were paid as grant prior to 31st March 1967):—

Purpose of grant	Number of cases in which utilisation certificates are awaited	Amount (Rs. in lakhs)
(1) Building grants ..	422	2,62.70
(2) Equipment grants ..	221	28.29
(3) Maintenance grants ..	9,493	21,84.72
(4) Miscellaneous grants ..	10,234	29,81.09
Total ..	20,370	54,56.80

About 91 per cent of the certificates (93 per cent of the amount) are due from the following seven departments :—

Department	Number of utilisation certificates outstanding (October 1968)	Amount (Rs. in crores)
(1) Community Development and Pan-hayati Raj	6,639	22.28
(2) Education ..	10,847	17.81
(3) Co-operation and Forestry ..	643	3.71
(4) Tribal and Rural Welfare ..	501	2.77
(5) Planning and Co-ordination	124	1.70
(6) Urban Development ..	790	1.61
(7) Health ..	394	1.13

CHAPTER IX

OUTSTANDING AUDIT OBJECTIONS AND INSPECTION REPORTS

119. *Outstanding Audit objections*—The number of objections issued upto March 1968 pending settlement on 31st December 1968 was 1,42,854 (Rs. 63.69 crores) as follows :—

Year	Number of objections	Amount (In crores of rupees)
1963-64 and earlier years	1,10,652	26.11
1964-65	6,735	5.19
1965-66	7,836	9.77
1966-67	8,696	13.26
1967-68	8,935	9.36

1,25,223 objections (money value : Rs. 41.07 crores) were over two years old.

The number of outstanding audit objections and their amounts during the last three years are shown below :—

Number and amounts of objections shown as outstanding in the Audit Reports

	1967	1968	1969
Number of objections outstanding	1,38,189	1,24,326	1,42,854
Amount (In crores of rupees)	46.22	51.24	63.69

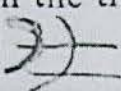
In addition, 1,009 objections (Rs. 10.08 crores) relating to Hirakud dam project (170 items involving Rs. 5.30 crores), Balimela dam project (307 items involving Rs. 3.30 crores) and Salandi and Bhimkund Irrigation Projects (532 items involving Rs. 1.40 crores) raised by the respective Financial Adviser and Chief Accounts Officers upto 31st March 1968 were awaiting settlement on 31st December 1968.

Departmentwise analysis showing the nature of objections, their number and their amount is indicated in appendix IX at page 113.

About 46 per cent (Rs. 29.89 crores) of the total amount held under objections, is for want of detailed contingent bills. The rules require that such detailed bills should be submitted to Audit within three months for expenditure on works and one month in all other cases. The delay in furnishing detailed bills means that the expenditure remains unaudited for long. Non-submission of the detailed bills in time may also result in defalcations and other serious irregularities remaining undetected. Detailed contingent bills for Rs. 22.10 crores (74,918 items) were awaited for over two years.

The departments with comparatively heavy outstanding detailed bills are stated below :—

Department	Amount (In crores of rupees)
Revenue and Excise	9.44
Agriculture	7.19
Tribal and Rural Welfare	4.79
Community Development and Panchayati Raj	3.60

Objections for non-submission of vouchers, sub-vouchers and payees' receipts also require special attention. Vouchers and sub-vouchers for Rs. 14.96 crores are awaited; until the vouchers and sub-vouchers are furnished, the purpose for which the money was withdrawn from the treasury cannot be ascertained and the expenditure cannot be audited. 

120. *Outstanding inspection reports*—Important irregularities and defects in accounts noticed during local audit and inspections are included in inspection reports which are sent to departmental officers and heads of departments and also to Government, where necessary. Unless these inspection reports receive prompt attention and the objections settled expeditiously, there is likelihood of irregularities persisting.

There has been considerable delay in settlement of the outstanding inspection reports; the number of outstanding reports and paragraphs increasing year after year as shown below :—

	Shown in the Audit Report		
	1967	1968	1969
Number of inspection reports outstanding	2,489	3,307	3,876
Number of paragraphs in these reports	14,248	16,356	17,935

At the end of December 1968, 3,876 inspection reports containing 17,935 paragraphs (some dating back to 1951-52) were not settled for more than one year. These include 2,544 reports containing 11,637 paragraphs which are outstanding for more than three years.

Departmentwise analysis of the reports outstanding for more than one year is given in appendix X, page 114.

S. P. Narayana Chetty

(S. P. NARAYANA CHETTY)
Accountant General, Orissa

BHUBANESWAR,

The

19 MAR 1969

Countersigned

S. Ranganathan

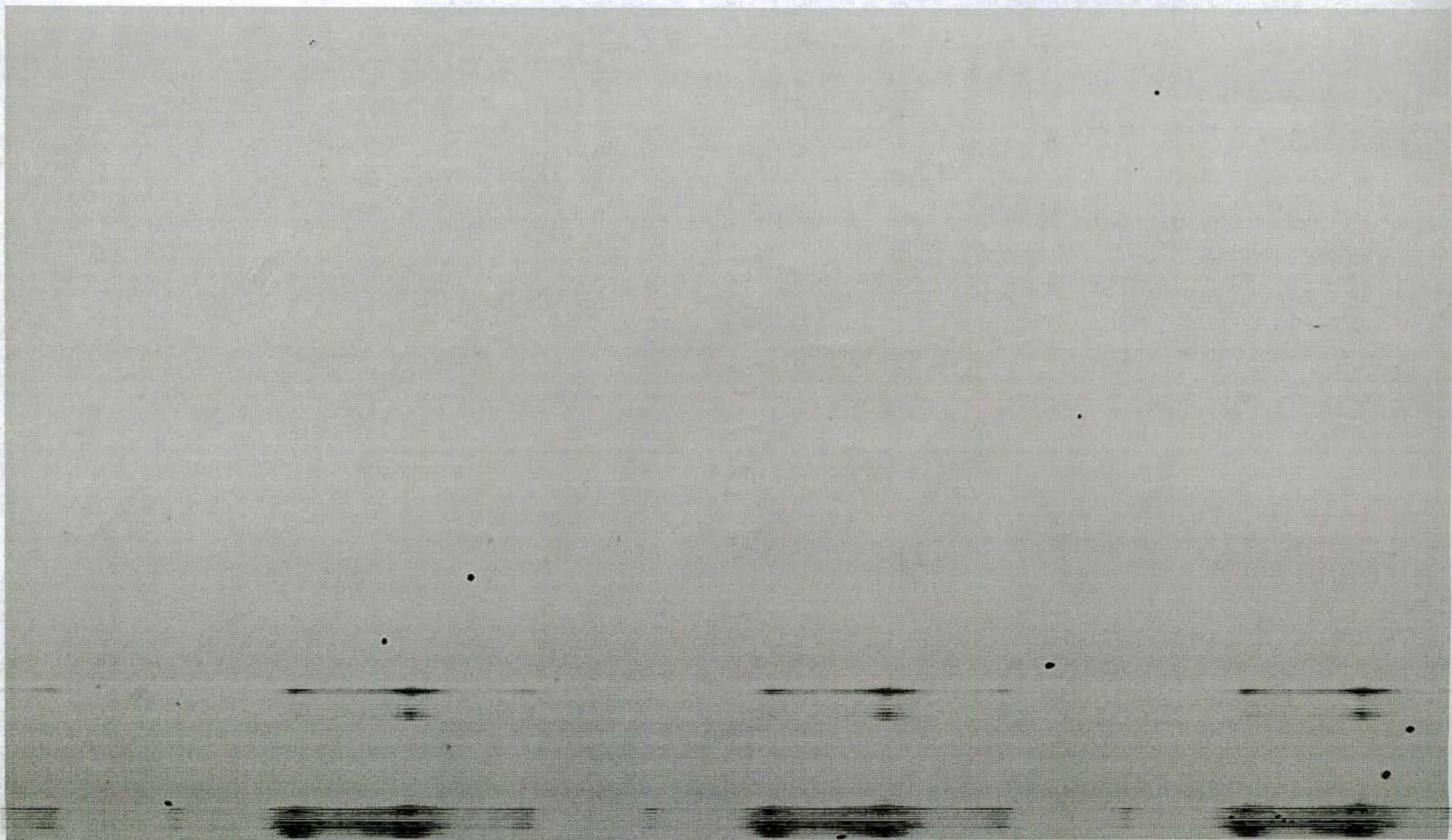
(S. RANGANATHAN)
Comptroller and Auditor General of India

NEW DELHI,

The

2 MAR 1969

A P P E N D I C E S



APPENDIX I

(Reference: paragraphs 24, 26 and 28, pages 15, 19 and 25)

Savings under voted grants/charged appropriations

S. No.	Number and name of grant/appropriation	Original grant/appropriation	Supplementary grant/appropriation and the month in which obtained	Total grant/appropriation	Expenditure	Excess+ Saving—	Amount surrendered	Percentage of saving
	2	3	4	5	6	7	8	9
(In lakhs of rupees)								
<i>I.—Cases where savings amounted to 20 per cent or more</i>								
Voted—								
1.	6—Expenditure relating to the Political and Services Department	54.75	4.07 December 1967 (2.67) March 1968 (1.40)	58.82	43.98	—14.84	13.73	25
2.	7—Cultural Affairs	26.23	.. March 1968	26.23	15.96	—10.27	16.16	39
3.	20—Labour, Emigration and Employment Organisation	40.22	2.35 December 1967 (0.90) March 1968 (1.45)	42.57	33.22	—9.35	8.22	22
4.	28—Electricity Schemes	3,69.88	..	3,69.88	2,20.84	—1,49.04	1,13.10	40
5.	32—Fisheries	70.10	..	70.10	49.23	—20.87	20.55	30
6.	34—Contribution to Local Bodies	1,34.25	5.25 December 1967 (4.50) March 1968 (0.75)	1,39.49	1,02.03	—37.46	36.50	27
7.	36—Public Relations	41.69	..	41.69	31.44	—10.25	9.35	24
8.	37—Agriculture	6,06.19	.. March 1968	6,06.19	3,31.56	—2,74.63	2,25.91	45
9.	41—Loans to Local Funds, Government servants, etc.	5,73.23	1,68.03 December 1967 (1,17.35) March 1968 (50.68)	7,41.26	5,70.56	—1,70.70	1,48.17	23
10.	42—Compensation for abolition of Zamindari System and other expenditure relating to the Revenue Department	49.20	..	49.20	22.24	—26.96	29.79	55
11.	45—Government Trading Scheme	35,57.83	0.11 March 1968	35,57.94	17,50.09	—18,07.85	15,03.43	51
12.	46—Road and Water Transport Scheme	26.50	..	26.50	9.62	—16.88	13.86	64
13.	50—Capital Outlay on Ports	99.55	..	99.55	46.77	—52.78	44.58	53
14.	51—Capital expenditure relating to Labour, Employment and Housing Department	5.00	..	5.00	..	—5.00	5.00	100
15.	54—Capital Outlay on Forests	3,65.79	11,55.40 December 1967	15,21.19	9,29.11	—5,92.08	0.19	39
16.	55—Share capital contribution to Co-operative Organisation	70.34	88.45 December 1967 (11.00) March 1968 (77.45)	1,58.79	81.22	—77.57	65.00	49
Charged—								
17.	60—Capital Outlay on Public Works	6.50	4.94 December 1967 (4.62) March 1968 (0.32)	11.44	6.38	—5.05	..	42

*Represents token grant of Rs. 100.

**Represents token grant of Rs. 200.

APPENDIX I—concl'd.

Sl. no.	Number and name of grant/appropriation	Original grant/appropriation	Supplementary grant/appropriation and the month in which obtained	Total grant/appropriation	Expenditure	Excess + Savings	Amount surrendered	Percentage of saving
1	2	3	4	5	6	7	8	
(In lakhs of rupees)								
<i>II—Cases where the savings exceeded 10 per cent but within 20 per cent</i>								
Voted—								
18.	4—Expenditure relating to the Planning and Co-ordination Department	4,03.22	28.38 December 1967 (18.50) March 1968 (9.88)	4,31.60	3,77.66	—53.94	26.58	12
19.	5—Community Development Projects, etc.	7,05.96	48.33 December 1967 (27.57) March 1968 (26.76)	7,54.29	6,53.26	—1,01.03	94.37	13
20.	13—Land Revenue	4,08.34	7.01 December 1967 (3.01) March 1968 (4.00)	4,15.35	3,72.38	—42.97	35.65	10
21.	17—Expenditure relating to the Industries Department	2,59.65	29.58 December 1967 (28.94) March 1968 (0.64)	2,89.23	2,67.14	—52.09	47.17	18
22.	19—Stationery and Printing and other expenditure relating to the Commerce Department	96.41	..	96.41	81.96	—14.45	0.22	14
23.	21—Tribal and Rural Welfare Department	3,22.12	* December 1967	3,22.12	2,71.25	—50.87	39.28	16
24.	23—Public Health	3,28.77	46.29 December 1967 (8.00) March 1968 (38.29)	3,75.06	3,32.89	—42.17	27.09	11
25.	24—Irrigation	12,95.77	45.26 December 1967 (33.82) March 1968 (11.44)	13,41.03	11,69.19	—1,71.84	1,32.56	11
26.	30—Transport Schemes	2,33.81	22.60 December 1967 (18.00) March 1968 (4.60)	2,56.41	2,41.59	—41.82	39.46	16
27.	33—Co-operation and Marketing	1,48.21	2.05 March 1968	1,50.26	1,25.76	—24.50	11.87	16
28.	38—Supply Department	61.81	6.04 March 1968	67.85	57.02	—10.83	9.19	16
29.	48—Capital Outlay on Industrial Development	3,78.29	..	3,78.29	3,36.26	—42.03	41.39	11
30.	56—Capital expenditure relating to Planning and Co-ordination Department	1,85.00	..	1,85.00	1,61.85	—23.15	15.21	12
Charged—								
31.	Loans from the Central Government (Repayment)	21,59.30	..	21,59.30	17,56.88	—4,02.42	4,02.42	19
<i>III—Cases where the savings were below 10 per cent</i>								
Voted—								
32.	11—Expenditure relating to the Education Department	15,23.46	81.77 December 1967 (75.44) March 1968 (6.33)	16,05.23	15,55.17	—50.06	6.25	3
33.	16—District Administration and other expenditure relating to the Revenue Department	3,91.57	1,19.62 December 1967 (1,12.42) March 1968 (7.20)	5,11.19	4,83.28	—27.91	31.87	5
34.	35—Animal Husbandry	2,18.10	3.35 December 1967	2,21.45	2,04.57	—16.88	15.44	8
35.	43—Irrigation and Electricity Schemes	24,40.02	2,17.20 December 1967 (*) March 1968 (2,17.20)	26,57.22	24,32.00	—2,25.22	95.16	8
Charged—								
36.	Interest on debt and other Obligation	17,51.30	23.36 March 1968	17,74.66	17,10.39	64.27	13.88	

*Represents token grant of Rs. 200.

APPENDIX II

(Reference : paragraph 29 (a), page 25)

Drawal of money from treasury in advance of requirement

Sl. no.	Name of office and purpose of drawal	Date of drawal	Amount (Rs. lakhs)	Remarks
AGRICULTURE DEPARTMENT				
1.	Director of Agriculture and Food Production to meet expenditure in connection with training of farmers in high-yielding varieties programme	30th March 1968	1.39	The withdrawal was made from the Treasury in cash order (issued by the district treasury on a sub-treasury) which was encashed only in June 1968. Rs. 0.98 lakh were spent upto 4th November 1968 leaving a balance of Rs. 0.41 lakh (November 1968).
REVENUE DEPARTMENT				
2.	Collector, Sundergarh for Test Relief Works under Famine Relief	30th March 1968	1.19	Rs. 0.94 lakh were spent during April to August 1968 leaving an unspent balance of Rs. 0.25 lakh (August 1968).
3.	Subdivisional Officer, Balasore for Test Relief Works under Famine Relief	22nd March 1968	1.35	Rs. 1.26 lakhs were spent during April to August 1968; the unspent balance of Rs. 0.09 lakh was kept as deposit in the Personal Ledger Account of Block Development Officer in the treasury.
EDUCATION DEPARTMENT				
4.	Principal, Industrial Institute, Rourkela for purchase of Tools and equipments	30th March 1968	1.48	Rs. 1.41 lakhs were spent during April to August 1968 leaving an unspent balance of Rs. 0.07 lakh in bank draft in favour of a firm for future supplies (August 1968).

APPENDIX III

(Reference : paragraph 30, page 25)

Cases in which there were heavy unspent balances (exceeding Rs. 1 lakh in each case) with the Departmental officers on 31st March 1967

Sl. no.	Name of office	Amount (Rs. lakhs)	Remarks
REVENUE AND EXCISE DEPARTMENT			
1.	Collectorate, Cuttack	6.83	Rs. 2.27 lakhs remained unspent (September 1967).
2.	Subdivisional Officer, Nayagarh	1.42	Rs. 0.19 lakh remained unspent (October 1967).
3.	Collectorate, Ganjam	3.83	..
4.	Collectorate, Sundergarh	2.45	..
AGRICULTURE DEPARTMENT			
5.	District Agriculture Officer, Jeypore	2.29	..
6.	District Agriculture Officer, Phulbani	1.02	Rs. 0.43 lakh remained unspent (December 1967).
HEALTH DEPARTMENT			
7.	Burla Medical College, Burla	5.39	..
INDUSTRIES DEPARTMENT			
8.	Project Officer, Barpali	5.13	..
EDUCATION DEPARTMENT			
9.	Ravenshaw College, Cuttack	1.69	Rs. 0.48 lakh remained unspent (November 1967).
10.	District Inspector of Schools, Bolangir	3.34	Rs. 0.10 lakh remained unspent (January 1968).
HOME DEPARTMENT			
11.	Home (Public Relations) Department, Bhubaneswar	2.34	..
TRIBAL AND RURAL WELFARE DEPARTMENT			
12.	Rehabilitation Officer, Umerkote	1.76	

APPENDIX IV

(Reference: paragraph 33, page 27)

The targets for and achievements under intensive agricultural district programme in Sambalpur district

	Year	Target	Achievement	Percentage of achievement
1. Preparation of production plans for farmers (In lakh hectares)	1962-63	7.22 (By end of 1967-68)	0.24	3.3
	1963-64		0.51	7.1
	1964-65		0.52	7.2
	1965-66		0.65	9.0
	1966-67		0.67	9.3
	1967-68		0.67	9.3
2. No. of families brought under the scheme (In lakhs)	1962-63	3.21 (By end of 1967-68)	0.23	7.2
	1963-64		0.29	9.1
	1964-65		0.46	14.4
	1965-66		0.54	16.9
	1966-67		0.46(a)	14.4(a)
	1967-68		0.50(a)	15.6(a)
3. Use of fertilisers (Nitrogenous and phosphatic) (In tonnes)	1962-63	52,520	3,490	6.6
	1963-64	61,770	5,720	9.2
	1964-65	69,130	8,610	12.4
	1965-66	70,830	13,060	18.4
	1966-67	*	10,280(a)	..
	1967-68	*	16,940	..
4. Distribution of seeds (In tonnes)	1962-63	7,430	230	3.8
	1963-64	8,870	1,090	12.2
	1964-65	10,050	940(b)	9.3(b)
	1965-66	10,410	750(b)	7.2(b)
	1966-67	"	1,590	..
	1967-68	Not available		..
Area treated against pests and diseases (In hectares)	1962-63	7,22,000 (By end of 1967-68)	47,750	6.6
	1963-64		59,890	8.3
	1964-65		33,590(b)	4.7(b)
	1965-66		40,000(b)	5.5(b)
	1966-67		29,140(b)	4.0(b)
	1967-68		Not available	

* No targets were fixed.

(a) The decrease in achievement compared with 1965-66 was due to exclusion of certain areas in subsequent years.

(b) The decrease in achievement compared with 1963-64 was due to exclusion of certain areas in subsequent years.

Misappropriations, losses, etc., reported upto 31st July

Department	Cases in which departmental/criminal proceedings have not been instituted due to non-receipt of detailed reports from subordinate authorities		Cases in which departmental action started but not finalised		Cases in which departmental proceedings finalised and recovery is in progress	
	Number	Amount (Rs. lakhs)	Number	Amount (Rs. lakhs)	Number	Amount (Rs. lakhs)
1. Revenue	17	0.79	15	0.75	1	0.01
2. Agriculture and Animal Husbandry	12	0.24	13	0.93	7	0.30
3. Community Development	5	0.27	9	0.97	..	..
4. Transport	1	0.01	2	0.14	1	0.04
5. Education	3	0.06	3	0.80	..	..
6. Industries	3	0.05	4	0.03	4	0.10
7. Law	..	..	..	..	..	..
8. Commerce	1	0.09	3	0.07	..	..
9. Home	4	0.10	4	0.02	..	..
10. Public Health	4	0.12	2	0.02	..	..
11. Co-operation	..	..	..	..	..	..
12. Forestry	..	..	3	0.02	1	0.03
13. Cultural Affairs	..	..	..	..	..	..
14. Irrigation and Power	25	0.85	3	0.57	2	0.01
15. Supply	..	..	..	..	..	..
16. Tribal and Rural Welfare	5	0.12	5	0.20	1	0.01
17. Finance	3	0.08	1	0.03	..	..
18. Political and Services	..	..	..	..	..	..
19. Planning and Co-ordination	10	0.34	2	0.10	1	0.02
20. Labour	..	..	..	..	..	..
21. Mining and Geology	2	0.01	..	..	..	..
22. Works	40	8.11	3	0.28	2	0.09
Total	135	11.24	72	4.93	20	0.31

V
graph 48, page 40)
1968 and pending finalisation on 31st December 1968

Cases in which criminal proceedings finalised but execution/certificate cases for recovery of the amounts are pending		Cases awaiting Government orders for recovery or write off		Cases in courts of law		Total	
Number	Amount (Rs. lakhs)	Number	Amount (Rs. lakhs)	Number	Amount (Rs. lakhs)	Number	Amount (Rs. lakhs)
33	2.35	19	0.46	9	0.57	94	4.93
6	0.21	13	0.25	4	0.21	55	2.14
4	0.51	8	0.16	4	0.29	30	2.20
..	..	..	..	..	..	4	0.19
1	0.03	3	0.10	2	0.23	12	1.22
..	..	5	0.05	..	..	16	0.23
..	..	1	0.01	..	..	1	0.01
..	..	..	..	..	..	4	0.16
..	..	6	0.13	..	..	14	0.25
..	..	1	0.01	1	0.04	8	0.19
..	..	..	..	1	0.01	1	0.01
1	0.02	..	..	..	..	5	0.07
1	0.01	..	..	..	..	1	0.01
..	..	4	0.05	2	0.03	36	1.51
1	0.03	2	0.02	1	0.31	4	0.36
..	..	4	0.12	1	0.25	16	0.70
..	..	5	1.35	..	..	9	1.46
..	..	1	0.04	..	..	1	0.04
..	..	5	0.14	..	..	18	0.60
..	..	1	0.50	..	..	1	0.50
..	..	..	..	..	..	2	0.01
..	..	3	0.03	1	0.01	49	8.52
47	3.16	81	3.42	26	1.95	381	25.31

APPENDIX VI

(Reference: paragraph 49, page 40)

Cases of miscellaneous irregularities, losses, etc.

Part I

WORKS AND TRANSPORT DEPARTMENT

(Public Health Engineering Branch)

• *Available expenditure on transportation of cement*—The price of cement which is fixed f.o.r. destination station is uniform per tonne for delivery at all rail-heads and diversion of cement allotted to one division to another by changing the destination is permitted by giving a fortnight's notice before the consignment is booked by the supplier.

Berhampur Public Health division had 3,500 bags of cement in June 1966 and 2,025 more bags were expected by December 1966; no cement was ordered for the division July–September 1966 quarter as there were adequate stocks in June 1966. 15,565 bags of cement indented for Bhubaneswar Public Health division-I were despatched by the supplier by rail during 21st to 23rd August, 1966 and were received at Bhubaneswar between 26th and 29th August 1966. Of these 5,000 bags were transported by road from Bhubaneswar to Berhampur in September 1966 at a cost of Rs. 0.14 lakh. Had timely action been taken to assess the requirements of Berhampur Public Health division and diversion of indent to be supplied by the supplier at the end of August 1966 been made, the expenditure of Rs. 0.14 lakh on road transport could have been avoided.

Part II

OTHER CASES

In the following fourteen cases (other than those relating to revenue) of loss of Government property due to fire, theft, etc., Rs. 0.14 lakh were written-off during the year (cases of write off and remission to revenue, etc., have been mentioned in paragraph 81, page 60)

Department	Write off, losses, etc.	
	No. of cases	Amount
1. Home	5	5,774
2. Finance	1	3,346
3. Industry	3	3,677
4. Tribal and Rural Welfare	1	260
5. Supply	1	250
6. Revenue	2	215
7. Co-operation and Forestry	1	300
Total	14	13,560

APPENDIX VII

(Reference: paragraph 75, page 59)

Synopsis of important stores and stock accounts

A synopsis of important stores and stock accounts for 1967-68 is given below:—

Sl. no.	Name of accounts	Opening balance	Receipts	Issues	Closing balance
(In lakhs of rupees)					
IRRIGATION AND POWER DEPARTMENT					
(Irrigation Branch)					
1.	Balimela power project ..	34.18	20.97	24.26	30.89
2.	Delta irrigation project ..	—2.08	83.11	83.64	—2.61(a)
3.	Salandi irrigation project ..	35.46	74.39	81.65	28.20
HOME DEPARTMENT					
4.	Home (Public Relations) department	22.22	8.33	4.01	26.54
5.	Jails (Maintenance) department	5.45	30.52	29.85	6.12(b)
6.	Jails (Manufactory) department	2.08	6.74	6.50	2.32
7.	Orissa Police Motor Transport Workshop, Cuttack	1.18	1.70	1.85	1.03(c)
FINANCE DEPARTMENT					
8.	Non-judicial stamps ..	2,51.81	1,10.72	4.05	3,58.48
9.	Judicial stamps ..	1,56.64	47.64	1.14	2,03.14
INDUSTRIES DEPARTMENT					
10.	Orissa School of Engineering, Cuttack	0.58	0.06	0.06	0.58(d)
FOREST DEPARTMENT					
11.	Forest Department ..	0.05	..	0.05	..
REVENUE DEPARTMENT					
12.	Medicinal Opium—	Kgs.	Kgs.	Kgs.	Kgs.
	(i) In Central Depot ..	198.706	1,500.786	1,122.900	576.592
	(ii) With District Excise Officers	50.083	1,122.900	1,106.329	66.654

(a) The minus balance was stated to be due to non-adjustment of receipts though issues have been adjusted in accounts.

(b) The closing balance includes materials costing Rs. 0.21 lakh under the head "Ration" which are not represented by physical stock and are to be written off (October 1968).

(c) Physical verification of stores valued at Rs. 0.24 lakh in Sambalpur unit has not been done since April 1967.

(d) The actual balance of stock of raw materials is more by Rs. 0.21 lakh than the balance shown in the accounts; the difference requires reconciliation.

APPENDIX X

(Reference : paragraph 120, pages 101—102)

Inspection reports outstanding for more than one year as at the end of December 1968

Department	Number of reports and paragraphs outstanding for more than 5 years		Number of reports and paragraphs outstanding for more than two years but less than 5 years		Number of reports and paragraphs outstanding for more than one year but less than two years	
	Inspection Reports	Paragraphs	Inspection Reports	Paragraphs	Inspection Reports	Paragraphs
	2	3	4	5	6	7
1. Community Development and Panchayati Raj	681	5,233	169	876	117	751
2. Home (including P.R. Elections)	16	36	39	93	22	57
3. Finance	8	11	49	134	22	143
4. Health	50	75	106	242	25	76
5. Planning and Co-ordination	..	..	38	198	33	269
6. Agriculture—						
(a) Agriculture	193	765	199	650	73	320
(b) Animal Husbandry	28	55	53	127	19	77
7. Tribal and Rural Welfare	62	259	28	141	11	75
8. Revenue and Excise	245	1,058	182	905	67	284
9. Co-operation and Forestry	48	138	73	256	36	171
✓ 10. Works and Transport—						
✓ (a) Roads and Buildings	11	14	103	464	57	429
(b) Public Health	6	12	32	165	21	318
(c) Transport	52	181	51	187	21	75
11. Law	1	1	7	10	6	19
12. Industries	54	90	63	204	34	116
13. Education	18	35	71	208	45	167
14. Mining and Geology	1	1	4	13	1	4
15. Commerce	7	41	9	45	7	22
16. Urban Development	11	48	11	40	3	8
17. Labour and Employment	47	121	26	60	3	12
18. Political and Services	1	3	2	2	1	3
19. Cultural Affairs	2	4	3	6	1	3
20. Supply	76	100	54	63	21	81
21. Irrigation and Power—						
(a) Irrigation	10	72	70	251	44	180
(b) Electrical	18	105	53	234	45	264
Total	1,646	8,458	1,495	5,574	735	3,903

APPENDIX IX

Reference : paragraph 119, pages 100—101)

Statement showing the departmentwise analysis of the amount of objections together with the nature of objections

(Amount in lakhs of rupees)

Sl. No.	Department	Non-submission of agreements to audit	Non-submission of detailed contingent bills	Non-submission of vouchers and sub-vouchers and payees' receipts	Non-issue of sanctions	Tour Advances for which Travelling allowance bills are awaited	Other items	Total
1	2	3	4	5	6	7	8	9
1.	Agriculture ..	..	7,18.64	2,83.51	63.18	0.65	94.49	11,60.47
2.	Revenue and Excise ..	..	9,44.43	71.63	21.06	0.72	2,01.58	12,39.42
3.	Tribal and Rural Welfare ..	..	4,79.15	84.46	21.13	0.50	61.37	6,46.61
4.	Community Development and Panchayati Raj ..	..	3,59.55	1,33.29	19.03	2.84	1,03.24	6,17.95
5.	Industries ..	..	98.78	55.10	26.62	0.10	3,76.09	5,56.69
6.	Works—							
	(i) Roads and Buildings ..	3,07.77	0.13	1.67	0.26	0.05	0.54	3,10.42
	(ii) Public Health ..	2.62	..	0.03	..	..	0.51	3.16
7.	Transport ..	..	38.23	2,81.60	9.09	0.01	9.53	3,38.46
8.	Health ..	..	1,37.00	1,69.73	21.77	0.50	18.33	3,47.33
9.	Co-operation and Forestry ..	..	0.56	1,85.85	2.54	0.68	94.09	2,83.72
10.	Education ..	..	88.80	20.96	12.66	1.89	53.45	1,77.76
11.	Planning and Co-ordination ..	88.30	..	12.62	..	0.01	8.93	1,09.86
12.	Home ..	..	44.52	1,47.06	2.51	0.57	20.52	2,15.18
13.	Commerce ..	..	6.54	24.90	11.30	0.01	56.62	99.37
14.	Political and Services ..	..	6.86	0.80	0.31	0.02	18.75	26.74
15.	Urban Development ..	..	16.08	2.18	..	..	36.47	54.73
16.	Labour and Employment ..	..	5.33	0.14	0.02	0.01	39.67	45.17
17.	Mining and Geology ..	..	31.95	1.98	0.13	0.02	2.29	36.37
18.	Supply ..	..	1.93	2.07	..	..	1.04	5.04
19.	Finance ..	..	5.07	12.74	0.56	1.77	56.23	76.37
20.	Irrigation and Power ..	..	2.03	2.36	0.21	0.03	5.54	10.17
21.	Law ..	..	1.55	1.40	1.22	0.01	1.96	6.14
22.	Cultural Affairs ..	..	1.37	0.15	..	..	0.37	1.89
	Total ..	3,98.69	29,88.50	14,96.23	2,13.60	10.39	12,61.61	63,69.02

