



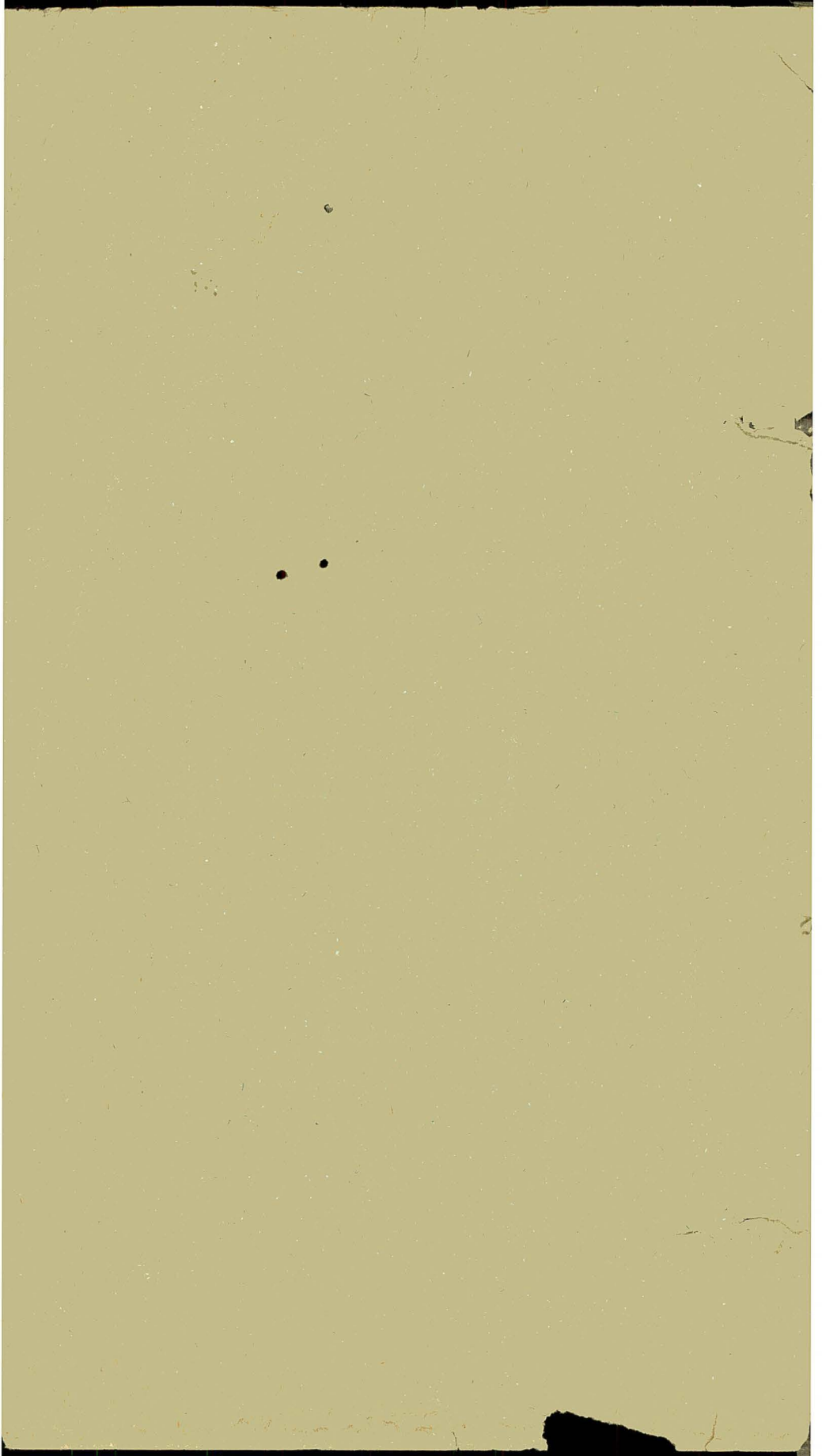
GOVERNMENT
OF
MADHYA PRADESH

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REPORT
OF THE
COMPTROLLER
AND
AUDITOR GENERAL OF INDIA

FOR THE YEAR 1971-72



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GOVERNMENT OF MADHYA PRADESH

REPORT

OF THE

COMPTROLLER

AND

AUDITOR GENERAL OF INDIA

FOR THE YEAR 1971-72



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Report of the Comptroller and Auditor General of India
for the year 1971-72
Government of Madhya Pradesh

Page	Paragraph	Column, line etc.	For	Read
3	11	Col. 4	1951-72	1971-72
3	11	Col.2-heading	(In crores	(In crores
3	12	line 5	10970-71	1970-71
2	12	line 13	(since 1960-61	(since 1960-61)
5	13(b)	line 4	thetwentyone	twenty-one
11	18 (b)(i)	col. 5	60,0676	60,676
22	19(a)	line 2	utilised	unutilised
25	19(c) (5)	line 3 from bottom	anso	also
27	19(c) (10)	last line	Bank	Bank Jabalpur,
29	21	line 9	paragraph 82	paragraph 81
31	24	line 2	intensive	an intensive
30	31 (a)	line 3 (below the table)	allotted	allotted
31	32	1st table- Cases outstanding at the end of Sep- tember 1972-col.3	57.41	61.41
		2nd table- Item(i)-col. 3	14.81	14.82
		Item (iii)-col. 2	97	98
		col. 3	12.33	12.32
7	36	line 6 from bottom	particular	particular
8	36	line 1	Uutp	Upto
3	49	Sub-para 3	(i)	(e)
9	63	line 16	2.33	2.33 lakhs
4	70 (c)	line 1-2	Corporation Act,	Corporations Act,
7	71(b)	item vii	auxiliaries	auxiliaries
8	71(c)	Table S.No. 2 col. 4	21,92.10	21,93.10
1	79	Table col. 3	1,01.7	10,16.71

Page	Paragraph	Column, line <i>etc.</i>	For	Read
91	79	Table col. 3	90.1	9,01.30
			10.0	1,00.38
			3,00.6	30,06.2
		Col.4	4.46	4.41
92	80	Table-col. (1)	boards	board
104	Appendix III	Column- Cases reported during 1969-70		
		S.No. 3	0.32.	4.32
		Total	3.05	7.05
		Total column		
		S.No. 3	4.21	8.21
		Total	57.41	61.41
107	Appendix V	S. No. 1-col. (3)	1,56.52	1,58.52
110-111	Appendix VII	Heading Col. (8) S.No. 4 col (7)	Boards Charged on (-) 93.15	Board Charged (+) 93.
114	Appendix VIII	S.No. 7-col. (3)	que	and

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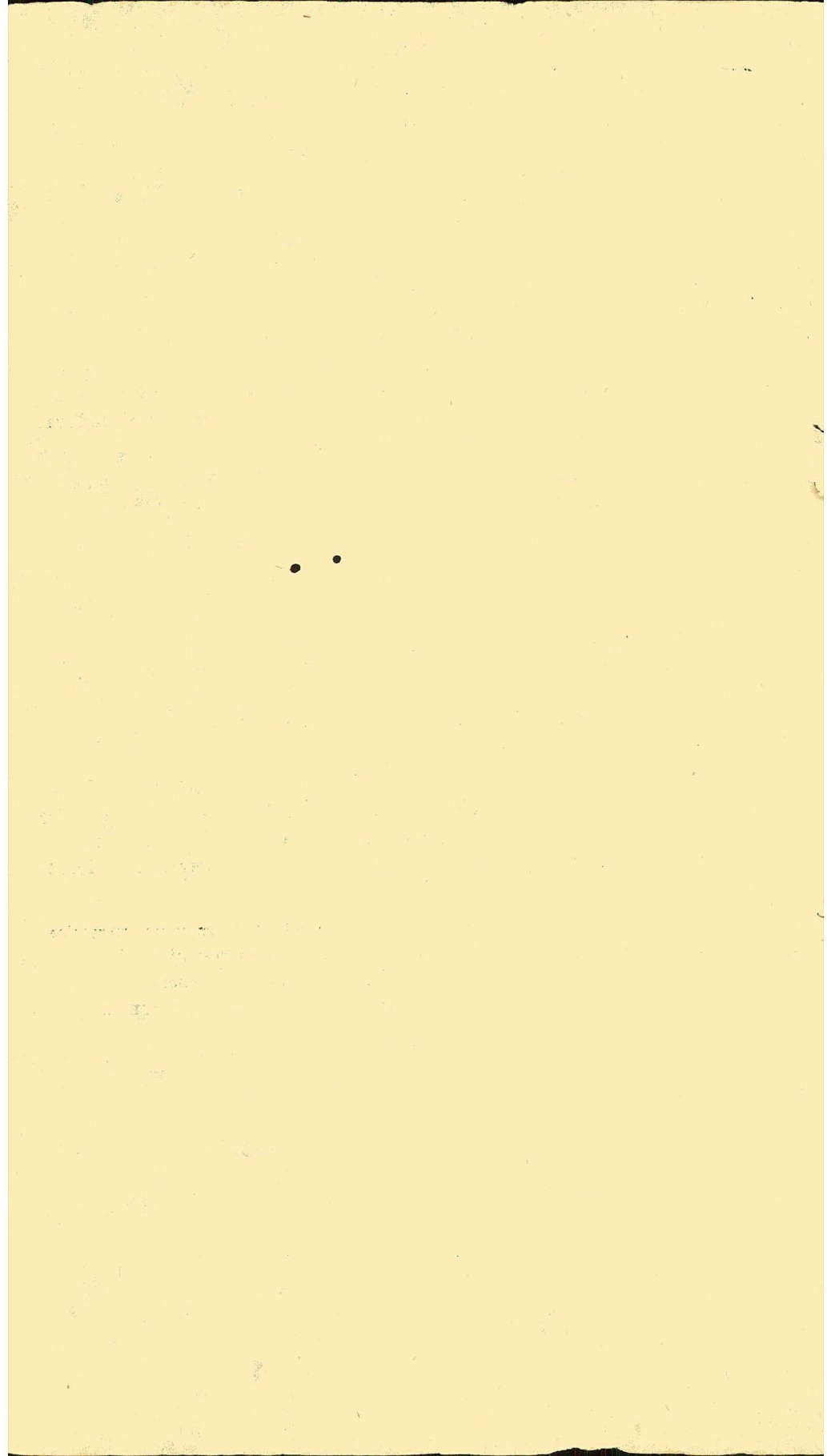
PREFATORY REMARKS

This Report has been prepared both in Hindi and English for submission to the Governor under Article 151 of the Constitution. It mainly relates to matters arising from the Appropriation Accounts for 1971-72 together with other points arising from audit of the financial transactions of the Government of Madhya Pradesh. It also includes—

- (i) certain points of interest arising from the Finance Accounts for the year 1971-72;
- (ii) matters relating to certain statutory and autonomous bodies, the accounts of which are audited by the Indian Audit and Accounts Department; and
- (iii) comments on certain schemes, notably
 - (a) programme for intensive production of sugar cane,
 - (b) construction of godowns,
 - (c) rural drinking water supply programme, and
 - (d) sinking of shallow tube wells.

2. The cases mentioned in the Report are those which came to notice of Audit during the year 1971-72 as well as those which had come to notice in earlier years but could not be dealt with in previous Reports; matters relating to the period subsequent to 1971-72 have also been included, wherever considered necessary.

3. 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

REVENUE RECEIPTS AND EXPENDITURE ON REVENUE ACCOUNT

1. (a) *Budget and actuals.*—Actuals of revenue receipts of Government for 1971-72 as compared with (a) budget estimates and (b) budget estimates plus additional taxation during the year along with corresponding figures for 1969-70 and 1970-71 are shown below:—

Year	Budget	Budget plus additional taxation levied	Actuals	Variation between columns (4) and (3)	
(1)	(2)	(3)	(4)	Amount of increase	Per- centage
<i>(In crores of rupees)</i>					
1969-70	1,93.07	1,94.71	2,14.84	20.13	10
1970-71	2,20.43	2,22.63	2,28.15	5.52	2
1971-72	2,57.10	2,58.61	2,69.48	10.87	4

(Details of additional taxation measures introduced during 1971-72 are given in Statement No. 1 of Finance Accounts 1971-72).

(b) *Expenditure on revenue account.*—Expenditure on revenue account as compared with (a) budget estimates and (b) budget estimates plus supplementary grants is shown below:—

Year	Budget	Budget plus supplementary	Actuals	Variation between columns (4) and (3)	
(1)	(2)	(3)	(4)	Amount of decrease	Per- centage
<i>(In crores of rupees)</i>					
1969-70	2,15.78	2,16.88	1,91.49	25.39	12
1970-71	2,12.39	2,16.98	2,04.06	12.92	6
1971-72	2,38.55	2,53.90	2,27.71	26.19	10

The year ended with revenue surplus of Rs. 41.77 crores against surplus of Rs. 18.55 crores anticipated in the budget.

The State has been having a revenue surplus continuously since 1968-69. Yearwise surplus is given below:—

Year	Surplus (In crores of rupees)
1968-69	9.02
1969-70	23.35
1970-71	24.09
1971-72	41.77

2. *Revenue receipts.*—During 1971-72 revenue receipts (Rs. 2,69.48 crores) showed increase of Rs. 41.33 crores (18 per cent) over that in 1970-71 (Rs. 2,28.15 crores). The increase is analysed below:—

(1)	Receipts		Increase
	1970-71	1971-72	
	(2)	(3)	(4)
	(In crores of rupees)		
<i>(i) Revenue raised by State Government—</i>			
<i>Tax revenue—</i>			
(a) Taxes, duties and other principal heads of revenue	86.58	94.91	8.33
<i>Non-tax revenue—</i>			
(b) Receipts under administrative, social and developmental services, irrigation, public works, forest etc.	43.31	49.62	6.31
(c) Interest	14.24	16.09	1.85
<i>(ii) Receipts from Government of India—</i>			
(a) State's share of net proceeds of Union Taxes	56.31	69.63	13.32
<i>(b) Grants-in-aid—</i>			
(i) Grants under Article 275 of the Constitution	2.32	2.68	0.36
(ii) Other grants-in-aid	25.39	36.55	11.16
Total	2,28.15	2,69.48	41.33

Sales tax (Rs. 44.21 crores) was the largest item under "Tax revenue" and formed 47 per cent of total tax collected. Forest (Rs. 30.68 crores) was the biggest source under "Non-tax revenue" being 47 per cent of this revenue.

Increase of Rs. 16.49 crores in the revenue raised by State Government during 1971-72 was mainly under:—

Head of account	Increase over 1970-71 (In crores of rupees)	Reasons
(1)	(2)	(3)
X—State Excise Duties	1.46	Mainly due to more receipts under country spirits consequent upon increased production/consumption
XII—Sales Tax	3.24	Mainly due to larger turnover of taxable commodities
XIII—Other taxes and Duties	2.21	Mainly due to increased receipts under tax on immovable property, electricity duty and taxes on goods and passengers carried by road transport and additional levy thereon and on entertainment
XVI—Interest	1.85	Mainly due to more receipts of interest on loans advanced by Government and on investment of cash balances
LI—Forest	6.28	Mainly due to more sale of timber and other forest produce extracted departmentally

Receipts from Government of India during 1971-72 (Rs. 1,08.86 crores) were 40 per cent of the total revenue receipts of the year.

Increase of Rs. 24.84 crores in the receipts from Government of India during 1971-72 was mainly due to receipt of State's share of unadjusted balance of advance income tax collected upto years 1966-67 (Rs. 7.03 crores), share of 'Union Excise Duties' (Rs. 6.08 crores), and more grants-in-aid (Rs. 11.52 crores).

3. *Arrears of revenue.*—Arrears in collection of revenue on 31st March 1972, to the extent of information furnished by some of the departments, were Rs. 17,49.56 lakhs as shown below:—

(1)	Arrears (2) (In lakhs of rupees)	Remarks (3)
Sales Tax	6,31.59	Arrears relate to 1961-62 onwards and include cases of doubtful recovery (Rs. 57.82 lakhs), irrecoverable revenue (Rs. 1,06.12 lakhs) and recovery (Rs. 1,05.53 lakhs) stayed by appellate authorities/courts.

(1)	Arrears (2)	Remarks (3)
	<i>In lakhs of rupees)</i>	
Land Revenue	4,64.39	Arrears relate to 1960-61 onwards
State Excise Duties	3,79.30	Arrears date back to 1916-17 onwards. Cases of doubtful and irrecoverable revenue aggregate Rs. 1,40.23 lakhs and Rs. 2.44 lakhs respectively
Geology and Mining	2,00.81	Arrears include irrecoverable amount of Rs. 66.99 lakhs
[Electricity duty	36.80	Arrears relate to 1959-60 onwards
Administration of justice	20.59	Rupees 1.96 lakhs are irrecoverable and recovery of Rs. 0.73 lakh is doubtful
Taxes on Profession, Trade Callings and Employment	16.08	Arrears relate to 1966-67 onwards

Position of arrears of revenue on 31st March 1972 under 'Forest' and 'Taxes on vehicles, goods and passenger' was not intimated by the departments. Arrears under these heads of revenue on 31st March 1971 were Rs. 5,87.70 lakhs and Rs. 37.62 lakhs respectively.

4. *Expenditure on revenue account.*—Expenditure on revenue account during 1971-72 (Rs. 2,27.71 crores) showed increase of Rs. 23.65 crores as compared with 1970-71 (Rs. 2,04.06 crores). The increase is analysed below:—

(1)	Expenditure		Increase (4)
	1970-71 (2)	1971-72 (3)	
	<i>(In crores of rupees)</i>		
(i) Collection of taxes, Duties and other principal revenues	7.28	7.72	0.44
(ii) Debt services	28.85	29.92	1.07

Mainly due to more payment of interest (i) on provident funds consequent upon increase in rate of interest and (ii) on loans from Government of India

(iii) Administrative services—

Police

15.99 18.05 2.06

Mainly due to increased expenditure on modernisation of the State police force and on raising new battalions of special armed force

(1)	Expenditure		Increase (4)
	1970-71 (2)	1971-72 (3)	
<i>(In crores of rupees)</i>			
Other heads	11.16	12.19	1.03
Total—Administrative Services	27.15	30.24	3.09
(iv) Social and developmental services—			
Education	49.47	54.99	5.52
	Mainly due to expenditure on interim relief to staff, filling up of vacant posts and increased payment of grants-in-aid to non-Government educational Institutions.		
Medical	7.82	9.40	1.58
	Mainly due to larger expenditure on hospitals and dispensaries and on improvement of medical colleges and attached hospitals		
Agriculture	8.61	9.89	1.28
	Mainly due to increased expenditure on newly created posts and interim relief to staff		
Community Development Projects, National Extension Service and Local Development Works	5.04	6.03	0.99
	Mainly due to implementation of Centrally sponsored crash programme for providing employment in rural areas.		
Other social and developmental services	33.49	37.98	4.49
	Mainly due to larger expenditure on welfare of scheduled tribes, scheduled castes and other backward classes and on special nutrition programme for children and pregnant women in urban areas.		
Total—Social and developmental services	1,04.43	1,18.29	13.86
(v) Multipurpose River Schemes, Irrigation and Electricity Schemes (including Capital Outlay within the Revenue Account)	2.40	2.48	0.08

(1)	Expenditure		Increase (4)
	1970-71 (2)	1971-72 (3)	
	(In crores of rupees)		
(vi) Public Works (including Roads) and Schemes of Miscellaneous Public Improvement	13.22	14.42	1.20
	Mainly due to increased expenditure on repairs to roads and buildings <i>etc.</i> , and construction of new roads and bridges		
(vii) Miscellaneous—			
Miscellaneous	5.32	6.66	1.34
	Mainly due to payment of contribution to Government of India for relief of refugees from Bangla Desh and larger expenditure in connection with <i>panchayati raj</i> institutions, grants-in-aid to <i>gram panchayats</i> and rehabilitation of displaced persons.		
Other Miscellaneous Heads	14.67	16.02	1.35
Total—Miscellaneous	19.99	22.68	2.69
(viii) Other heads	0.74	1.96	1.22
Total	2,04.06	2,27.71	23.65

5. *Expenditure outside the revenue account.*—(a) Expenditure outside the revenue account includes, besides capital expenditure, amount disbursed by Government as loans and advances.

Expenditure on capital account during 1971-72 and the two preceding years as compared with (a) budget estimates and (b) budget estimates plus supplementary grants is shown below (loans and advances are dealt with in paragraph 6):—

Year (1)	Budget (2)	Budget plus supplementary (3)	Actuals (4)	Variation between columns (4) and (3) Amount of decrease (5)	Percentage (6)
	(In crores of rupees)				
1969-70	27.40	31.55	27.50	4.05	13
1970-71	34.69	38.90	31.26	7.64	20
1971-72	47.77	64.47	52.15	12.32	19

(b) An analysis of the expenditure outside the revenue account during and to end of 1971-72 is given below:—

(1)	Expenditure during 1971-72 (2) (In crores of rupees)	Progressive expenditure upto 1971-72 (3)
(1) Compensation to land holders, etc., on the abolition of <i>Zamindari</i> system.		14.09
(2) Social and developmental services—		
(i) Improvement of public health	1.19	11.28
(ii) Agricultural improvement and research	2.23	20.66
(iii) Industrial and economic development	9.22	53.36
(3) Multipurpose river schemes, irrigation and electricity schemes—		
(i) Multipurpose river schemes	8.71	98.07
(ii) Irrigation works (commercial and non-commercial)	14.82	1,12.36
(4) Public works (including roads) and schemes of Miscellaneous Public Improvements	11.91	1,16.58
(5) Schemes of Government Trading	0.69	6.58
(6) Forests	0.34	1.08
(7) Miscellaneous	3.03	7.69
(8) Net outgo under 'Loans and Advances by the State Government.'	10.03	2,25.86
Total	62.17	6,67.61

The sources from which capital expenditure outside the revenue account was met during and to end of 1971-72 are given below:—

(1)	During 1971-72 (2) (In crores of rupees)	To end of 1971-72 (3)
I—Net additions to—		
(i) Market loans	5.88	64.56
(ii) Loans from Government of India	2.96	4,01.55
(iii) Loans from autonomous bodies	2.85	21.99
(iv) Unfunded debt	15.24	65.88
II—Contingency Fund	2.30	4.07
III—Sinking funds and reserve funds	1.16	25.50
IV—Miscellaneous	1.89	44.55
V—Remittances	—1.36	—8.55

(1)	During 1971-72 (2)	To end of 1971-72 (3)
	(In crores of rupees)	
VI—Decrease in cash balance	2.55	5.97
VII—Increase in investments	—13.07	—49.65
VIII—Revenue surplus	41.77	91.74
Total	62.17	6,67.61

6. *Loans and advances by Governments.*—(a) The actuals of disbursements of loans and advances by Government for 1971-72 as compared with (i) budget estimates and (ii) budget estimates plus supplementary grants along with corresponding figures for 1969-70 and 1970-71 are shown below:—

Year	Budget	Budget plus supplementary	Actuals	Variation between columns (4) and (3) Amount of decrease	between (4) and (3) Percentage decrease
(1)	(2)	(3)	(4)	(5)	(6)
	(In crores of rupees)				
1969-70	24.30	24.80	17.62	7.18	29
1970-71	22.62	25.21	19.50	5.71	23
1971-72	19.52	29.60	21.21	8.39	28

Shortfall in 1971-72 was mainly in the loans and advances pertaining to Agriculture Department (Rs. 7.50 crores). Reasons are given at pages 27-28 of this Report.

(b) The budget and actuals of recoveries of loans and advances for the three years ending 1971-72 are given below:—

Year	Budget	Actuals	Amount of increase + decrease —	Percentage
(1)	(2)	(3)	(4)	(5)
	(In crores of rupees)			
1969-70	18.45	12.26	—6.19	34
1970-71	14.70	8.90	—5.80	39
1971-72	9.88	11.18	+1.30	13

(c) The balance of loans outstanding on 31st March 1972 (Rs. 2,25.86 crores) was more by Rs. 10.03 crores than that outstanding at the beginning of the year. The increase was mainly due to larger payment of loans to the State Electricity Board (Rs. 6.86 crores), Co-operative institutions and banks (Rs. 0.94 crore), municipal committees/corporations (Rs. 0.45 crore), and to Housing Board, State Textile Corporation, State Warehousing Corporation and educated unemployed etc., under "Miscellaneous Loans and Advances" (Rs. 1.73 crores).

The balance of loans to Madhya Pradesh Electricity Board outstanding on 31st March 1972 was Rs. 1,55.58 crores. This does not include capital expenditure incurred by Government on Gandhi Sagar Power station taken over by the Board on 1st April 1961 as the amount of loan has not been determined by Government.

Further details of outstanding loans and advances are given in statements nos. 5 and 18 of Finance Accounts 1971-72.

(d) *Recoveries in arrears.*—Detailed accounts of loans and advances paid to municipal corporations, municipalities, *janpad sabhas*, etc., are maintained by audit office. At the end of March 1972, recovery of Rs. 1,11.39 lakhs (principal: Rs. 42.89 lakhs and interest: Rs. 68.50 lakhs) was overdue. Complete information about arrears in recovery of other loans and advances detailed accounts of which are maintained by departmental officers has not been received in Audit. According to information received (December 1972), recovery of Rs. 1,03.81 lakhs (principal: Rs. 95.38 lakhs and interest: Rs. 8.43 lakhs) was overdue for more than three years; the details are given in statement no. 5 of Finance Accounts 1971-72.

7. *Debt position of Government.*—The debt and other obligations of Government at the end of March 1972 compared with the corresponding amounts at the end of each of two preceding years are given below:—

(1)	1969-70 (2)	1970-71 (3)	1971-72 (4)
	<i>(In crores of rupees)</i>		
Public debt	4,67.41	4,76.80	4,88.44
Other debt and obligations	75.75	90.98	1,07.53
Total	5,43.16	5,67.78	5,95.97

8. *Public debt.*—(a) An analysis of the public debt outstanding at the end of 1971-72 compared with the corresponding amounts at the end of the preceding two years is given below:—

(1)	1969-70 (2)	1970-71 (3)	1971-72 (4)
	<i>(In crores of rupees)</i>		
Long term borrowings—			
Loans raised by Government in open market	53.50	59.07	64.90
Loans from Government of India	3,96.97	3,98.59	4,01.55
Loans from autonomous bodies	16.94	19.14	21.99
Total	4,67.41	4,76.80	4,88.44

The increase in liability of Government on account of public debt (Rs. 11.64 crores) during 1971-72 is analysed below:—

(1)	Loans raised during 1971-72 (2)	Loans repaid during 1971-72 (3)	Net increase during 1971-72 (4)
<i>(In crores of rupees)</i>			
(1) Loans raised in the open market	11.09	5.26	5.83
(2) Loans from Government of India	47.51	44.55	2.96
(3) Loans from autonomous bodies	4.21	1.36	2.85

(b) *Open market loans.*—During the year Government raised loan (5¾ per cent Madhya Pradesh State Development Loan, 1983) of Rs. 11.10 crores from open market at par. The loan bears 5¾ per cent interest and is redeemable at par in 1983. Total subscription received was Rs. 11.10 crores including Rs. 2.02 crores received by conversion of expired loan of 4 per cent Madhya Pradesh State Development Loan 1971. Of this, Rs. 0.01 crore are under 'deposit account' pending issue of scrips.

During the year, 4 per cent Madhya Pradesh State Development Loan 1971 fell due for re-payment. Rupees 5.23 crores were repaid during the year leaving a balance of Rs. 0.05 crore at the end of the year.

(c) *Loans from Government of India.*—Loans received from Government of India and outstanding on 31st March 1972 (Rs. 4,01.55 crores) formed 82 per cent of the total public debt of State. There was net addition of Rs. 2.96 crores in 1971-72 to loans received from Government of India.

(d) *Ways and means advances from the Reserve Bank of India.*—Under an agreement with the Reserve Bank of India, Government of Madhya Pradesh has to maintain with the Bank a minimum balance of Rs. 40.00 lakhs on each day. If the daily cash balance of Government with the Bank falls short of this minimum, the deficiency is made good by taking ways and means advances (ordinary and special) from the Bank according to limits fixed by it from time to time or by selling treasury bills. The Bank charges interest on these advances at one per cent below the bank rate in force. During 1971-72, there was no occasion for obtaining ways and means advances (ordinary and special) as the cash balance position of Government was satisfactory.

9. *Other debt and obligations.*—In addition to the public debt, unfunded debt (comprising mainly general provident fund balances of Government servants) and balances at credit of earmarked and other funds as also certain deposits which have not been invested but are merged in the general cash balance of Government constitute liability of Government. The amount of such liability at the end of 1971-72 was Rs. 1,07.53 crores against Rs. 90.98 crores at the beginning of the year.

Total debt outstanding
at the end of
1970-71 1971-72

(1)

(2)

(3)

(In crores of rupees)

Interest bearing—

(i) Unfunded Debt—mainly provident fund balances	50.64	65.88
(ii) Deposits of State Electricity Board and security deposits from consumers—Government Electricity Schemes	7.22	7.22

Non-interest bearing—

(i) Civil deposits	14.19	15.25
(ii) Deposits of local funds	1.01	0.92
(iii) Earmarked funds	17.92	18.26
Total	90.98	1,07.53

19. *Arrangements for amortisation.*—Following arrangements have been made for amortisation of various loans:—

(1) Open Market loans—

(i) *Sinking funds.*—An annual contribution at such rates as Government may decide from time to time is made from revenue to the funds for liquidation of the loans.

(ii) *Depreciation funds.*—A sum equal to $1\frac{1}{2}$ per cent of the total nominal value of the loan raised is set apart from revenue every year to form a depreciation fund for purchasing securities for cancellation.

The balances in these funds at the commencement and close of 1971-72 are given below:—

(1)	Balance on 1st April 1971 (2)	Addition during the year (3)	Withdrawal during the year (4)	Balance on 31st March 1972 (5)
(In lakhs of rupees)				
Sinking funds	14,45.72	2,69.83	2,38.94	14,76.61
Depreciation funds	4,08.96	80.44	84.12	4,05.28
Total	18,54.68	3,50.27	3,23.06	18,81.89

Out of these funds only Rs. 6,20.93 lakhs were invested in securities of Government of India and other State Governments and Rs. 77.83 lakhs were invested in State Government's own securities; the balance remained merged in the cash balances of the State.

At the end of 1971-72 State Government had a cash balance of Rs. 43.73 crores after taking into account investments out of General Cash Balance

Rs. 39.82 crores) and earmarked funds (Rs. 9.69 crores). Further details are given in statement no. 7 of the Finance Accounts.

(2) *Loans from Government of India.*—Government has made amortisation arrangements for repayment of the following loans taken from Government of India:—

(1)	Additions to sinking funds during 1971-72 (2) <i>(In lakhs of rupees)</i>	Balance in the sinking funds on 31st March 1972 (3)
(i) Industrial housing loans	0.15	2.05
(ii) Loan to Madhya Pradesh Government allocated out of Government of India's consolidated borrowings, viz. 4½ per cent Loan, 1973	36.96	2,83.88

Out of the balances in these funds, Rs. 1,95.93 lakhs were invested in securities of other Governments.

Besides, Rs. 3.47 lakhs were met from revenue for discharge of the consolidated debt taken over by the former Government of Central Provinces and Berar on introduction of provincial autonomy from 1st April 1937.

Government has not considered it necessary to make arrangements for amortisation of remaining loans (balance on 31st March 1972: Rs. 3,96.08 crores) received from Government of India.

(3) *Loans from autonomous bodies.*—For loans taken from autonomous bodies, viz., National Agricultural Credit (long term operations) Fund of the Reserve Bank, National Co-operative Development Corporation and Life Insurance Corporation (balance on 31st March 1972 : Rs. 21.99 crores) Government has not deemed it necessary to make amortisation arrangements, as the repayment of these loans is being made from the general balances of the State in quarterly/half-yearly/yearly instalments.

11.—*Service of debt and other obligations.*—The table below shows the net burden on revenue of interest charges on public debt and other obligations in 1971-72 as compared with that in the preceding two years:—

(1)	1969-70 (2) <i>(In crores of rupees)</i>	1970-71 (3)	1971-72 (4)
(1) Interest paid on public debt [and other obligations	24.54	25.46	26.38
(2) Less—			
(i) Interest received on loans and advances by Government	10.99	10.44	11.85
(ii) Interest realised on investment of cash balance	[0.37	[0.93	[1.32

(1)	1969-70 (2)	1970-71 (3)	1951-72 (4)
	<i>(In crores of rupees)</i>		
(iii) Interest transferred to accounts of multipurpose river schemes and treated as capital expenditure	2.83	2.74	2.80
(3) Net burden of interest charges on revenue	10.35	11.35	10.41
	<i>(Percentages)</i>		
(4) Percentage of gross interest to total revenue receipts	11.43	11.16	9.79
(5) Percentage of net interest to total revenue receipts	4.82	4.97	3.86

In addition there were certain other receipts and adjustments (Rs. 0.11 crore) such as interest portion of equated payments on account of commuted value of pensions, interest on arrears of revenue, *etc.* Taking these also into account, the net burden of interest on revenue during 1971-72 would be Rs. 10.30 crores (3.82 per cent of the total revenue receipts).

Government also received Rs. 23.46 lakhs as dividend/interest on its investments in statutory corporations, companies, *etc.*

12. *Investments of Government.*—In 1971-72 Government invested Rs. 8.95 crores in statutory corporations (Rs. 0.72 crore), Government companies (Rs. 0.53 crore) and co-operative institutions (Rs. 7.70 crores).

The total investment of Government in the share capital and debentures of different concerns at the end of 1969-70, 1970-71 and 1971-72 was Rs. 37.23 crores, Rs. 41.38 crores and Rs. 50.25* crores respectively. Dividend and interest received therefrom during 1969-70, 1970-71, and 1971-72 was Rs. 0.34 crore, Rs. 1.06 crores and Rs. 0.23 crore respectively and was 0.9 per cent, 2.6 per cent and 0.5 per cent of the investment to end of those years.

Details of investment are given in statement no. 14 of Finance Accounts 1971-72.

Pro forma accounts of grain supply scheme (since 1966-67), purchase and sale of *tendu* leaves (since inception 1965-66) nationalised text books (since 1960-61) and milk supply scheme, Bhopal (since 1958-59) have not been rendered to Audit (December 1972).

Certain points of interest about the working of statutory corporations, government companies, departmental undertakings and co-operative institutions are given in Chapter VIII.

*Includes investment of Rs. 6 lakhs in the Madhya Pradesh State Co-operative Bank. The investment shown in the final accounts of the Bank for the year ended June 1971 is however, Rs. 1,11.60 lakhs. The discrepancy in the two sets of accounts is being reconciled.

13. (a) *Guarantees given by Government.*—Government has given guarantees to third parties on behalf of statutory corporations, joint stock companies, co-operative institutions, etc., for repayment of loans and payment of interest thereon, payment of minimum annual dividend, repayment of cash credit/overdraft, etc. The maximum amount of guarantees given by Government at the end of 1971-72 was Rs. 3,35.30 crores while sums guaranteed outstanding on 31st March 1972 was (to the extent information has been received; efforts were made to get complete information, but this could not be made available by State Government) Rs. 36.90 crores as shown below:—

(1)	Maximum amount guaranteed	Sums guaranteed outstanding on 31st March 1972	(3)
	(In crores of rupees)		
Statutory corporations and boards	56.67	33.41	(B)
Joint-stock companies	3.70	2.61	(B)
Co-operative banks and societies	2,71.98	0.84	(B)
Municipal committees and <i>Panchayats</i>	2.91	(A)	
Private parties and individuals	0.04	0.04	
Total	3,35.30	36.90	(A)(B)

In addition Government has given guarantees with unlimited liability on behalf of Madhya Pradesh State Road Transport Corporation and Madhya Pradesh Electricity Board for payment of cost of stores purchased through the Director General, Supplies and Disposals, New Delhi, and for payment of freight and other dues to Railway Board.

The guarantees given are in the nature of contingent liabilities of Government. Further details of guarantees are given in statement no. 6 of Finance Accounts 1971-72.

A guarantee reserve fund was constituted in 1970-71 with an initial contribution of Rs. 20 lakhs from the Consolidated Fund of the State. The fund is intended to meet contingent liabilities arising as a result of guarantees given by Government in favour of textile units, municipalities etc., being invoked. Further accretions to the fund are to be from revenue during 1971-72 to 1973-74 at the rate of Rs. 10 lakhs per annum and interest received on the sums invested from the fund. During 1971-72, Rs. 10.14 lakhs (Rs. 10.00 lakhs on account of annual assignment from revenues and Rs. 0.14 lakh interest earned on the investment

(A) In spite of efforts made information has not been made available by Government (August 1973).

(B) In some cases information about sums guaranteed outstanding on 31st March 1972 has not been made available by Government so far (August 1973).

from the fund) were contributed to the fund. No investment was made from the fund during the year. The total amount invested by Government from the fund at the end of 1971-72 was Rs. 4.89 lakhs.

(b) *Payment in fulfilment of guarantees.*—During 1971-72 Government paid Rs. 10.13 lakhs to Life Insurance Corporation of India, State Bank of Indore, and Madhya Pradesh Financial Corporation, in fulfilment of guarantees given for repayment of loans by the twentyone municipal committees/corporations and three mills. The payments in these cases to end of 1971-72 were Rs. 44.73 lakhs. Except Rs. 2.75 lakhs repaid by Swadeshi Cotton and Flour Mills Limited, Indore, the amount paid by Government is yet to be recovered from the parties; Government stated (August 1973) that financial position of some of the third parties is not sound enough to enable them to repay the dues, action to recover the [dues early is, however, in progress.

14. *Grants to Local bodies and others.*—During 1971-72 Government paid Rs. 12,03.31 lakhs as grants to non-Government bodies and institutions for various purposes. The amount paid is analysed below by broad purposes:—

Purpose (1)	Grants paid (2)
	<i>(In lakhs of rupees)</i>
Education	5,13.50
Tribal and Harijan welfare	58.54
Agriculture	2,39.95
Medical and Public Health	71.61
Community Development	48.44
Co-operation	53.82
Animal Husbandry	28.36
Industries	26.01
Irrigation	9.33
Housing	8.28
Social welfare	7.98
Miscellaneous	1,32.04
Others	5.45

Certain points of interest about grants are given in Chapter VI.

15 *Receipt of utilisation certificates.*...—The financial rules of Government require that a certificate of proper utilisation of grants should be sent by departmental officers to the Accountant General within a reasonable time. The Public Accounts Committee in its Report of March 1969 urged Government to ensure timely submission of utilisation certificates by departmental officers and take deterrent steps against the officials responsible for avoidable delay in submission of these certificates.

The delay in furnishing the certificates persists. Out of 19,928 certificates (Rs. 19,34.49 lakhs) to be received for grants paid upto March 1971, 13,245 certi-

certificates (Rs.8,55.52 lakhs) were received, leaving 6,683 certificates (Rs.10,78.97 lakhs) to be received (July 1972) in Audit as indicated below :—

Year of payment of the grants	Number of certificates awaited	Amount
(1)	(2)	(3)
		(In lakhs of rupees)
Upto 1966-67	639	2,67.62
1967-68	509	1,17.63
1968-69	634	1,47.54
1969-70	1,119	1,58.48
1970-71	3,782	3,87.70
Total	6,683	10,78.97

The certificates are awaited from the following departments:—

Department	Number of certificates not received	Amount
(1)	(2)	(3)
		(In lakhs of rupees)
Community Development Project	3,237	65.29
Panchayat and Social Welfare	981	40.70
Public Health and Family Planning	749	45.88
Tribal Welfare	734	45.59
Medical	236	5.21
Co-operation	145	73.00
General Administration	119	39.08
Industries	110	11.31
Education	101	76.03
Local Government (Rural)	62	5.50
Agriculture	60	4,97.95
Animal Husbandry	54	80.59
Public Health Engineering	51	45.41
Housing	28	44.27
Others	16	3.16

Of these, 1,782 certificates for Rs.5,32.79 lakhs relate to grants paid in 1968-69 and earlier years. Out of these, 40 certificates for Rs.3,06.27 lakhs relate to Agriculture, 689 certificates for Rs.18.62 lakhs to Community Development Project, 37 certificates for Rs.31.50 lakhs to Animal Husbandry and 106 certificates for Rs.38.44 lakhs to Co-operation department.

Utilisation certificates have not been received although considerable time has elapsed after the grants were paid. In the absence of such certificates, it is not possible to state whether the recipients spent the grants fully or are having some amounts still unutilised and whether they spent them for the purposes for which the grants were made.

CHAPTER II

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

16. *Summary.*—The total of voted grants and charged appropriations, actual expenditure and saving during 1971-72 were as follows:—

(1)	Total grants/ appropriations	Actual expenditure	Saving Amount	Percentage	(5)
(In crores of rupees)					
Voted—					
Original	3,32.52	3,74.09	3,26.10	47.99	13
Supplementary	41.57				
Charged—					
Original	89.29	89.85	82.40	7.45	8
Supplementary	0.56				
Total—					
Original	4,21.81	4,63.94	4,08.50	55.44	17
Supplementary	42.13				

The total saving of Rs.55.44 crores was the result of savings of Rs. 56.75 crores in eighty-two grants/appropriations partly offset by excesses of Rs. 1.31 crores in twelve grants/appropriations.

17. *Supplementary grants/appropriations.*—During 1971-72, Rs. 42.13 crores (Rs.25.38 crores in September 1971 and Rs.16.75 crores in March 1972) were obtained in forty-seven grants and seventeen appropriations.

It would be seen from Appendix I that

(i) in nine grants supplementary provision (exceeding Rs.5.00 lakhs in each case) of Rs.2,17.24 lakhs proved un-necessary as the expenditure (Rs.42,19.84 lakhs) did not even come upto the original provision (Rs.51,38.47 lakhs);

(ii) in three cases supplementary provision (exceeding Rs.5.00 lakhs in each case) of Rs.17,92.34 lakhs proved excessive to the extent of Rs.15,34.71 lakhs; and

(iii) in two grants supplementary provision of Rs. 9,22.38 lakhs proved inadequate as the expenditure exceeded the total provision by Rs.91.42 lakhs.

18. *Excesses over grants and appropriations.*—(a) *Voted grants.*—Details of eight grants where expenditure exceeded the budget provision by Rs. 1,16.93 lakhs

are given below; these excesses require regularisation under Article 205 of the Constitution:—

S.No.	Number and name of grant	Total grant	Actual	Excess	
			expenditure	Amount	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
		Rs.	Rs.	Rs.	

(i) 1—General Administration

Original	1,65,86,000	1,66,92,100	1,77,71,971	10,79,871	6
Supplementary	1,06,100				

Excess occurred mainly under 'C-1—Civil Secretariat' (expenditure: Rs.1,16.35 lakhs, provision: Rs.1,08.38 lakhs), 'G.2(1) Other Miscellaneous Expenditure' (expenditure: Rs.34.16 lakhs, provision: Rs.32.00 lakhs) and 'A.8—Ministers' (expenditure: Rs.11.35 lakhs, provision: Rs.10.15 lakhs). Reasons for excess are awaited.

(ii) 5—Jails

Original	1,46,89,000	1,47,52,000	1,47,85,342	33,342	0.23
Supplementary	63,000				

Excess occurred under 'A.2—Central District and Sub-Jails' (expenditure: Rs.1,27.73 lakhs, provision: Rs.1,27.25 lakhs) due to payment of dearness allowance at increased rates and adjustment of debits pertaining to previous year.

(iii) 21—Public Works

Original	21,92,26,000	30,77,61,600	31,37,59,859	59,98,259	2
Supplementary	8,85,35,600				

Excess occurred mainly under (i) 'H—Suspense' (expenditure: Rs.13.17 crores, provision: Rs.11.00 crores) due to larger purchases of stock materials required for execution of more works undertaken departmentally and heavy adjustment of debits; (ii) 'D—Repairs' (expenditure: Rs.10.25 crores, provision: Rs.9.00 crores) due to heavy repairs of roads/buildings owing to rains and increase in rates of labour and materials and (iii) 'F—Tools and Plant' (expenditure:

S.No.	Number and name of grant	Total grant'	Actual expenditure	Excess Amount	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
		Rs.	Rs.	Rs.	Rs.

Rs.33.75 lakhs, provision: Rs.18.00 lakhs) due to heavy repairs to machinery and increase in rates of work-charged staff. The excess was partly counterbalanced by savings in other group-heads.

(iv) 24—Education

Original	54,23,54,000	54,60,56,400	54,92,00,669	31,44,269	0.58
Supplementary	37,02,400				

Excess occurred mainly under 'A.2(1)—Degree Colleges' (expenditure: Rs.3,12.98 lakhs, provision: Rs.2,92.51 lakhs), 'B.2—Direct grants to Non-Government Secondary Schools' (expenditure: Rs.1,43.17 lakhs, provision: Rs.1,30.00 lakhs), and 'C.1—Government Primary Schools' (expenditure: Rs. 22 87,13 lakhs, provision; Rs. 21,73.00 lakhs). Reasons for excess are awaited.

(v) 26—Administration of Justice

Original	1,91,38,000	1,91,55,000	1,92,27,709	72,709	0.38
Supplementary	17,000				

Excess occurred under 'C.2—Process serving establishment' (expenditure: Rs.28.63 lakhs, provision: Rs.27.00 lakhs) and was partly counterbalanced by saving in other group-heads.

(vi) 34—Revenue Expenditure pertaining to Town and Country Planning Department

Original	16,02,000	19,40,000	19,85,548	45,548	2
Supplementary	3,38,000				

Excess occurred mainly under '71—Miscellaneous—Grants to Local Bodies' (expenditure: Rs.6.09 lakhs, provision: Rs.5.28 lakhs).

S.No.	Number and name of grant	Total grant	Actual expenditure	Excess Amount	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
		Rs.	Rs.	Rs.	
(vii)	40—Capital Expenditure pertaining to Public Health Department				
	Original	3,18,09,000			
	Supplementary	100	3,18,09,100	3,30,06,895	11,97,795 4

Excess occurred mainly under 'Cost of Materials and Equipments received under Technical Co-operation Agreement Programme-Malaria Control (Plan)' (expenditure: Rs.1,58.64 lakhs, provision: Rs.1,00.00 lakhs) due to adjustment of more debits than anticipated in respect of material received from Government of India. The excess was partly counterbalanced by savings in other group-heads.

(viii) 44—Capital Outlay on Housing Schemes

	Original	11,98,000			
	Supplementary	..	11,98,000	13,19,034	1,21,034 10

Excess occurred mainly under 'A.2—Suspense' (expenditure: Rs.1.98 lakhs, provision: Rs.0.70 lakh). Reasons for excess are awaited.

(b) *Charged appropriations.*—Excess of Rs.13.69 lakhs over the budget provision occurred in the following four charged appropriations; these excesses also require regularisation:—

S.No.	Number and name of appropriation	Total appropriation	Actual expenditure	Excess Amount	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
		Rs.	Rs.	Rs.	
(i)	I—General Administration				
	Original	12,32,000			
	Supplementary	..	12,32,000	12,92,676	60,0676 5

Excess occurred mainly under 'C.1—Civil Secretariat' (expenditure: Rs. 0.34 lakh,

S.No.	Number and name of appropriation	Total appropriation	Actual expenditure	Excess Amount	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
		Rs.	Rs.	Rs.	
					provision: Rs. 0.01 lakh) and 'F.2—Repairs' (expenditure: Rs. 0.79 lakh, provision: Rs.0.60 lakh). Reasons for excess are awaited.
(ii)	17—Medical and Public Health				
	Original	15,000			
	Supplementary	..			
		15,000	20,303	5,303	35
					Excess occurred under 'G.2—Payment of decretal charges' (expenditure: Rs. 0.20 lakh, provision: Rs. 0.10 lakh). Reasons for excess are awaited.
(iii)	19—Revenue Expenditure pertaining to Local Government (Urban) Department				
	Original	37,00,000			
	Supplementary	..			
		37,00,000	48,97,994	11,97,994	32
					Excess occurred under '76—Miscellaneous Assignments, Compensation etc. Grants to local bodies on account of loss of income due to crediting to Government of fees, fines and other receipts assigned to them under various Acts' (expenditure: Rs.48.98 lakhs, provision: Rs.37.00 lakhs). Reasons for excess are awaited.
(iv)	24—Education				
	Original	10,000			
	Supplementary	2,29,900			
		2,39,900	3,44,717	1,04,817	44
					Excess occurred under 'F.(1)(i) Directorate of Public Instructions (Non-Plan) (expenditure: Rs.3.45 lakhs, provision: Rs.2.40 lakhs). Reasons for excess are awaited.

19. Savings in grants/appropriations.—(a) Rupees 56.75 crores remained utilised in forty-nine grants (Rs.49 .17 crores) and thirty-three appropriations (Rs.7.58 crores).

(b) In fifteen grants and two appropriations, savings were more than twenty per cent of the total provision. Details of those grants and appropriations are given in Appendix II.

(c) Details of grants/appropriations where savings were more than Rs.1.00 crore each and exceeded ten per cent of the total provision are given below:—

Grant/appropriation	Total grant/ appropriation	Expenditure	Saving Amount	Percent- age
(1)	(2)	(3)	(4)	(5)
	(In lakhs of rupees)			
(1) 9—Other Revenue Expenditure pertaining to the Revenue and Land Reforms Department	5,58.73	3,79.18	1,79.55	32

Saving was mainly due to—

- (i) non-appointment of staff in time and non-availability of tools and plant for implementation of Centrally sponsored rural works programme for chronically drought affected areas (Rs.1.30.82 lakhs),
- (ii) less relief works (Rs.33.52 lakhs),
- (iii) non-supply of printing machines by firms during the year (Rs.7.07 lakhs),
- (iv) non-payment of certain amounts due to Khasgi and Alampur trusts (Rs.2.61 lakhs), and
- (v) non-receipt of administrative sanction for implementation of metric system of weights and measures (Rs.2.36 lakhs).

(2) 13—Agriculture

11,11.77 9,83.99 1,27.78 11

Saving was mainly due to—

- (i) non-implementation/delay in implementation of schemes (Rs.45.96 lakhs) viz., scheme for establishment of new blocks under intensive agriculture programme (Rs.24.39 lakhs), Central scheme for integrated dry and agricultural development (Rs.6.00 lakhs) and scheme for introduction of crop insurance (Rs.5.00 lakhs),

Grant/appropriation	Total grant/ appropriation	Expenditure	Saving Amount	Percentage
(1)	(2)	(3)	(4)	(5)
	<i>(In lakhs of rupees)</i>			
		(ii) non-adjustment of subsidy under the scheme of soil conservation and contour bunding (Rs.25.00 lakhs),		
		(iii) non-receipt of administrative sanction to subsidise construction of wells <i>etc.</i> , (Rs.9.00 lakhs),		
		(iv) reorganisation of departmental set-up and consequential reduction in establishment (Rs.5.20 lakhs),		
		(v) late receipt of Government sanction for establishment of two soil testing laboratories (Rs.4.73 lakhs).		
		(vi) non-issue of sanction by Government for upgrading of a Gram Sewak Training Centre (Rs.3.95 lakhs).		
		(vii) non-availability of requisite implements, equipments <i>etc.</i> , resulting in non-employment of labour (Rs.3.28 lakhs); and		
		(viii) Other miscellaneous reasons (Rs. 16.50 lakhs).		
(3) 27—Community Development Projects, National Extension Service and Local Development Works	7,43.67	4,52.66	2,91.01	39

Saving occurred mainly due to—

- (i) considerable time taken in initial survey of work projects, finalisation of block-wise programme relating to 'Crash Programme for providing employment in Rural Areas' and consequential delay in its clearance by Government of India (Rs.2,46.34 lakhs),

Grant/appropriation	Total grant/ appropriation	Expenditure	Saving Amount	Percent- age
(1)	(2)	(3)	(4)	(5)
(In lakhs of rupees)				
		(ii) excessive provision of funds	(Rs. 22.84	
		lakhs);		
		(iii) less local development works conse- quent upon diversion of block staff for general election duties during work- ing season of programme (Rs., 16.61 lakhs); and		
		(iv) non-finalisation of several works pro- gramme for utilisation of rural man- power (Rs. 8.88 lakhs).		
		The saving was partly counterbalanced by excess under other group-heads.		
(4) 36—Capital Expenditure pertaining to Forest Department	15,68.91	10,97.05	4,71.86	30

Substantial savings occurred under 'Procurement cost of *van-upaj*' (Rs. 3,13.57 lakhs) and 'State Trading in Timber' (Rs. 1,65.54 lakhs); reasons for savings are awaited.

In 1969-70 and 1970-71 also there were savings of Rs. 1,33.31 lakhs (21 per cent of the provision) and Rs. 3,16.39 lakhs (28 per cent of the provision) under this grant.

(5) 38—Capital Expenditure pertaining to Agriculture Department	18,77.47	11,19.66	7,57.81	40
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Saving was mainly due to—

(i) non-receipt of debits from the Pay and Accounts Officer, Ministry of Food and Agriculture, New Delhi for cost of pool fertilisers already purchased by Government and non-receipt of bills for payment of commission to Apex Co-operative Marketing Federation on sale of fertilisers (Rs. 6,60.72 lakhs). During 1970-71 also there was saving of Rs. 4,77.76 lakhs due to similar reasons,

Grant/appropriation	Total grant/ appropriation	Expenditure	Saving Amount	Percentage
(1)	(2)	(3)	(4)	(5)
	<i>(In lakhs of rupees)</i>			
	(ii) restriction to purchase seeds only from Government farms (Rs.1,08.67 lakhs);			
	(iii) less purchase of cotton seeds as major portion of procurement was being done through Co-operative agencies (Rs. 48.10 lakhs); and			
	(iv) formation of less number of societies (Rs.5.72 lakhs).			
	• • The saving was partly counterbalanced by excess under other group-heads.			
	In 1969-70 and 1970-71 also there were savings of Rs. 4,91.52 lakhs (28 per cent of the provision) and Rs. 7,42.12 lakhs (51 per cent of the provision) under this grant.			
(6) 42—Capital Outlay on Multi-purpose River Schemes and Irrigation	38,37.19	31,62.72	6,74.47	18

Saving was mainly due to—

- (i) non-finalisation of tenders and non-receipt of sanction for purchase of machines (Bansagar project—Rs. 1,38.11 lakhs; Bargi project—Rs. 1,14.52 lakhs),
- (ii) delay in acquisition of land, non-finalisation of alignment of left bank canal and non-construction of buildings (Barna project—Rs. 80.29 lakhs),
- (iii) delay in deciding the alignment of right bank canal (Tawa project—Rs. 67.06 lakhs),
- (iv) non-finalisation of tenders for sluice gates and non-selection of sites for construction of buildings (Bodhghat project—Rs. 64.56 lakhs), and

Grant/appropriation	Total grant, appropriation	Expenditure	Saving	
(1)	(2)	(3)	Amount	Percentage
			(4)	(5)
	<i>(In lakhs of rupees)</i>			
	(v) posts kept vacant (Rs. 19.76 lakhs). Reasons for the remaining saving are awaited.			
(7) 43—Capital Outlay on Public Works	12,30.56	10,69.04	1,61.52	13
	Saving occurred mainly under 'A.—Original Works—Buildings' (Rs. 1,48.99 lakhs) and was mainly due to—			
	(i) non-receipt/late receipt of administrative approval,			
	(ii) non-finalisation of tenders,			
	(iii) slow progress of work/abandonment of works by contractors,			
	(iv) delay in decision regarding approach roads to works, and			
	(v) changes in design and specification of certain works.			
(8) 47—Capital Expenditure pertaining to Food Department	4,39.35	70.95	3,68.40	84
	Saving was mainly due to less purchase/non-purchase of grains under price support scheme. In 1969-70 and 1970-71 also there were Savings of Rs. 1,31.59 lakhs (19 per cent of the provision) and Rs. 2,85.30 lakhs (44 per cent of the provision) under this grant.			
(9) Public Debt	57,83.96	51,17.36	6,66.60	12
	Saving mainly occurred as no 'ways and means advances' were taken from the Reserve Bank in view of the satisfactory cash balance position of Government.			
(10) 53—Loans and Advances pertaining to Agriculture Department	15,89.49	8,39.52	7,49.97	47
	Saving was mainly due to—			
	(i) (a) non-receipt of debits from the Pay and Accounts Officer, Ministry of Food and Agriculture (Rs. 4,72.12 lakhs) for cost of pool fertilizers received by the Apex Co-operative Bank....., and			

Grant/appropriation (1)	Total grant/ appropriation (2)	Expenditure (3)	Saving Amount (4)	Percentage (5)
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(In lakhs of rupees)

- (b) lack of demand of seed and pesticide *taccavi* (Rs. 45.00 lakhs);
- (ii) (a) non-adjustment of *taccavi* cases under contour bunding scheme pending completion of formalities (Rs. 1,15.95 lakhs),
- (b) less demand of *taccavi* advances for tractor assistance to plough the fields of cultivators as the work was done mainly on cash payment (Rs. 10.80 lakhs), and
- (c) less demand of seed, pesticides and plant protection *taccavi* (Rs. 2.21 lakhs);
- (iii) less sanction/non-sanction of loans by Government as similar assistance was also provided by co-operative institutions and commercial banks and delay in finalisation of animal husbandry programme (Rs. 20.07 lakhs);
- (iv) (a) less demand from farmers for improved seeds and oil seeds on *taccavi* loan basis (Rs. 8.56 lakhs); and
- (b) no demand for cotton seeds as such seeds were distributed by co-operative societies (Rs. 2.82 lakhs).

Reasons for the remaining saving are awaited.

In 1969-70 and 1970-71 also there were savings of Rs. 6,61.35 lakhs (46 per cent of the provision) and Rs. 4,56.86 lakhs (34 per cent of the provision) under this grant.

20. *Surrender of savings.*—Rules require that unutilised amount should be surrendered as soon as the possibility of saving is envisaged. However, out of Rs. 54.07 crores surrendered during the year Rs. 50.45 crores were surrendered only in March 1972.

Important instances of defective control over expenditure under individual group-heads have been mentioned in Appropriation Accounts.

CHAPTER III

CIVIL DEPARTMENTS

21. *Detailed bills and utilisation certificates not received in Audit.*—Moneys are often drawn in advance on abstract bills which do not contain adequate details of the proposed expenditure. Detailed bills containing all the needed information are required to be submitted to audit not later than the 25th of the month following that in which the abstract contingent bills are drawn. Detailed bills for Rs. 6,28.20 lakhs drawn on abstract bills during 1964-65 to 1971-72 have not yet been submitted. Audit, therefore, does not know what has happened to this amount drawn from the treasuries. (For details please see paragraph 82 of Chapter IX of this Report).

For grants paid to outside bodies, departmental officers are required to certify within a reasonable time that the grants given have actually been used by the recipients for the purposes for which they were paid. Such certificates for Rs. 10,78.97 lakhs paid by Government as grants during 1962-63 to 1970-71 have not yet been received. In the absence of such certificates Audit does not know whether the recipients spent the grants fully or are having some amounts still unutilised or whether they spent them for the purposes for which the grants were made. (For details please see paragraph 15 of Chapter I of this report).

General Administration Department

22. *Preparation and publication of District Gazetteers.*—Before independence, the Imperial Gazetteer of India used to be published under central authority. It was last published in 1907-1909 in 26 volumes. The need for revising the Gazetteer was widely felt after the advent of independence. A central scheme for revision of the Gazetteer was taken in hand in 1951. The Government of India assumed responsibility for the India volumes (covering the country as a whole) and the State Governments assumed responsibility for the District Gazetteers. An Expert Committee drew up a detailed plan in 1955. The Committee gave their recommendations in 1956 which were accepted by the Government of India who addressed the State Governments in November 1956 to take the work of revision of District Gazetteers on the lines of the recommendations of the Expert Committee. The Government of India agreed to pay a grant equal to 40 per cent of the expenditure incurred by State Governments (other than the expenditure on printing) on the revision of the District Gazetteers subject to a maximum of Rs. 6,211 per district (later revised to Rs. 14,800 per district for publication approved during and after 1966-67).

Under the above centrally sponsored scheme, the Madhya Pradesh Government sanctioned in December 1957 the State Gazetteer Unit to revise and rewrite District Gazetteers.

Madhya Pradesh comprises of 43 districts. Upto March 1972, State Government spent Rs. 23.67 lakhs on preparation of the District Gazetteers but only 8 District Gazetteers were published—Gwalior in 1961-62, Sagar in 1967-68, Jabalpur in 1968-69, Khandwa in 1969-70, Khargone in 1970-71 and Narsinghpur, Indore and Betul in 1971-72. Further, 10 District Gazetteers are under various stages of preparation. Work on the remaining 25 Gazetteers has not yet (September 1972) commenced.

Agriculture Department

23. *Programme for intensive production of sugarcane*.—Marketing and development of sugarcane in the State is governed by the Madhya Pradesh Sugarcane (Regulation of Supply and Purchase) Act 1958 and the rules made thereunder. Under the Act, Development Councils have been established to undertake developmental activities such as improvement in irrigation, cane seeds and sowing programme, increased inputs of fertilisers and manures, adoption of plant protection measures etc. These activities are financed from the commission payable to the Councils when sugar cane is purchased by sugar factories.

The State has five sugar factories located at Jaora (Ratlam), Dabra (Gwalior), Dalanda (Mandsaur), Mahidpur (Ujjain) and Sehore (Sehore), established between 1934 and 1944. They were set up not on the primary consideration of availability of sugarcane in nearby areas but mainly because of several concessions given by rulers of the erstwhile princely States. These factories worked up to less than fifty per cent of their capacity. The total requirement of sugarcane for working these factories to their full capacity for one hundred and fifty days in a year was 8.02 lakh tonnes. For augmenting sugarcane production to feed these factories, intensive development of sugarcane as a package programme was introduced by Government in 1964. The main objective was raising per acre yield of sugarcane to 24.52 tonnes and increasing sugar-content through increased irrigation facilities, use of improved seeds, increased use of fertilisers, plant protection measures and propagation of advanced technical knowledge among farmers for application in their fields. It was estimated that these measures would lead to additional production of 8.58 lakh tonnes of sugarcane per year after five years. The programme was to be operated in the sugar factory zones and the expenditure incurred was to be shared equally by State Government, Government of India and the Cane Development Councils.

The programme was taken up in factory zone, Jaora in 1964-65 and in the remaining factory zones in 1965-66. Altogether 2,067 villages with an area of 25,938 acres were covered by the programme. Under the programme 4,430 wells were deepened, 384 *rehats* were installed, and 2,064 demonstrations of improved agricultural practices were undertaken. The programme was, however, discontinued by Government from March 1969 for unspecified reasons, after incurring expenditure of Rs. 27.65 lakhs on establishment and contingencies.

The programme did not succeed in its objective of increasing the yield per acre to 24.52 tonnes as will be seen from the zone-wise details given below :—

S.No.	Name of the zone	Acreage under sugarcane		Per acre yield (in tonnes) of sugarcane	
		1966-67	1968-69	1966-67	1968-69
(1)	(2)	(3)	(4)	(5)	(6)
1.	Dabra	6,401	10,201	14.0	12.0
2.	Dalanda	3,200	2,400	13.4	15.0
3.	Jaora	1,720	3,400	13.0	17.7
4.	Mahidpur	2,040	3,115	9.1	12.0
5.	Sehore	7,580	3,305	13.7	21.08
	Total	20,941	22,421		

The actual yield of sugarcane did not exceed 17.7 tonnes per acre in any of the zones except in Sehore in 1968-69. The short fall was attributed to the following :—

- (i) Increased irrigation facilities to the extent contemplated in the scheme were not provided.
- (ii) In the absence of irrigation facilities the required quantities of fertilisers were not used resulting in low yield.
- (iii) Low sugarcane price fixed made the cultivators prefer cultivation of paddy and wheat to sugarcane.
- (iv) Considerable damage to the sugarcane crop occurred due to inadequate plant protection measures.

Veterinary Department

24. *Intensive egg and poultry production-cum-marketing centre, Bhopal.*— A model scheme for setting up intensive egg and poultry production-cum-marketing centre in towns having population of one lakh or more was formulated by Government of India in December 1962. The centre was to be set up at a centrally located place in the town. It would have a hatching unit, a feed manufacturing unit, an egg and poultry grading and marketing unit, besides a workshop to manufacture and repair poultry equipment. Three hundred poultry farmers would be selected within a range of twenty-five miles of the town and each would keep one hundred layers. The centre would supply them quality reeding stock and balanced poultry feed and guide them in rearing the birds and in protecting them against disease. The centre would give them loans for construction of poultry houses and for purchase of equipment. It would provide them initially with chicks (part of the cost being treated as subsidy and rest as

advance) and supply them balanced feed for the poultry. The poultry-farmer who were to be organised in co-operative societies were to market their produce only through the centre so that loans and advances paid to them could be recovered. It was expected that with all these facilities poultry farmers would be able to supply nearly 10,000 eggs and 300 chickens every day to the town.

A centre was accordingly established in Bhopal in 1963-64 and Rs. 4.94 lakh were spent upto March 1972 on buildings, equipment, establishment, etc. Land was provided by Government free of cost. Fifty-five farmers were selected upto March 1966, 114 farmers more upto March 1969 and further 125 farmers upto March 1972. Of 294 farmers on 31st March 1972, only 122 farmers were actively engaged in poultry farming and of these seventeen resided beyond a radius of twenty-five miles. Details of the number of layers kept by them were not available except for 1970-71 and 1971-72 when eighteen thousand and twenty five thousand layers respectively were maintained, as against twenty six thousand and twenty nine thousand layers which should have been maintained. Following are the figures of collection and distribution of eggs and birds by the centre for the past five years ending 31st March 1972:—

Year	Eggs		Birds	
	Collection	Distribution	Collection	Distribution
(1)	(2)	(3)	(4)	(5)
		(In lakhs)		
1967-68	2.78	2.78	0.018	0.01
1968-69	2.13	1.94	0.003	0.00
1969-70	5.60	5.04	0.019	0.01
1970-71	7.67	7.22	0.083	0.08
1971-72	4.89	5.54	0.018	0.01

The centre did not distribute more than 7.22 lakh eggs and 0.083 lakh birds during any year. In spite of the increase in number of layers during 1971-72 by thirty nine per cent as compared with 1970-71, collection of eggs fell by thirty six per cent.

The hatching unit with one incubator (Rs. 0.05 lakh) was started in September 1964 but was closed in April 1967 as supply of day-old chicks was undertaken by the Government Poultry Farm, Bhopal, located in the same premises. The feed manufacturing unit manufactured 6,573 and 8,400 tons of feed during 1970-71 and 1971-72. Workshop was not established. Although egg grading and marketing units were established, no co-operative society of the poultry farmers was formed as the minimum required number (10) of farmers did not come forward to organise one.

The centre did not function effectively as it was located in a corner of Bhopal and the poultry farmers were scattered over a radius of fifty miles. As no co-operative society to market the products was formed, they could not be collected at the nearest point of production. The Director of Veterinary Services stated (August 1971) that as a large number of units were located in urban areas where a ready market was available for eggs, the farmers did not sell the eggs to the centre.

Tribal Welfare Department

25. *Dairy-cum-poultry and industrial co-operative societies for de-notified tribes.*—The de-notified tribes in Madhya Pradesh, numbering twenty one with a population of eight lakhs are mainly scattered over the western and northern districts of the State.

Government sanctioned in April 1966 setting up of four dairy-cum-poultry societies and one industrial co-operative society for those tribes who were not interested in settlement on land. Each society was to consist at least of ten members. The managers and staff of these societies were to be paid by Government. Subsidy of Rs. 10,000 for industrial society and Rs. 15,000 for each of the dairy-cum-poultry societies (for construction of sheds, wells, store rooms, poultry house and godown *etc.*) was also to be paid. Further, working capital was to be provided for dairy-cum-poultry development at prescribed rates. No working capital was, however, to be given for industrial society. The members were required to market their products through the society which was also to arrange supply of feed at reasonable rates for the dairy and poultry units and provide necessary technical guidance.

It was decided by the Director, Tribal Welfare to locate the industrial society at Guna and the dairy-cum-poultry societies at Dhar, Dewas, Shivpuri and Shajapur. The societies were formed during 1966-67.

(i) *Industrial society, Guna.*—The society was to be organised for “such business as was in keeping with the hereditary skills of the members and local conditions.” Working capital was to be provided by the members of the society. The society desired that the subsidy of Rs. 10,000 given during 1966-67 be allowed to be used as working capital. Government informed (October 1969) the Director, Tribal Welfare, that no subsidy towards working capital could be given and the subsidy already paid should be refunded. The subsidy was refunded in June 1970. The unit has not started so far. Government spent Rs. 11,477 as pay and allowances of the manager and staff till March 1972 and their services have been continuing.

(ii) *Dairy-cum-poultry society, Dhar.*—The society was paid subsidy of Rs. 15,000 for construction of a shed, a well, a store room and a poultry house, and working capital for purchase of cattle, poultry feed *etc.*, in March 1967. Construction of shed and poultry house is still in progress and the unit has not started working so far (September 1972).

(iii) *Dairy-cum-poultry unit, Dewas.*—A shed was constructed and five cows were purchased in 1967-68. The auditor of the co-operation department reported that the dairy was not working properly due to the poor condition of the cows. One cow died in September 1969 and the remaining were transferred to Mungaoli (District Guna) settlement for de-notified tribes. The unit was closed in December 1969. Poultry unit was not at all started. Rupees 0.13 lakh were paid to the Manager and staff till December 1969.

(iv) *Dairy-cum-poultry unit, Shivpuri.*—Construction of shed, store room and poultry house is still in progress (September 1972). The Collector, Shivpuri wrote to the Director of Tribal Welfare in June 1970 that water was not availa-

ble near the site and unless funds for a well were sanctioned, it was impossible to start a dairy. Sanction for construction of the well has not been accorded and cattle have not been purchased so far. Expenditure on the manager and staff was Rs. 21,212 upto March 1972 and their services are continuing.

(v) *Dairy-cum-poultry unit, Shajapur*.—Subsidy was paid in March 1967 and manager and staff were employed from May 1968. One buffalo was purchased in August 1969; construction of shed, store room and poultry house is still in progress (September 1972).

Government had spent Rs. 1.64 lakhs on subsidies, pay and allowances *etc.*, for these five centres. There has been considerable delay in construction of buildings, sinking of wells and purchase of cattle *etc.* The societies have not been able to function as expected.

26. *Dairy-cum-poultry co-operative societies in tribal areas*.—There are nearly 75 lakhs *adivasis* in the State forming 21 per cent of the total population. As one of the programmes designed to improve their economic condition, Government sanctioned in March 1965 organisation of four dairy-cum-poultry units, near the developed industrial projects at Balladila (Bastar district), Korba (Bilaspur district), Bhilai (Durg district) and Bistrampur (Surguja district) at a cost of Rs. 40,000, Rs. 30,000, Rs. 60,000 and Rs. 20,000 respectively.

The programme was to be implemented by organising tribal co-operative societies or by adopting the existing tribal co-operative societies for the purpose. The subsidy was to be utilised for acquisition of land, construction of buildings to house the two units, purchase of cattle and birds, provision of feed initially for six months after which the units were expected to become self sufficient. The dairy and poultry products were to be marketed in the industrial areas by the societies.

(a) *Dairy-cum-poultry unit, Bادهहचेली (Bastar district)*.—A multipurpose co-operative society at Bادهहचेली (district Bastar) formed in March 1965, was entrusted with establishment and running this unit and subsidy of Rs. 40,000 was paid to it in the same month. Land was acquired in December 1967 and birds were purchased and the centre started functioning in July 1968. Construction of an office-cum-residential quarter for a veterinary assistant and a poultry unit was completed in May 1969. The total sales by the unit were for Rs. 1,503.00. The Additional District Organiser, Dantewada, wrote to the Director of Tribal Welfare in June 1968 that adequate attention had not been given to the unit as the manager of the society was looking after this unit in addition to other routine work of the society and no separate staff had been provided to supervise the work of the unit. He also asked for a further amount of Rs. 20,000 for starting the dairy unit but this was not provided. Even the poultry unit was closed in December 1969 for reasons awaited from the Directorate of Tribal Welfare (May 1973).

(b) *Dairy-cum-poultry unit, Korba (Bilaspur district)*.—Subsidy of Rs. 30,000 was paid in March 1965 to an existing multipurpose co-operative society at Korba. The unit was not, however, started as the location was not selected. The entire amount was refunded to Government in July 1972.

(c) *Dairy-cum-poultry unit at Kusun Kesa (Durg district)*.—Subsidy of Rs. 60,000 was paid in March 1965 to the existing multipurpose co-operative society at Kusun Kesa (district Durg). Land was allotted in November 1967 and sheds for cattle and poultry were constructed in November 1969. Poultry unit was started in December 1969. Revenue earned by sale of eggs up to 31st January 1971 was Rs. 9,657.00.

The dairy has not been started so far (September 1972) as grazing land is not available.

(d) *Dairy-cum-poultry unit, Bisrampur (Surguja district)*.—Setting up of the unit was entrusted to the Madhya Pradesh Tribal Co-operative Development Corporation, Ambikapur branch (district Surguja) and subsidy of Rs. 20,000 was paid to it in 1965-66. One shed was constructed but used by the corporation for its own purposes. Neither the dairy nor the poultry unit has been started so far (September 1972). The society formed for this purpose did not function as funds were not given to it by the Corporation. The society is under liquidation.

Altogether Rs. 1,50,000 were paid as subsidy to these four societies, the objectives of the programme by and large have not been fulfilled except partially in Durg where only the poultry unit has been working.

Panchayat and Social Welfare Department

27. *Construction of panchayat bhawans and panchayat bhawan-cum-rest houses*.—There are 14,027 *panchayats* (12,815 in non-scheduled areas and 1,212 in scheduled areas) in Madhya Pradesh. To enable the *panchayats* to hold their meetings and to conduct their other activities, construction of *panchayat bhawans* was taken up in the State in 1961-62. Grant-in-aid to the extent of 50 per cent of cost in non-scheduled areas and 75 per cent in scheduled areas is payable to the *panchayats* for construction of the *bhawans*, the balance being met by people's contribution. Each *panchayat bhawan* was originally intended to be an extension to school building and the cost was not to exceed Rs. 2,000. In 1967-68, the amount which could be spent on construction was raised to Rs. 4,000 for constructing an independent *panchayat bhawan*. In case of *panchayats* having village level workers headquarters, another programme for construction of *panchayat bhawan-cum-rest houses* at a cost of Rs. 10,000 per *panchayat* was taken up from 1967-68, on the same grant-in-aid pattern.

The grant in each case was to be paid in reasonable number of instalments and construction was to be completed within six months of receipt of the grant by the *panchayat*.

To the end of 1971-72, Rs. 44.88 lakhs were paid as grants for construction of 3,269 *panchayat bhawans* and 20 *panchayat-bhawan-cum rest houses*. Till 31st

March 1972, only 1,854 *panchayat bhawans* were completed and Rs. 1.55 lakhs paid for 154 *panchayat bhawans* were refunded. The remaining 1,261 *panchayat bhawans* and all the 20 *panchayat-bhawan-cum* rest houses for which Rs. 22.80 lakhs had been paid as grants during the under-mentioned years were incomplete.

Year of payment	Incomplete <i>panchayat bhawans</i>		Incomplete <i>panchayat bhawan-cum-</i> rest houses	
	Number	Amount	Number	Amount
		(In lakhs of rupees)		(In lakhs of rupees)
1961-62 to 1965-66	292	2.92	..	..
1966-67 to 1968-69	160	2.69	1	0.04
1970-71 to 1971-72	809	16.18	19	0.97
Total	1,261	21.79	20	1.01

The slow progress has been attributed amongst other reasons to the inadequacy of technical guidance.

The delay in construction of *panchayat bhawans* was commented upon in paragraph 131 of the Audit Report 1965. The position has not improved.

Co-operation Department

28. *Construction of godowns.*—The All India Rural Credit Survey Committee had laid stress on the need to create adequate storage facilities in the co-operative sector and found that promising developments *viz.* increase in storage capacity had taken place where State Governments had given loans and subsidies to co-operative societies for constructing and running co-operative godowns.

Accordingly, since 1955-56 Government of Madhya Pradesh has been providing financial assistance to co-operative societies for construction of godowns for storing agricultural inputs, machinery, produce, *etc.* Assistance was to be given to village service societies and large-sized societies in rural areas and to co-operative marketing societies at *mandi* centres as loan (75 per cent) and subsidy (25 per cent). The maximum amount admissible per rural godown (capacity 100 tonnes) was Rs. 10,000 up to 1962-63 and Rs. 12,500 thereafter and that for marketing godowns (capacity 250 tonnes) varied from Rs. 25,000 to Rs. 1,00,000 per godown. The godowns were to be constructed within a year, extension for another year could be granted by the Registrar of Co-operative Societies.

Rural godowns.—Financial assistance of Rs. 1,30.90 lakhs for construction of 1,147 rural godowns was given by Government during 1956-57 to 1970-71. Out of these, 923 godowns have been constructed, financial assistance for seven

godowns has been refunded and the position of the remaining 217 godowns is (June 1972) as given below :—

Year of payment of financial assistance (1)	Godowns not completed		Godowns not taken up for construction	
	Number (2)	Amount (3)	Number (4)	Amount (5)
		<i>(In lakhs of rupees)</i>		<i>(In lakhs of rupees)</i>
1959-60	1	0.10	..	..
1960-61	1	0.10	1	0.10
1961-62	2	0.20	3	0.30
1962-63	6	0.60	..	..
1963-64	8	1.00	3	0.38
1964-65	42	5.26	5	0.50
1969-70	44	5.50	48	6.00
1970-71	32	4.00	21	2.63
Total	136	16.76	81	9.91

Although more than two years have passed since the payments were made, 24 godowns for which Rs. 12.76 lakhs were paid by Government up to 1969-70 were incomplete and construction of another 60 godowns for which Rs. 7.28 lakhs were paid up to 1969-70 had not commenced (June 1972).

Marketing godowns.—Financial assistance for construction of 302 marketing godowns was given by Government during 1955-56 to 1970-71. Out of these 59 godowns have been constructed and financial assistance given for 3 godowns was refunded; the position of the remaining 40 godowns is given below :—

Year of payment of financial assistance (1)	Godown not completed		Godown not taken up for construction	
	Number (2)	Amount (3)	Number (4)	Amount (5)
		<i>(In lakhs of rupees)</i>		<i>(In lakhs of rupees)</i>
1959-60	1	0.20	..	..
1965-66	..	..	1	0.35
1966-67	6	0.65	5	1.70
1967-68	4	1.30	2	0.50
1969-70	1	0.12	5	1.83
1970-71	1	0.35	14	5.20
Total	13	2.62	27	9.58

Although more than two years have passed since the payments were made, 13 godowns for which Rs. 2.27 lakhs were paid by Government up to 1969-70 were incomplete and construction of 13 godowns for which Rs. 4.38 lakhs were paid up to 1969-70 has not commenced.

Crash programme.—A crash programme for construction of additional godowns was also implemented during 1964-65, 1965-66 and 1970-71. The pattern of assistance under the crash programme was the same as for other godowns.

Financial assistance of Rs. 26.87 lakhs for construction of 199 godowns comprising both rural and marketing godowns was given. Out of these 179 godowns have been constructed and financial assistance for one godown was refunded; the position of the remaining godowns is given below :—

Year of payment of financial assistance	Number of godowns for which assistance was given	Godowns not completed		Godowns not taken up for construction	
		Number	Amount (In lakhs of rupees)	Number	Amount (In lakhs of rupees)
(1)	(2)	(3)	(4)	(5)	(6)
1964-65	150	2	0.21	..	..
1966-67	38	5	1.25	2	0.50
1970-71	11	3	0.34	7	1.13
Total	199	10	1.80	9	1.63

Although more than one year has passed since the payments were made and this was a crash programme, 10 godowns for which Rs. 1.80 lakhs were paid by Government up to 1970-71 are incomplete and construction of 9 more godowns for which Rs. 1.63 lakhs were paid upto 1970-71 has not even commenced.

Under rules, financial assistance is to be paid in instalments but the entire amount of financial assistance was paid in full under all these schemes. The delay in construction was stated to be due to time taken in acquisition of land and finalisation of detailed plans and estimates.

Forest Department

29. *Payment of remuneration to forest village kotwars.*—Before April 1964, each *kotwar* (watchman) in a forest village was granted two ploughs (about 20 acres) of land free of rent as remuneration for his services. From 1st April 1964 Government fixed their remuneration at Rs. 216 per annum which was to be paid to them after deducting Rs. 5 as rent for the land cultivated by each of them.

In five forest divisions remuneration was paid to 116 *kotwars* at higher rates ranging upto Rs. 456 per annum from April 1964 to December 1970 resulting in excess payment of Rs. 46,524.

Separate Revenue (Excise) Department

30. *Mis-appropriation of Government money.*—During local audit of the accounts of District Excise Officer, Shahdol conducted during June-July 1972 mis-appropriation of Rs. 1.25 lakhs came to notice. The alleged mis-appropriation

occurred during the period from January 1971 to March 1972. Details of the amount mis-appropriated are as follows:—

(i) Advance deposits and licence fees received (Rs. 1.23 lakhs) were not accounted for in the cash book and were not remitted into treasury; and

(ii) An amount of Rs. 2,000 shown in the cash book as having been remitted into the treasury was not actually remitted.

Money receipts had been issued monthly under the signature of the accountant and proper account of blank money receipt books was not maintained. The mis-appropriation was facilitated by laxity of supervision and non-observance of rules and procedure relating to maintenance of cash book.

The alleged mis-appropriation was reported to Government and the Excise Commissioner in August 1972 suggesting that a detailed departmental audit of the accounts might be arranged. The Excise Commissioner intimated (November 1972) that after preliminary departmental investigation, the accountant has been suspended and the case handed over to the police for further investigation. Reply from the Government is, still awaited (June 1973).

Rehabilitation Department

31. *Rehabilitation of one thousand agriculturist families of new migrants from erstwhile East Pakistan in Surguja district.*—(a) In order to rehabilitate one thousand agriculturist migrant families from erstwhile East Pakistan, nearly 11,200 acres in the forest area were selected in Pal tahsil of Surguja district in 1964. Four relief camps having 27 barracks each were set up, for providing temporary accommodation to the migrant families and for residence and offices of the camp staff. Godowns and approach roads were also constructed. Drinking water was also provided by digging open wells and tube wells.

It was proposed to allot five acres of cultivable land to each family and accordingly it was decided to reclaim 5,000 acres of land. Soil survey conducted in 1964 disclosed that the soil was of marginal quality and irrigation facilities were not available. As the income of the settlers from land could not be sufficient, Government decided to give them loans so that they could engage themselves in subsidiary occupations such as animal husbandry, horticulture handicrafts, cottage industries *etc.* It was also proposed to settle fourteen non-agriculturist families in various trades. It was envisaged that the settlers would be rehabilitated in three years, the last batch being fully rehabilitated by December 1967. The total expenditure was to be Rs. 42.32 lakhs on relief and Rs. 109.16 lakhs on rehabilitation. Some of the major items of expenditure on rehabilitation were land reclamation (Rs. 34.39 lakhs), construction of wells, roads and houses (Rs. 19.76 lakhs), initial assistance for agriculture and other purposes (Rs. 27.32 lakhs) and staff (Rs. 17.04 lakhs).

In view of its undulating nature some land was found uncultivable. The area proposed for deforestation in each camp area, the area found cultivable, the area proposed for reclamation and the area actually reclaimed are shown below:-

S.No.	Block	Number of families proposed to be resettled	Area proposed for deforestation	Area found cultivable	Area proposed for reclamation including homestead plots	Area actually reclaimed
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(In acres)						
1.	Jarhadit	350	3,841.58	2,794	2,100	5,775
2.	Bardar	200	2,073.57	1,730	1,200	
3.	Jamwantpur	250	2,802.37	2,327	1,500	
4.	Aragahi	200	2,501.49	1,828	1,200	
	Total	1,000	11,219.01	8,679	6,000	5,775

Out of 5,775 acres of land actually reclaimed, 1,160 acres were used for abadi site, *nistar* tanks (for providing water for drinking use) etc., and only 4,615 acres were cultivable. Out of these, 3,085 acres were allotted to 617 families. Though the actual cost of reclamation has not been worked out so far it is estimated that Rs. 33.10 lakhs have been spent on site clearance, paddy terracing and bunding and initial mechanical ploughing. Due to large scale desertion, 1,530 acres remained uncultivated on which Rs. 4.59 lakhs were spent on reclamation.

(b) *Permanent houses for migrant families.*—In addition to 108 barracks constructed for their temporary accommodation 949 houses were constructed for migrant families in eighteen villages, at a cost of Rs. 10.44 lakhs. The number of families received, those which deserted or were transferred and those residing in the houses from time to time are shown below:—

Year	Number of families received	Number of families which deserted	Number of families which were transferred	Balance number of families
(1)	(2)	(3)	(4)	(5)
1964-65	1,375	927 (1964-67)	..	448
1967	400	154	..	694
1968	474	297	..	871
1969	123	61	18	915
1970	169	14	312	758
1971	..	6	..	752
1972 (December)	135	233	..	654

Forty-seven houses in one village (Aragahi IV) were never occupied. The expenditure on construction of houses lying unoccupied is Rs. 2.17 lakhs.

The Government of India team which visited the project in May 1969 reported that the migrant families had deserted the project due to low productivity of the soil. They observed that the initial surveys conducted by the State Government and the Government of India had indicated that as the land was marginal and rainfall was inadequate it could be made sufficiently productive only if necessary inputs coupled with irrigation facilities reinforced agricultural efforts. But as irrigation had been provided only for 1,000 acres out of 4,605 acres of cultivable land not more than 500 families could be settled in the area. Further the location of the project was such that for five months in a year, it was completely cut off from Ambikapur, weakening administrative control.

Only fifty per cent of the houses constructed and of the lands reclaimed have actually been put to beneficial use.

GENERAL

32. *Cases of mis-appropriation of Government money.*—The following table shows the position of cases (other than 63 cases—amount of Rs. 9.39 lakhs which are *sub-judice*) of alleged mis-appropriation of Government money reported to Audit upto 31st March 1972 but which have not been finalised at the end of September 1972:—

(1)	Number of cases (2)	Amount (In lakhs of rupees) (3)
Cases (reported upto March 1971) outstanding at the end of September 1971	439	39.55
Cases reported during 1971-72	112	26.92
Cases disposed of till September 1972	40	5.06
Cases outstanding at the end of September 1972	511	57.41

According to rules, cases of misappropriation should be dealt with expeditiously and finalised within six months of their detection and cases in which departmental enquiries have been ordered are to be finalised within a year. Nevertheless, there had been considerable delay in their finalisation as shown below:—

Period (1)	Number of cases (2)	Amount (In lakhs of rupees) (3)
(i) Over five years	230	14.81
(ii) Over three years but less than five years	72	7.35
(iii) Over one year but less than three years	97	12.33

The reasons for which the cases were outstanding are stated below :—

(1)	Number (2)	Amount (3) <i>(In lakhs of rupees)</i>
(i) Awaiting investigation	307	51.34
(ii) Awaiting action against officials	22	0.98
(iii) Awaiting recovery/information about recovery	133	5.85
(iv) Awaiting orders for write off	49	3.24

Department-wise analysis of the outstanding cases is given in Appendix III.

In the cases closed between October 1971 to September 1972, Rs. 0.78 lakh were recovered in twenty five cases while in other three cases losses of Rs. 0.58 lakh were written off.

According to rules, cases of losses, misappropriations *etc.*, are required to be reported immediately to the Accountant General. A review of the cases pending at the end of July 1972, disclosed delay of over one year in reporting 144 cases of Rs. 20.16 lakhs, to Audit.

33. *Write off of losses, waiver of recoveries and remission of revenue.*—(a) In two hundred and seventy eight cases, losses due to shortages, theft, irrecoverable revenue, remissions of revenue and abandonment of claims to revenue *etc.*, of Rs. 11.94 lakhs were written off/waived during 1971-72 by competent authorities.

Department-wise details are given in Appendix IV.

(b) *Heavy loss in auction of hybrid seeds.*—Mention was made in paragraph 28 (ii) of Audit Report 1970 that very large portion of hybrid seeds purchased by the Director of Agriculture for distribution to cultivators for sowing in *Kharif* season during 1966-67 and 1967-68 under a high yielding varieties programme remained unutilised at the end of March 1968.

Hybrid seeds lose their germination capacity rapidly and seeds having low germination percentage are not fit for sowing. 8,700 quintals of hybrid *Jowar*, 1,700 quintals of hybrid maize and 1,028 quintals of hybrid *bazra* remaining in stock on 1st April 1970 were sold by auction by the Director of Agriculture on 20th July 1972 and the total loss of Rs. 39.06 lakhs sustained by the department was written off by the Government in October 1972.

CHAPTER IV

WORKS EXPENDITURE

Public Health Department

34. *Rural drinking water supply programme.*—348 lakh people (84 per cent of the population of the State) live in villages numbering over seventy thousand. Wells form the source of water supply in 75 per cent of the villages while the rest depend on untreated water from surface sources. Both sources often dry up in summer resulting in scarcity of potable water; in some villages even wells dug are not successful. Until 1961-62 Government did not prepare a comprehensive programme for providing water supply in such problem villages; however, the programmes, if any, in force prior to November 1956 in the regions which were merged in the State were continued.

In 1961-62 a full-fledged rural water supply programme was prepared for the entire State under which construction of wells through the agency of the Blocks was entrusted to the Planning and Development Department and provision of drinking water in problem villages and of piped water supply in bigger villages was entrusted to the Public Health Engineering Department.

(a) *Rural Water supply in problem villages.*—A problem village was initially defined as a village where dugwells were not successful and it was declared as such by the Collector. In 1961-62, 5,168 villages were declared as problem villages. At the instance of Government of India, the programme was extended in 1968-69 to villages where water had to be tapped from distant or deep underground sources. The number of problem villages accordingly rose to 7,000 by March 1969 and by May 1972 the number of such villages increased to 7,783 villages.

The programme envisaged survey of the problem villages, their general topography and existing nearby sources of water to determine the ground water-table of the place. Technical estimates were then to be prepared and one or more tube-well, with hand pumps or power pumps were to be provided depending on the size of the village. Before work was taken up in a village the villagers were required to contribute 25 per cent of the cost and to give an undertaking to maintain the water supply works on their completion. No contribution was required from villages having 60 per cent or more tribal population.

Progress in implementing the programme was not satisfactory and only 598 problem villages were covered upto 31st March 1969. To expedite the pace, Government decided in December 1969 not to recover any contribution from villages having population upto five hundred and to reduce the contribution to five per cent, ten per cent and fifteen per cent from the villages with population from 501 to 1,000, 1,001 to 2,000 and 2,001 to 4,000 respectively.

The number of villages covered during each of the following three years ending 31st March 1972 is given below :—

Year	Number of problem villages covered	Expenditure
(1)	(2)	(3)
		(In crores of rupees)
1969-70	384	0.64
1970-71	607	0.99
1971-72	1,047	1.27
Total	2,038	2.90

Upto March 1972, out of about 7,000 problem villages, water supply had been provided only in 2,864 villages. The slow progress has been due to the following :—

(i) There was delay in carrying out survey for locating the wells in the problem villages. Only about 5,000 villages were surveyed upto May 1972.

(ii) There was delay in preparing estimates and according technical sanctions. Out of about 5,000 problem villages surveyed upto 31st May 1972, water supply works had been sanctioned (September 1972) only for about 3,000 villages despite powers for according technical sanction having been delegated to Executive Engineers and Superintending Engineers since April 1970.

(iii) Upto 1970-71 construction of tube wells was done mostly through contractors as the department had only twenty-four rigs and of these nineteen rigs inherited from the merging States, gave poor outturn. The department received as gift four rigs in 1970-71, nine rigs in 1971-72 and two rigs in 1972-73 and constructed 670 tube wells with their help.

The Public Health Engineer, Bhopal, reported to Government in December 1970 that only a few of the pumps were being maintained properly and more than fifty per cent of the pumps were not working as they could not be repaired locally. In February 1972 Government decided to maintain the pumps for two years and sanctioned appointment of a workforce of 270 machanics, each with a beat of ten villages.

(b) *Piped water supply in bigger villages.*—This programme covers villages other than problem villages. The villagers are required to contribute 25 per cent of the cost of water supply works and to give an undertaking to maintain the works after completion. No contribution is to be paid by villages having tribal population of more than 50 per cent. Water is to be pumped from existing sources of water supply or from tube-wells either to cisterns with taps or to reservoirs for supply through stand posts. If ground water is not available, water from a surface source is to be pumped after treatment.

Under the programme piped water is to be supplied to 4,400 villages, During 1966-67 to 1971-72, piped water was supplied only to 118 villages at a cost

of Rs. 0.75 crore. Slow progress is stated to be due to first priority being given to 'problem villages' and *panchayats* being reluctant to pay contributions.

Irrigation Department

35. *Sinking of shallow tube-wells.*—Upto 1968-69 development of irrigation in the State was confined mostly to surface sources which are limited. However, water can be obtained for irrigation from ground water sources at lesser cost. In January 1968 the Directorate of Tube Wells was formed to survey and develop the ground water resources for irrigation.

Survey of ground water resources determines the places where tube wells may be sunk. The survey includes detailed geohydrological investigation (consisting of study of water levels and output in wells in various places), topographical survey and geological mapping of the region and collection of other data. Upto 1969 the Geological Survey of India had carried out some surveys in the Chambal and Narmada basins and in eight districts of these basins namely, Gwalior, Morena, Bhind, Jabalpur, Narsinghpur, Hoshangabad, Sehore and Raisen. The Exploratory Tube Well Organisation (E.T.O.) of Government of India had also carried out ground water investigations and issued technical feasibility reports. To conduct detailed surveys in other parts of the State, three survey divisions were formed, one each in Raipur (December 1968), Bhopal (January 1969) and Sagar (January 1972). These divisions conducted detailed surveys in twenty-five districts during 1968-72. Surveys are continuing (December 1972).

Construction of 7,000 shallow tube wells, 100 to 200 feet deep and capable of irrigating 10 to 50 acres (cost varying from Rs. 12,000 to Rs. 22,700 per well depending on the depth and strata encountered), was approved by Government in 1967-68 for implementation during 1968-69 to 1973-74. The tube-wells after construction by Government and energising were to be handed over to farmers. The farmers were to pay the entire cost, excluding establishment cost, of successful tube-wells (those with a discharge of over 2,500 gallons per hour in hard rock area and 5,000 gallons per hour in alluvial area) and 25 per cent of drilling cost of unsuccessful tube wells, the rest being borne by Government.

It was expected that the percentage of successful wells would not exceed 75 in the proven areas and 60 in the pilot areas and the overall percentage of successful tube wells would be 65. In order to have 7,000 successful wells in the State, therefore, it was proposed to sink 10,800 tube wells.

Excluding establishment charges, the programme for 10,800 wells was expected to cost Rs. 13.66 crores. Government later decided in February 1971 to develop unsuccessful tube-wells also and to bear drilling cost as shown in the table below, cost of development of the well being borne in full by the cultivators. In the case of an unsuccessful tube-well having a discharge of less than 1,500 gallons per hour in hard rock area and less than 3,000 gallons per hour in alluvial area, the cultivator was, however, to pay Rs. 1,000 only, in case the tube-well was not complete and commissioned.

Discharge in gallons per hour		Government share	Cultivator share
Hardrock area	Alluvial area	(Percentage)	(Percentage)
2,000-2,500	4,000-5,000	25	75
1,500-2,000	3,000-4,000	50	50
Below 1,000	Below 1,500	75	25

It was expected that 4,400 successful tube-wells would be located in the districts for which technical feasibility reports had been issued by the Exploratory Tube Wells Organisation. Construction of these tube-wells was to be financed through the Agricultural Refinance Corporation (A. R. C.). In other areas tube-wells were to be sunk under a pilot programme for ground water survey. Of these 2,525 tube-wells were expected to be successful. Out of some other wells to be sunk for other departments, local bodies, etc., 75 tube-wells were expected to be successful.

The number of tube-wells drilled, those successful and the percentage of successful wells to the end of 1971-72, under the A. R. C. and pilot programmes are given below year-wise :—

Year	Number drilled	Number successful	Percentage of successful wells
(1)	(2)	(3)	(4)
A. R. C. Programme			
1968-69	87	77	..
1969-70	200	91	..
1970-71	292	157	..
1971-72	497	391	..
Total	1,076	716	66.54
Pilot Programme			
1968-69	148	89	..
1969-70	164	64	..
1970-71	164	50	..
1971-72	234	83	..
Total	710	286	40.28

Besides these, 43 tubewells were sunk under other miscellaneous programmes during 1970-71 ; of these 18 only were successful.

In all only 1,829 tube-wells were drilled during the four years ending March 1972, although according to the phased programme 5,800 tubewells were required to be drilled during this period. Slow progress was attributed to the following :—

(i) Contracting capacity was limited in the State as no contractor from Madhya Pradesh had a fast rig and the work had to be done in most of the cases either departmentally or through voluntary agencies.

(ii) Adequate number of divisions was not sanctioned for the work. Only three construction divisions existed from August 1969 upto September 1971 when the number was increased to seven. For want of skilled personnel and technicians, several posts remained vacant. Also in the earlier years the department had to train the personnel resulting in lower productivity.

(iii) Number of rigs with the department was not adequate.

(iv) There was lack of co-ordination between the Irrigation department and Agriculture department (which had to canvass support from farmers for the programme) and the Electricity Board (which had to lay the lines for energising the pumps).

Out of 716 successful tube-wells under the A. R. C. Scheme, pumps had been installed (July 1972) only for 599 tube-wells and of these 438 tube-wells have been energised by the Electricity Board. Out of 286 successful tube-wells under the pilot scheme, pumps had been installed (July 1972) only for 193 tube-wells and of them 186 were energised.

Rupees 2,29.88 lakhs were spent on the programme (establishment : Rs.36.23 lakhs, Works : Rs. 1,93.65 lakhs) to end of March 1972. Rupees 53.03 lakhs were recovered from 287 farmers and Rs. 81.79 lakhs were billed for recovery.

36. *Bhander canal.*—The Bhander canal system is a part of the Mata Tila project of Uttar Pradesh State with its head works in Jhansi district (Uttar Pradesh). It has a main canal 36 miles long and branches, distributaries and minors 250 miles long. The canal system was designed to irrigate 1.10 lakh acres in erstwhile Madhya Bharat and Vidhya Pradesh States. According to an agreement entered into in April 1953 between Uttar Pradesh and the two erstwhile states of Madhya Bharat and Vindhya Pradesh, the Bhander canal system was to be constructed by Uttar Pradesh Government but was to be maintained by the beneficiary States which were to collect irrigation revenue on behalf of and at the rates prescribed by Uttar Pradesh Government. Water for cultivation was to be made available to cultivators by the end of 1963.

The Canal system was constructed by Uttar Pradesh Government but water could not be supplied owing to non-execution of certain ancillary works such as cross drainage works, water courses, etc. The progress of construction of those ancillary works was not satisfactory because of insecurity and operational difficulties in these areas. It was, therefore, decided in October 1965 by the Governments of Uttar Pradesh and Madhya Pradesh that the remaining works would be constructed by the irrigation branch of Madhya Pradesh Government and the cost debited to the Mata Tila project. The Madhya Pradesh Government was also to maintain and operate the canal system and would be reimbursed the actual cost of maintenance and operation which along with departmental charges which was to be limited to Rs. 4.00 per acre of the area actually irrigated in a particular year. The rate was subject to review every five years. The Irrigation Department of Madhya Pradesh Government was also to collect net revenue of the canal system and credit it to Uttar Pradesh Government after deducting maintenance and operation cost and collection charges (at fifty paise per acre) from the gross revenue. The Irrigation branch of Madhya Pradesh Government took up the

work only in 1970. Uutp October 1972., Rs. 15.67 lakhs were spent on work and Rs. 4.21 lakhs on establishment.

Preliminary estimate (financial forecast) prepared by the department in January 1972 (administratively approved by Government for Rs. 2.04 crore in April 1972) however, showed that for utilising the full irrigation potential of 1.10 lakh acres, the canal system required extensive construction and rectification. The designed depth of the canal was 11 feet with discharge of 985 cusecs but due to erosion the canal had silted giving a discharge of 600 cusecs. The canal needed resectioning and stabilisation (cost: Rs. 0.34 crore), cross drainage and other works (cost: Rs. 1.35 crores), other ancillary works (cost: Rs. 0.04 crore) besides construction of water courses cost of which (Rs. 0.35 crore) was recoverable from cultivators.

As will be seen from the following table, only 25 to 50 per cent of the designed irrigation capacity of the canal system (1.10 lakh acres) was used between 1965-66 and 1971-72 and cost of maintenance was much higher than that reimbursable by Uttar Pradesh Government.

Year	Area irrigated in acreage	Actual Maintenance expenditure	Maintenance charges payable by Uttar Pradesh Government at Rs. 4.00 per acre	Excess expenditure borne by Madhya Pradesh Government
(1)	(2)	(3) Rs.	(4) Rs.	(5) Rs.
1965-66	5,321	2,14,382	21,284	1,93,09
1966-67	31,018	56,131	1,24,072	(—)67,94
1967-68	13,486	2,21,958	53,944	1,68,01
1968-69	24,191	1,44,087	96,764	47,32
1969-70	26,079	2,11,229	1,04,316	1,06,91
1970-71	34,028	1,76,206	1,36,112	40,09
1971-72	53,671	3,41,147	2,14,684	1,26,46
Total	1,87,794	13,65,140	7,51,176	6,13,96

37. *Kachani tank no. 3.*—Construction of Kachani tank no. 3 (by constructing a bund across Kachani *nallah*) estimated to cost: Rs. 0.84 lakh with capacity to irrigate 135 acres of *khari* and 35 acres of *rabi* crop was taken up as a scarcity work in 1968-69. In January 1971 after 50 per cent of earth work, sluice and waste weir were completed, the Executive Engineer, Irrigation Division Shahdol, noticed that the tank would silt up under the conditions found at the site and that if the *nallah* was closed, surrounding fields would be submerged by fine sand from diverted course of the *nallah* made by cultivators, making the *rabi* area unsuitable for cultivation besides giving rise to heavy claims for compensation. *Khari* cultivation would not also be possible as no canal system was proposed in the estimate. Work was, therefore, stopped under the orders of the Executive Engineer in 1971 after Rs. 0.40 lakh had been spent. The tank was breached in July 1971 because of heavy rains. The Executive Engineer reported

(October 1972) that responsibility for taking up construction of the tank without proper survey, had not been fixed.

Public Works Department

38. *Hostel.*—Administrative approval for Rs. 0.60 lakh for a building to house girl students of Sharda Girls' Higher Secondary School, Indore, was given by the Director of Public Instructions in 1963-64. The work was started in March 1965 after technical approval to detailed estimates and continued till July 1966 when it was stopped as the expenditure incurred (Rs. 0.83 lakh) exceeded the amount sanctioned and as Rs. 0.30 lakh were required for completion of the hostel. Work has not been resumed so far (June 1973).

39. *Buildings for four rest houses.*—According to the guide lines issued by Government in December 1966 for selecting works to be executed under famine relief works programmes, rest houses are not to be constructed under these programmes as construction is not labour intensive.

Buildings and Roads division, Damoh constructed four rest houses at a cost of Rs. 0.96 lakh (calculated on plinth area basis) at Kharaghat, Patera, Bhairaghat and Bhandakpur as a part of the famine relief works programme. These buildings are not being used as rest houses as furniture, utensils, crockery, etc., have not been provided (June 1973).

CHAPTER V
STORES AND STOCK ACCOUNTS

Public Health Department

40. *Purchase of medical stores.*—A central purchase committee was formed in 1967-68 in the Directorate of Health Services, Madhya Pradesh. Tenders for supply of medical stores for meeting the annual requirements of hospitals including those under the Employees' State Insurance Scheme, Indore, were invited by the Directorate and considered by the committee and a list of various items with names of suppliers and their rates, as approved by the committee, was circulated to indenting officers to enable them to place their orders during the year. A check of purchases approved by the committee during 1967-68 and 1968-69 conducted by the Directorate of Treasuries and Accounts during August-September 1968 disclosed the following:—

(I) (a) Twenty-one medicines (estimated value: Rs. 9.51 lakhs) were included in the approved list issued by the Directorate of Health Services in favour of four firms (A, B, C and D). Though their tendered rates for those items were not the lowest, they were made the lowest by manipulation in the tender/comparative statement by erasure or alteration. In the majority of cases the manipulation was done before the tenders were considered by the committee while in other cases this was done later in such manner as to make it appear that the altered rates had been approved by the committee.

(b) For supply of injection Dextrose 25 per cent during 1967-68 the lowest tender was for Rs. 25 per 100 ampules of make 'X'. This was not accepted by the committee as the tender had been received late by a day. Firm 'C' had quoted Rs. 30 for 100 ampules without indicating the make; on enquiry firm 'C' stated that it would supply the ampules of make 'Y'. The tender of firm 'C' was approved by the committee on this basis but while communicating the list to the indenting officers (various hospitals) no indication of the make which should be supplied was given. Test check by the Directorate of Treasuries and Accounts in certain hospitals showed that firm 'C' had supplied injection Dextrose 25 per cent of make 'X' but had charged Rs. 30 per 100 ampules. On the basis of supply (1,28,600 ampules) to various hospitals the loss was Rs. 6,430.

(c) Tendered rates for four items of medicines of firm 'B' and two items of firm 'E', which were the lowest among the tenders received for these items, were erased and altered keeping them still the lowest resulting in extra cost of Rs. 3,638 computed on the estimated supplies (Rs. 0.34 lakh) to various hospitals.

(II) (a) The tendered rates of *Laghu Udyog Nigam* for supply of bandage and gauze cloth for 1967-68 were Rs. 5.94 per *than* (18 metre \times 90 centimetres) and Rs. 4.86 per *than* (18 metres \times 90 centimetres) respectively and were the lowest for these items. But they were rejected stating that the *Nigam* did not possess any licence to manufacture bandages and gauze cloth although the tender of the *Nigam* was accepted in 1968-69 and such a licence was not considered

necessary in their case. Acceptance of higher tender resulted in extra cost of Rs. 42,000 on the basis of supplies of 15,413 *than* during 1967-68.

(b) Tenderers were required to quote for bandage cloth of two specifications, one weighing 675 grams per *than* (18 metres \times 1 metre) and the other weighing 900 grams per *than* (18 metres \times 1 metre).

(i) The tendered rates of firm 'F' for bandage cloth were erased and changed to Rs. 8.20 per *than* and Rs. 10.30 per *than* for these two qualities in the tender offer. As against the width of one metre specified in the notice inviting tender, the firm quoted width of bandage cloth as 90 centimetres only. The rates were not, however, proportionately increased for width of one metre to Rs. 9.11 per *than* and Rs. 11.44 per *than* respectively in the comparative statement. As a result, the offers of another firm for Rs. 8.24 per *than* and Rs. 10.40 per *than* were passed over and firm 'F' was incorrectly shown as second lowest in the comparative statement and got approved as such by the committee. This resulted in extra cost of Rs. 6,100 based on 5,865 *than* of bandage cloth.

(ii) Test check of supplies made by firm 'F' to certain hospitals showed that it actually supplied bandage cloth weighing between 300 grams to 475 grams per *than* as against 675 grams to 900 grams per *than* specified in the tender notice. Supply of sub-standard cloth resulted in extra cost of Rs. 0.23 lakh in addition to that mentioned at (a) above.

(c) (i) Tenderers were required to quote for gauze cloth of two specifications, one weighing 450 grams per *than* (18 metres \times 1 metre) and the other weighing 560 grams per *than*. The rate of Rs. 6 per *than* originally quoted by firm 'F' for gauze cloth (450 grams per *than*) was changed to Rs. 6.25 per *than* and word 'sup' was added to bring it nearer to the only other quotation received for Rs. 6.30 (superior) per *than* from another firm and was approved by the committee on the ground it was for 'superior' variety. However, while circulating the increased rate of Rs. 6.25 per *than*, the word 'superior' was omitted. Similarly the rate of Rs. 5 per *than* quoted by firm 'F' originally for gauze cloth of 560 grams per *than* was changed to Rs. 5.25 to bring it nearer to the next lower tender (Rs. 5.48) of another firm and approved by the committee. On the basis of supply of 9,548 *than* to various hospitals the extra cost to Government would be Rs. 4,300.

(ii) The firm had supplied gauze cloth weighing only 310 grams per *than* and 425 grams per *than* as against the specifications of 450 grams and 560 grams per *than* respectively. The supply of sub-standard quality of gauze cloth resulted in extra cost of Rs. 0.19 lakh, in addition to that mentioned at (a) above.

(III) Tenders were invited in two parts *viz.*, part I consisting of drugs, appliances, *etc.*, and part II for hospital equipment, instruments, *etc.* Thirty-six items of 'miscellaneous group' were included in both [the parts. Only firm 'F' quoted rates for these items under part I and part II while several other firms quoted lower rates for these items in part II only. The rates of firm 'F' for item under 'miscellaneous group' were not approved by the committee but were included in the list of approved items circulated (September 1967) by the Direc-

torate of Health Services. On subsequent representation by other suppliers, the rates of other firms for some items were also circulated without stating that the earlier rates approved stood cancelled. This resulted in extra cost of Rs. 3.11 lakhs on the basis of estimated supplies (Rs. 7.30 lakhs).

(IV) The undermentioned general defects in receipt and examination of tenders facilitated the irregularities mentioned earlier:—

- (a) chronological record of receipt and opening of tenders was not maintained;
- (b) no record for samples of medicines and stores received was maintained;
- (c) no member of the committee initialled the tenders and their covers received during 1968-69.

In the tenders erasures, overwritings, interpolations and alterations were not attested by any member.

(V) The records connected with the purchases were handed over to vigilance in 1969 and further progress in investigation of these irregularities and fixation of responsibility for the extra cost is awaited (February 1973).

41. *Payment for short receipt of cement.*—On receipt of reports about short receipt of cement by project authorities in consignments despatched by various cement factories, the Central Water and Power Commission suggested to the Chief Engineer, Irrigation, in January 1968 to instruct the consignees to note down the shortages in the consignee's receipt certificates, to enable the Pay and Accounts Officer to make necessary recoveries. The Chief Engineer, in turn, communicated these instructions in January 1968 itself to all Superintending Engineers.

Cement for Tawa project is being purchased from a firm at Jamul from where it is transported to Begra Tawa by rail in sealed wagons and freight is levied as per full wagon capacity.

During October 1969 to December 1969, 63,647 bags of cement received were found to weigh only about 2,860 tonnes as against the normal weight of about 3,182 tonnes. The shortage of 322 tonnes was valued at Rs. 49.127. A claim for the shortage preferred with the Railways in January 1970 was rejected in July 1970 on the ground that the consignments were charged on carrying capacity and not weighed at the forwarding station.

The consignee's receipt certificates, were sent to the supplying firm in December 1969 and January 1970 after noting therein the shortages. The firm returned them in March 1970 stating that as per terms and conditions of the rate contract, the consignee is required to put in the claim with the Railways and to record in the delivery book the shortages/damages. No copy of the rate contract is available with the Tawa Stores division and efforts made to get a copy of it have not borne fruit (February 1973). The supplying firm again stated in August 1970 that it was not responsible for shortages in delivery, if quantity is despatched by firm under a clear railway receipt and at railway risk.

The Pay and Accounts Officer, Ministry of Labour, Employment and Rehabilitation, stated in March 1971 that as the consignee had failed to forward an advance copy of the consignee's receipt certificates with remarks reporting shortages, the firm's balance two per cent claim had been paid in full.

GENERAL

42. *Synopsis of important stores accounts.*—A synopsis of important stores and stock accounts for 1971-72 (excluding those relating to Government commercial departments/undertakings) to the extent received in Audit is given in Appendix V.

43. *Receipt of accounts.*—According to Government instructions, annual consolidated accounts of stores and stocks are to be furnished to Audit by July every year. Delay in receipt of stores and stock accounts has been commented upon in successive Reports of the Comptroller and Auditor General of India. The Committee on Public Accounts—State observed (Nineteenth Report—April 1971) that in the absence of the accounts the department would not be aware of the latest position of outstanding stock and recommended that the departments should take effective action to furnish annual consolidated accounts on the prescribed date to the Accountant General. Delay in submission of accounts still persists and the accounts of the following departments for the years shown against each have not been received (May 1973).

1. Food—1967-68 to 1971-72
2. Forest—1970-71 and 1971-72
3. Jails—1970-71 and 1971-72
4. Stationery and Printing—1969-70 to 1971-72
5. Agriculture—
 - (a) Grow More Food Scheme—1970-71 and 1971-72
 - (b) Pesticides and Plant Protection—1964-65 to 1971-72
 - (c) Others—1971-72
6. Excise—1969-70 to 1971-72
7. Medical—1971-72
8. Public Health—1971-72
9. Stamps—1971-72 (awaited from eighteen treasuries).

44. *Public Works Department.*—(a) Out of 214 divisions, information in respect of 102 divisions was received in Audit. Reserve limit of stock was not fixed in 49 divisions (Irrigation: 26, Major Projects: 17, Buildings and Roads: 5 and Tube Wells: 1). The value of stock held by these divisions on 31st March 1972 was Rs. 3.05 crores.

(b) Out of 53 divisions for which reserve limit of stock was prescribed, the value of stock held on 31st March 1972 exceeded the prescribed limit in 11 divisions (Buildings and Roads: 8, Irrigation: 1, Major Project: 1 and Public Health: 1). Total excess of the stock over the prescribed limit on 31st March 1972 was Rs. 22.59 lakhs.

(c) *Stock registers and stock verification.*—The register of stock in each public works division is required to be closed at the end of each year and reviewed by the Divisional Officer to ensure that the stock consists only of serviceable articles and the prices of stores are within the prevailing market rates. Information received from 102 out of 214 divisions indicated that the registers of stock were not closed and reviewed for the year ending March 1972 in 51 divisions (Irrigation: 23, Building and Roads: 10, Major Projects: 14, Public Health: 3, and Tube Wells: 1).

In sixteen divisions, stock registers were not closed and reviewed even for earlier periods; in Buildings and Roads division, Obeduiganj and Public Health division, Indore the registers were not closed from 1966 onwards.

(d) According to the information furnished (December 1972) by 102 out of 214 divisions during 1971-72, the stores were not verified at all in twelve divisions and only partially verified in sixteen other divisions. Shortages totalling Rs. 1.44 lakhs (fifteen divisions) and excesses of Rs. 0.14 lakh (two divisions) have not yet (December 1972) been adjusted.

(e) *Minus balance in stores and stock accounts.*—The stores and stock accounts of four divisions closed with minus balances at the end of 1971-72; the total minus balance being Rs. 1.14 lakhs.

45. *Civil Departments—Veterinary Department.*—Test check of the accounts (September 1972) showed the following:—

- (i) Certificates of physical verification of balance on 31st March 1971 have not been furnished by the subordinate units with their stores and stock accounts.
- (ii) Reserve limits of stock have not been fixed after 1968-69.
- (iii) Losses of stores and and livestock during 1966-67 to 1970-71 was Rs. 4.56 lakhs. These have not been investigated.
- (iv) Excesses and shortages due to revaluation of livestock during 1970-71 was Rs. 4.30 lakhs and 0.32 lakh respectively. The individual stores accounts of the units did not give details to show whether these were worked out according to rates prescribed by Government.
- (v) Inter district transfers were not supported by acknowledgements of the recipient units nor were their receipts linked with the corresponding issues. For instance, transfer of livestock worth Rs. 74,645 from the cattle breeding farm, Bilaspur, during the year to other units was not supported by acknowledgement of the recipient units and transfer of stores worth Rs. 8,425.00 from the milk supply scheme, Gwaiior, to the milk supply scheme, Bhopal was not accounted for by the latter.

CHAPTER VI

FINANCIAL ASSISTANCE TO LOCAL BODIES, STATUTORY BOARDS, CO-OPERATIVE INSTITUTIONS AND OTHERS

46. During 1971-72, Rs. 12,03.31 lakhs were paid as grants to local bodies, educational institutions *etc.*, as shown below:—

	<i>(In lakhs of rupees)</i>
Town improvement trusts	6.09
Khadi and Village Industries Board, <i>Bhoodan Yagna Board etc.</i>	8.69
Religious, charitable, public institutions and voluntary agencies	24.51
Co-operative societies	70.49
Municipalities, <i>janpad sabhas</i> , local bodies and <i>panchayats etc.</i>	2,64.10
Educational institutions (including Jawahar Lal Nehru Krishi Vishwa Vidyalaya)	5,54.98
Individuals	2,74.45
Total	12,03.31

The table below shows the broad purposes for which the grants were given:—

Purpose of grants	<i>Amount (In lakhs of rupees)</i>
Education :	
Primary	82.09
Secondary	1,87.92
Collegiate education (non-technical)	64.20
University	93.03
Technical	70.65
Others	15.61
	5,13.50
Tribal and Harijan Welfare :	
Scheduled tribes :	
Agriculture	18.12
Scheduled castes :	
Agriculture	19.08
Industrial training	3.09
Others	1.46
Voluntary agencies :	
Health, housing, <i>etc.</i>	16.79
	58.54

Purpose of grants		Amount (In lakhs of rupees)
Agriculture	Co-operative societies	0.43
	Educational institutions	55.55
	Agriculturists	1,83.97
		<hr/> 2,39.95 <hr/>
Medical and Public Health :	Medical	5.68
	Public Health :	
	Water supply and drainage	63.88
	<i>Gram panchayats</i>	1.52
	Others	0.53
	<hr/> 71.61 <hr/>	
Community development project :	Local development works	29.46
	Educational institutions <i>etc.</i>	18.46
	Others	0.52
		<hr/> 48.44 <hr/>
Co-operation:	Co-operative societies	53.82
	Educational institutions <i>etc.</i>	28.36
Animal husbandry:		8.19
Industries:	Khadi and Village Industries Board	8.62
	Industries	7.63
	Handloom	1.27
	Flying clubs	0.30
	Mela committee	<hr/> 26.01 <hr/>
Irrigation:	Tarbund-Micro minor scheme	8.9
	Others	0.43
		<hr/> 9.3 <hr/>
Housing:	Subsidised industrial housing scheme	8.2
Social welfare:	Social welfare institutions	2.8
	<i>Yuwak mandals</i>	2.6
	Blind, deaf and mutes	1.5
	Destitutes	0.4

Purpose of grants	Amount (In lakhs of rupees)
<i>Gram panchayats</i>	0.35
Voluntary organisations and handicapped	0.17
	7.98
Miscellaneous:	
Others (Mainly municipalities and religious institutions)	1,32.04
Others (mainly municipalities)	5.45
Total	12,03.31

Where grants are given for specific purposes, administrative authorities are required to furnish to Audit certificates that the grants were utilised for the purposes for which they were paid. The extent to which delay has occurred in furnishing utilisation certificates is mentioned in paragraph 15.

Section i—Financial assistance to local bodies

47. *Results of audit by Examiner, Local Fund Accounts.*—The expenditure from grants paid by State Government to local bodies (*viz.* municipal corporations, municipal councils, janpad sabhas, universities), is audited by the Examiner, Local Fund Accounts, an officer of State Government.

The arrears in audit of the accounts of the local bodies as reported by the Examiner, Local Fund Accounts, are shown below:—

(1)	Number of accounts which remained to be audited at the end of March 1971 (Arrears)	Number of accounts to be audited during the year 1971-72 (Current)
(1)	(2)	(3)
Number of accounts to be audited during 1971-72	585	542
Number of accounts audited during 1971-72	244	293
Number of accounts audit of which remains to be undertaken	341	249

The arrears in completion of audit of the accounts are due to inadequacy of staff, increase in quantum of audit work, special audit of some units, verification of assets and liabilities of *janpad sabhas* under special orders of Government, as a prelude to setting up of *panchayati raj* institutions.

According to the information furnished by the Examiner, the following are some of the important points noticed by him during 1971-72:—

(i) *Non-utilisation of grants.*—Out of the grants sanctioned by various departments to local bodies etc., upto March 1971 utilisation certificates for Rs. 1,46.47 lakhs were awaited till March 1972 as shown below:—

Year of payment	Education	Local self Government	Public Health	Public Health Engineering	Other departments	Total Amount
(1)	(2)	(3)	(4)	(5)	(6)	(7)
<i>(In lakhs of rupees)</i>						
Upto 1966-67	71.75	13.91	5.13	..	18.92	1,07.71
1967-68	6.27	4.03	1.27	5.26	0.08	12.91
1968-69	4.13	0.74	..	..	0.30	5.17
1969-70	5.56	0.14	0.05	..	0.51	6.26
1970-71	5.76	1.63	0.30	..	6.73	14.42
Total	93.47	16.45	6.75	5.26	24.54	1,46.47

The unspent balances with each of twenty one local bodies exceeded Rs. 1 lakh and amounted to Rs. 94.78 lakhs; year-wise break-up of these cases is given below:—

Year of payment of grants	Number of local bodies	Amount <i>(In lakhs of rupees)</i>
(1)	(2)	(3)
Upto 1966-67	18	80.59
1967-68	2	3.13
1968-69	*1	3.95
1969-70	1	1.29
1970-71	*1	5.82

(ii) Certificates of utilisation of loans amounting to Rs. 36.18 lakhs paid to twenty six municipal councils, three agriculture produce committees and four town improvement trusts for water supply, sanitation and other works remained to be received (October 1972) indicating that either the works had not been

*Both local bodies stand already included in eighteen bodies shown against "Upto 1966-67".

completed or their completion reports had not been furnished. Most of the local bodies were not properly maintaining their record of expenditure out of grants/loans with the result that their utilisation was not verified.

(iii) *Arrears of audit fees.*— Recovery of Rs. 1.37 lakhs (being the cost of audit) from local bodies is in arrears upto 31st March 1972 as shown below :—

	Amount (In lakhs of rupees)
(a) Municipal corporations	0.22
(b) Universities and other educational institutions	0.51
(c) Municipal councils	0.24
(d) Agriculture committees and sugarcane development councils	0.16
(e) Trusts and other funds	0.16
(f) Miscellaneous institutions including <i>mandal panchayats</i>	0.08
Total	1.37

The Examiner has stated (October 1972) that action is being taken for realisation of audit fees from the defaulting units.

(iv) Rupees 0.65 lakh were paid to municipal council, Bhopal, *Janpad Sabha* Bhopal and *Janpad Sabha*, Sihora (district Jabalpur) on inadmissible items of expenditure. Action taken for their recovery is awaited (October 1972).

(v) According to the Local Fund Audit Act, 1933 defects or irregularities pointed out in inspection reports are to be remedied or satisfactorily replied to within four months of the receipt of inspection reports. Two hundred and twenty two observations (raised between 1968-69 to 1971-72) for money value of Rs. 0.60 lakh relating to expenditure out of the grants and loans received from Government remained unsettled by 107 local bodies.

Tribal Welfare Department

48 *Improvement of the living conditions of conservancy staff.*— The housing conditions of conservancy staff are unsatisfactory and houses are often constructed by them on lands belonging to others with the result that they are in constant fear of being ejected. To improve their housing condition, Government of India formulated in 1964-65 a programme of housing and in 1966-67 another for purchase of house sites for these people. The programmes are to be mostly executed through local bodies. Subsidy at seventy five per cent of proposed cost of a house (Rs. 900 to Rs. 1,200) is payable by Government and the balance twenty five per cent of the cost is to be met by the beneficiary. The house is required to be completed within a year and a half from the date of payment of the first instalment of the subsidy. The programme for providing house sites envisages payment of subsidy of seventy five per cent of proposed cost of land limited to Rs. 500 in each case, the remaining cost being contributed by the beneficiary.

(a) *Construction of houses.*—Rupees 14.81 lakhs were paid for construction of 1,645 houses between 1964-65 and 1970-71. Only 973 houses have been built so far (September 1972). The table below shows the position :—

Year of disbursement	Number of houses to be built	Amount paid in rupees	Number of houses constructed (September 1972)	Number of houses remaining to be constructed—balance amount shown in brackets
(1)	(2)	(3)	(4)	(5)
1964-65	701	6,30,900	526	175 (Rs.1.58 lakhs)
1965-66	488	4,39,200	278	210 (Rs.1.89 lakhs)
1966-67				
1969-70	210	1,89,000	98	112 (Rs. 1.01 lakhs)
1970-71	246	2,21,400	71	175 (Rs. 1.58 lakhs)
Total	1,645	14,80,500	973	672 (Rs.6.06 lakhs)

The progress of construction was slow due to delay in acquisition of land by the local bodies.

(b) *Acquisition of house sites.*—Subsidy of Rs. 2.49 lakhs was paid during 1967-68 and 1971-72 for purchase of 499 house sites. Upto September 1972 only 219 plots (Rs. 1.10 lakhs) had been acquired. Subsidy of Rs. 0.12 lakh for 25 plots was refunded. The Director, Tribal Welfare, stated in September 1972 that 94 plots for which subsidy of Rs. 0.47 lakh was paid during the year 1971-72 were yet to be acquired. He did not have any information about the purchase of the remaining 161 plots.

The position in 23 (out of 43) districts was as follows:—

Year of disbursement	Number of plots	Amount disbursed in rupees	Number of plots acquired	Number of plots still to be acquired—balance amount in brackets
(1)	(2)	(3)	(4)	(5)
1967-68	20	10,000	10	10 (Rs. 5,000)
1969-70	58	26,500	23	35 (Rs.17,500)
1970-71	60	30,000	35	25 (Rs. 12,500)
Total	138	66,500	68	70 (Rs. 35,000)

The purpose of these programmes, namely, to provide better living conditions to the sweepers and scavengers in the State has thus been only partially fulfilled.

Commerce and Industries Department

49. *Kambal Kendra, Mandsaur.*—(a) The Kambal Kendra, Mandsaur, was started by erstwhile Gwalior State in 1940. It was transferred to Madhya Pradesh Khadi and Village Industries Board in 1955-56. The Kendra manufactures kambals, shawls, etc., and also prepares "Asans" from kambals purchased from co-operative societies. While carding, weaving and finishing processes are undertaken by the kendra, spinning is done in five centres employing 500-650 persons.

The Kendra employs about 48 persons; the average earning of a male worker ranged from Rs. 2.45 to Rs. 2.75 and of a female worker was Rs. 2.15 per day.

(b) The Kendra, which had been continuously running under loss to end of 1970-71, made a profit of Rs 15,701 during 1971-72. The accumulated loss upto 31st March 1972 was Rs 5.73 lakhs. Working results of the unit for five years ending 1971-72 are summarised below :—

S.No.	Particulars	1967-68	1968-69	1969-70	1970-71 (Provisional)	1971-72
(1)	(2)	(3)	(4)	(5)	(6)	(7)
<i>(In lakhs of rupees)</i>						
1. Raw Materials :						
(i)	Un-milled blankets processed	2.78	4.23	2.98	4.02	1.58
(ii)	Wool consumed	2.32	1.70	1.73	0.77	1.12
(iii)	Colours and other store.	0.11	0.18	0.12	0.21	0.20
		5.21	6.11	4.83	5.00	2.90
Less—Sale of waste		0.02	0.02	0.01	0.04	0.11
		5.19	6.09	4.82	4.96	2.79
2.	Direct wages	1.09	0.66	0.80	0.69	0.69
3.	Over heads (Factory)	0.32	0.33	0.52	0.27	0.68
4.	Cost of production	6.60	7.08	6.14	5.92	4.16
5.	Opening stock	2.95	3.46	2.35	1.49	2.18
		9.55	10.54	8.49	7.41	6.34
Less Closing stock		3.45	2.35	1.49	2.18	0.66
6.	Cost of sales	6.10	8.19	7.00	5.23	5.68
7.	Sales	5.74	7.29	6.62	6.71	6.40
8.	Gross profit(+)/loss (—)	(—)0.36	(—)0.90	(—)0.3	8(+).148	(+).072
9.	Net profit(+)/loss(—)	(—)0.77	(—)1.43	(—)0.97	(—)0.07	(+).016

The loss was due to :—

- (a) under utilisation of production capacity owing to inefficiency of labour and shortage of raw materials;
- (b) absence of control on consumption of raw materials;
- (c) absence of control on idle labour; and
- (d) absence of proper costing system.

(c) *Under utilisation of production capacity.*—The table below indicates the production capacity and actual production for the three years ending 1971-72:—

Particulars	1969-70	1970-71	1971-72
(1)	(2)	(3)	(4)
	(Number of blankets)		
(i) Number of looms installed	9	7	7
(ii) Production capacity	8,100	6,300	6,300
(iii) Actual production	4,382	1,952	3,600

The shortfall in production was due to the following reasons:—

(i) Wool was supplied to the Kendra by Madhya Pradesh Khadi and Village Industries, Board. The quantity of wool indented by the Kendra was itself only 16 to 33 per cent of its processing capacity. The quantity of wool actually supplied to it was still less, as the following figures for 1969-70 to 1971-72 will show :—

Year	Processing capacity	Indented	Supplied
(1)	(2)	(3)	(4)
	(Wool in kilograms)		
1969-70	32,400	15,000	16,834
1970-71	25,200	23,250	10,705
1971-72	25,200	28,000	10,391

According to the Board the short supply was due to non-availability of wool and shortage of funds.

(ii) The output of the carding machine was also much below its installed capacity of 13,500 kilograms wool per year. Year-wise output is given below:—

	Kg.
1969-70	12,492
1970-71	1,840
1971-72	12,337

(d) *Absence of control over consumption of raw material.*—(i) To determine the cost and sale price of various products the Kendra prescribed standard weights of

yarn content in each variety. Actual quantity of yarn consumed in production of blankets and shawls exceeded the prescribed limits by 4,186 kilograms yarn in 1969-70; 1,185 kilograms yarn in 1970-71 and 175 kilograms yarn in 1971-72. The cost of excess yarn consumed (Rs. 0.81 lakh) remained uncovered by the sale price fixed.

(ii) No norms were fixed for wastages occurring at various stages of production (i.e. carding; spinning, weaving *etc.*). Table below indicates percentage of wastages of wool and yarn at different stages during the three years ending 1971-72 :—

Quality	Percentage of wool in carding			Percentage of wastage of wool in spinning			Percentage of yarn in weaving		
	1969-70	1970-71	1971-72	1969-70	1970-71	1971-72	1969-70	1970-71	1971-72
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
(a) Taffari Bikaneri	16.39	..	12.00	13.00	..	13.33	} 7.03	} 7.32	} 5.60
(b) Lefa Bikaneri	..	..	..	5.00	6.27	5.00			
(c) Black Bikaneri	..	..	23.24	14.00	..	13.00			
(d) Saurashtra Bikaneri	21.54	..	..	11.13	12.12	..			
(e) Gija Bikaneri	..	..	..	14.63	..	..	

(i) Finishing processes include washing, dyeing, drying and calendering for which seventeen persons were engaged (on an average) during the three years ending 1971-72. The Kendra neither prescribed the out-put per man nor did it maintain any record showing days on which the plant and manpower remained unused. The existing capacity of machine and manpower can process 24,000 blankets per year whereas it actually processed 13,187 in 1969-70; 16,782 in 1970-71 and 9,850 in 1971-72.

(f) Closing stock of 1,561 finished blankets valued Rs. 0.66 lakh as on 1st March 1972 included 516 damaged and/or shop soiled blankets valued at Rs. 0.20 lakh for which 50 to 60 per cent reduction in cost was proposed. No provision for the loss was made in the accounts.

50. *Kambal Kendra, Gwalior.*—The Kambal Kendra Gwalior, was started by the Madhya Bharat Khadi and Gramodyog Board in 1956-57 for manufacture and sale of blankets. Spinning of wool was being done at six sub-centres while other processes (weaving, dyeing, finishing *etc.*) were being carried out at the Kendra itself.

The Kendra showed profits till 1965-66 but has sustained losses thereafter, as will be seen from the table below:—

(1)	1966-67 (2)	1967-68 (3)	1968-69 (4)	1969-70 (5)	1970 71 (6)
	<i>(Number of blankets)</i>				
1. (i) Anticipated production	16,000	16,000	14,000	10,000	10,000
(ii) Actual production	21,199	13,658	7,153	10,173	4,541
	<i>(In lakhs of rupees)</i>				
2. (i) Raw material consumed	3.83	3.80	1.08	3.34	0.60
(ii) Direct wages	1.64	1.40	1.00	1.29	0.94
(iii) Over-heads	0.56	0.24	0.18	0.38	0.38
Value of production	6.03	5.44	2.26	5.01	1.92
3. Sales	5.89	4.65	4.95	5.06	4.56
4. Net loss	2.25	1.16	2.83	0.73	2.14
5. Closing stock	8.64	9.84	6.05	6.03	3.51
6. Book debts	15.81	16.60	6.94	7.69	8.85

Finished goods of Rs. 3.51 lakhs on 31st March 1971 included damaged blankets valued at Rs. 0.62 lakh manufactured during the years 1962-63 to 1969-70. Damaged blankets worth Rs. 0.44 lakh have been sold at cost and the remaining ones worth Rs. 0.18 lakh were sold for Rs. 0.12 lakh and the loss of Rs. 0.06 lakh was written off in December 1971.

The persistent losses were attributed mainly to—

- (i) inclusion of over-head charges in the calculation of cost at twenty per cent of the total variable cost arbitrarily without ascertaining the actuals,
- (ii) non-inclusion in cost estimates of loss to spoilage and scrap accrued during the process of dyeing, weaving and finishing,
- (iii) absence of control on consumption of raw materials,
- (iv) under utilisation of productive capacity, and
- (v) absence of control on idle labour.

The Kendra was closed in February 1973.

CHAPTER VII REVENUE RECEIPTS

Sales Tax

51. (a) *Trend of revenue.*—Sales Tax is one of the major sources of State revenue and accounted for nearly 46.58 per cent of total revenue from taxes, duties, etc., raised by the State Government during the year 1971-72. The following table compares the receipts from sales tax with the total revenue realised from taxes and duties etc., during the five years ending 1971-72:—

Year	Sales tax receipts	Total revenue from taxes, duties levied by the State Government	Percentage of sales tax receipts to the total revenue from taxes, duties, etc., shown in column (3)
(1)	(2)	(3)	(4)
(In crores of rupees)			
1967-68	28.24	63.53	44.45
1968-69	31.20	69.86	44.66
1969-70	37.65	79.92	47.11
1970-71	40.97	86.58	47.32
1971-72	44.21	94.91	46.58

(b) *Cost of collection.*—The expenditure incurred on collecting the sales tax during each of the five years ending 1971-72 is indicated below:—

Year	Gross collection	Expenditure incurred on collection	Percentage of expenditure to revenue collection
(1)	(2)	(3)	(4)
(In crores of rupees)			
1967-68	28.24	0.59	2.08
1968-69	31.20	0.65	2.09
1969-70	37.65	0.74	1.96
1970-71	40.97	0.78	1.91
1971-72	44.21	0.83	1.88

52. *Results of test audit in general.*—The test check of assessment cases and other records conducted during 1971-72 revealed under-assessment of tax to the extent of Rs. 6.99 lakhs in 958 cases as shown below:—

- (i) errors and omissions (Rs. 3.23 lakhs in 468 cases),
- (ii) wrong application of rates of taxes (Rs. 1.93 lakhs in 264 cases),
- (iii) failure to follow correctly the provision of the Sales Tax Act and rules while working out the gross turnover/taxable turnover (Rs. 1.47 lakhs in 107 cases) and
- (iv) mistakes in calculation (Rs. 0.36 lakh in 119 cases).

State Sales Tax Act

53. *Under-assessment due to mistake in computation of tax.*—In one case for 1966-67, in which sales of grains worth Rs. 28,54,75,185 and *bardana* worth Rs. 92,35,386 were taxed at the rate of two per cent and six per cent respectively, the tax was wrongly computed (September 1970) as Rs. 62,63,627 instead of Rs. 62,73,627.

When this was pointed out (September 1972), the Regional Assistant Commissioner, created additional demand of Rs. 10,000 and recovered it in November 1972.

54. *Incorrect classification of ESSO solvent.*—Under the Madhya Pradesh General Sales Tax Act, 1958 raw materials for the manufacture of other goods for sale within the State or in the course of inter-state trade or commerce, are taxable at a concessional rate. This provision is, however, not applicable to petrol or other motor spirits as defined in the Madhya Pradesh Motor Spirit Taxation Act, 1957. It was noticed that in one regional sales tax office, sales of 76,600 litres of ESSO solvent to a registered dealer during the period from 1st January 1964 to 31st December 1964, were taxed (March 1968) at the concessional rate of one per cent. When it was pointed out that under a departmental circular the solvent is to be classified as petrol taxable at ten paise per litre under the Motor Spirit Taxation Act, 1957, the assessment was re-opened and additional demand of Rs. 7,660 was raised.

Commissioner of Sales Tax intimated (February 1973) that Rs. 7,660 were deposited by the dealer.

55. *Under-assessment of tax.*—Taxable turnover of a dealer is determined after allowing from his gross turnover, the deduction on account of sale price of goods which had been purchased from a registered dealer on payment of tax. In one case while allowing this deduction the sale price of such goods was determined as Rs. 2,35,000 against the correct amount of Rs. 1,41,106. This resulted in under-assessment of tax of Rs. 5,633.

On the error being pointed out additional demand was raised in September 1972 and recovery made in January-February 1973.

56. *Outstanding revenue.*—Comparative position of arrears of sales tax demands raised under the State Sales Tax Act and Central Sales Tax Act, as at the end of 1969-70, 1970-71 and 1971-72 is given below:—

As on (1)	Number of cases (2)	Amount (3)
		(In lakhs of rupees)
31st March 1970	52,763	4,67.97
31st March 1971	66,174	5,45.21
31st March 1972	70,525	6,31.59

The position of recovery is as under:—

Particulars (1)	Number of cases (2)	Amount (3)
<i>(In lakhs of rupees)</i>		
I. Collection stayed by appellate authorities, High Court/Supreme Court and departmental authorities.	4,865	1,05.53
II. In the process of recovery with revenue authorities.	55,351	3,62.12
III. Arrears in the nature of bad or doubtful debts—		
(a) Irrecoverable]	5,082	1,66.12
(b) Dues against dealers presently untraceable	5,227	57.82
Total	70,525	6,31.59

57. *Assessments in arrears.*—Position of pending assessments as at the end of each of the last three years as intimated by the Commissioner of Sales Tax is as under:—

As on (1)	Number of cases (2)
31st March 1970	86,712
31st March 1971	91,883
31st March 1972	1,21,319

Year-wise analysis of 1,21,319 cases pending on 31st March 1972 is given below:—

Year (1)	Number of cases (2)
1950-51 to 1967-68	14,025
1968-69	12,597
1969-70	21,938
1970-71	45,698*
1971-72	27,061

58. *Evasion of sales tax.*—Out of 1,270 cases of suspected evasion of sales tax investigations were completed in 822 cases during 1971-72 and evasion of tax was established in 576 cases. Of these 371 cases were reported to have been assessed to tax during the year raising demand of Rs. 17.60 lakhs. Penalties aggregating Rs. 1.48 lakhs were imposed in 301 cases.

*Increase over the figures shown in paragraph 67 of Report for 1970-71 is due to institution of fresh cases pertaining to the year 1970-71 in the year 1971-72

448 cases were pending on 31st March 1972 as under:—

Year	Opening balance	Additions during the year	Number of cases in which investigation were completed during the year	Number of cases pending at the end of the year.
(1)	(2)	(3)	(4)	(5)
1971-72	445	825	822	448

Year-wise analysis of pending cases is as under:—

Year	Number of cases
(1)	(2)
1967-68 to 1969-70	22
1970-71	70
1971-72	356

59. *Appeals under the Sales Tax Acts.*—Position of the appeal cases outstanding at the close of each of the last three years, as intimated by the Commissioner of Sales Tax, is given below:—

As on	Number of cases
(1)	(2)
31st March 1970	16,038
31st March 1971	15,038
31st March 1972	13,566

Year-wise analysis of the cases which were pending on 31st March 1972 is given below:—

Period	Number of cases
(1)	(2)
1960-61 to 1967-68	1,209
1968-69	1,428
1969-70	1,914
1970-71	3,836
1971-72	5,179

60. *Offences under Sales Tax Acts.*—As reported by the Commissioner of Sales Tax 3,129 cases out of 5,319 cases of offences under Sales Tax Acts were disposed of during 1971-72, as under:—

Number of cases	How disposed of
(1)	(2)
2,924	Offences compounded in which composition fees of Rs. 0.68 lakh were realised
205	Filed

Year-wise analysis of pending cases is given below:—

Year (1)	Number of cases (2)
upto 1966-67	456
1967-68	175
1968-69	185
1969-70	227
1970-71	364
1971-72	783

61. *Remission of sales tax revenue.*—In fortysix cases sales tax dues amounting to Rs. 1.22 lakhs were written off in the year 1971-72 on the grounds that the assesses did not have sufficient assets for effecting recoveries.

The amount written off exceeded Rs. 40,000 in one case and Rs. 10,000 in 70 cases.

State Excise Department

62. *Outstanding revenue.*—Comparative position of outstanding State excise revenue at the end of last three years is given below:—

As on (1)	Amount (2)
	(In lakhs of rupees)
31st March 1970	3,13.97
31st March 1971	3,71.64
31st March 1972	3,79.30

An analysis of the arrears of Rs. 3,79.30 lakhs is given in Appendix VI.

Forest Department

63. *Unjustified grant of extension.*—A forest coupe estimated to yield 08 lakh rft. of bamboos was auctioned in July 1968 in North Durg division for Rs. 0.38 Lakh (upset price: Rs. 0.42 lakh). According to terms of contract, the bamboos were to be felled and transported by 30th June 1969. Against 33 lakh rft. felled, only 1.85 lakh rft. could be transported by 30th June 1969. In terms of instructions issued by the Chief Conservator of Forests to Conservators of Forest in November 1958 no extension of time should be granted by them for bamboo coupes and all applications for extension should be on stamped paper and presented at least one month before the expiry of the original contract.

The contractor, however, applied on plain paper on 30th June 1969 for extension of time upto 31st March 1970 on the ground of scarcity of labour and inadequate transport facilities. Although he was not competent to do so, extension was granted by the Conservator of Forest, Raipur, in September 1969 subject to the condition that the Divisional Forest Officer, North Durg division should inspect the coupe thoroughly to see that there was no over felling and illicit felling (estimated quantity: 1.08 lakh rft. and quantity felled: 2.33 lakh rft.). The report of the Divisional Forest Officer has not been made available for Audit (April 1972).

Government stated in January 1972 that as 'the contractor had already spent on felling bamboo trees, it would have been unjustified not to allow him to remove the felled quantity. This, however, does not take into account the fact that the contractor had already transported 1.85 lakh rft. of bamboo by 30th June 1969 which was about 71 per cent more than the estimated quantity of 1.08 lakh rft. As a result of granting the extension, Government had foregone a revenue of about Rs. 0.20 lakh.

64. *Loss due to illicit removal of forest produce.*—A loss of Rs. 8,090 occurred in a range of a forest division due to illicit removal of 17.45 quintals of gum during May 1970 to July 1970 by a purchasing contractor from the stock of an agent appointed for the collection of the minor forest produce on behalf of Government. This came to light in July 1970 during inspection of the account of the agent by the Range Officer. Relevant accounts records are reported to be missing. The Range Assistant, who was alleged to be in collusion with the purchaser in the illicit removal of forest produce without payment, has been suspended from January 1971.

Government stated (August 1972) that necessary departmental enquiry and action to recover the loss were being taken.

Irrigation Department

65. *Loss of revenue.*—Tank bed area of Gandhi Sagar dam is leased out to cultivators for cultivation. According to Executive Engineer, Gandhi Sagar dam division, Rs. 18.53 lakhs were outstanding as arrears of land revenue (balance upto February 1973) for cultivation of bed area upto March 1972 as below:—

Year (1)	Arrears (2)
	<i>(In lakhs of rupees)</i>
Upto 1966-67	5.11
1967-68	2.8
1968-69	4.1
1969-70	2.3
1970-71	2.4
1971-72	1.4
Total	18.5

Heavy accumulation of arrears over a period of years was due to the following factors:—

(i) For the period 1962-65, the land revenue was assessed at provisional rates. With effect from 1965-66 Government changed the rates by an order dated 1st April 1965; but stayed the recovery of land revenue for the years 1964-65 and 1965-66 in June 1965. The stay order was withdrawn in April 1967. When revised rates commencing from the year 1963-64 were fixed by Government this delayed the assessment and collection of land revenue for the years 1964-65 and 1965-66.

(ii) Due to scanty rains, more land fit for cultivation was exposed during the years 1965-66 to 1967-68 and the area cultivated went up resulting in more work for assessment and collection.

(iii) The Sub-Divisional Officer (Irrigation) incharge of revenue assessment and collection has no powers of Tahsildar to take penal proceedings and is not provided with adequate staff.

The land available for cultivation and the area actually assessed in each year between 1962-63 and 1970-71 are as under:—

Year (1)	Land available assessed	
	(2)	(3)
	<i>(In lakhs acres)</i>	
1962-63	0.24	0.10
1963-64	0.18	0.10
1964-65	0.79	0.23
1965-66	1.17	0.39
1966-67	1.14	0.62
1967-68	0.96	0.64
1968-69	0.61	0.45
1969-70	0.24	0.21
1970-71	0.22	0.17

The Executive Engineer stated (January 1972) that "the periphery of the reservoir is about two hundred miles long and it is very difficult to check unauthorised cultivation".

Government stated in February 1972 that 'the achievement has been satisfactory and the percentage of cultivated area has been steadily increasing' and informed in May 1972 that one canal deputy collector, with sufficient powers, has been posted at headquarters (Gandhi Sagar dam).

66. *Outstanding irrigation cess.*—Arrears in collection of revenue (irrigation cess) in Irrigation division, Gwalior on 31st March 1971 were Rs. 35.72 lakhs and increased to Rs. 40.45 lakhs by 31st March 1972. These related to the following years:—

Year (1)	Amount (2)
	<i>(In lakhs of rupees)</i>
Prior to 1966-67	8.54
1967-68	3.31
1968-69	7.04
1969-70	11.86
1970-71	4.97
1971-72	4.73
Total	40.45

Out of Rs. 40.45 lakhs,

(i) Rs. 11.26 lakhs were to be realised from Madhya Pradesh Electricity Board for water supplied to the Irwin Power House, Gwalior, between January 1957 and September 1967 (when it was closed down). The claim has not been accepted by the Board and is under correspondence with them.

(ii) Rs. 2.94 lakhs relating to certain arrears of water charges for the period April 1964 to March 1972, were recoverable from J. C. Mills, Gwalior. The Mills not only disputed the correctness of the bills sent by the division from November 1964 onwards but also did not accept the enhancement in rates from Rs. 350 to Rs. 600 per million cft. from March 1968. The Chief Engineer stated (June 1972) that 'in the absence of legal agreement it has not been possible, to take any strict action to recover the arrears'.

Public Works Department

67. *Arrears of licence fee.*—In one Public Works division Rs. 23.87 lakhs were recoverable as arrears of licence fee to end of 31st March 1972 as under:—

Buildings occupied by	(In lakhs of rupees)
(1)	(2)
(i) Officers and officials of Union Government departments	7.36
(ii) Officers and officials of State Government departments	6.10
(iii) Individuals	5.48
(iv) Semi-Government bodies	3.00
(v) Journalists	1.34
(vi) Members of State Legislative assembly	0.59
Total	23.87

The Executive Engineer stated (August 1972) that actual arrears might be less in case of occupants serving under State/Union Government departments and semi-Government bodies from whom monthly recoveries were made at source regularly but many credits remained unposted for want of proper licence fee schedules from the treasury. The State Government has not so far (October 1972) decided on the action to be taken to recover arrears of licence fee in the remaining categories of cases.

Rupees 1.34 lakhs on account of a licence fee of residential accommodation provided to sixty two press representatives, journalists *etc.*, were not recovered between March 1960 and May 1972. The occupants were to pay standard licence fee to be calculated under Madhya Pradesh Fundamental Rule 45-A plus 10 per cent. Twenty-three occupants (outstanding licence fees: Rs. 0.16 lakh) had already vacated without paying any licence fee. The agreements executed with thirty occupants do not include additional payment at 10 per cent as envisaged in the condition of allotment. No action has been taken to enforce recovery.

CHAPTER VIII

GOVERNMENT COMMERCIAL AND TRADING ACTIVITIES

Section A—General

68. This Chapter deals with the results of audit of—

- (i) Statutory Corporations/Board,
- (ii) Government Companies,
- (iii) Departmentally managed Government Commercial and Quasi-Commercial Undertakings,
- (iv) Co-operative Institutions, and
- (v) Investments and Guarantees.

Section B—Statutory Corporations/Board

69. There were three Statutory Corporations and one Electricity Board in the State on 31st March 1972, viz.

- (i) Madhya Pradesh Financial Corporation,
- (ii) Madhya Pradesh State Road Transport Corporation,
- (iii) Madhya Pradesh State Warehousing Corporation, and
- (iv) Madhya Pradesh Electricity Board.

Government had advanced loans aggregating Rs. 1,65.95 crores under Section 64 of the Electricity (Supply) Act, 1948 to the Madhya Pradesh Electricity Board to the end of March 1972. On 31st March 1972, the investments of Government in the share capital of Madhya Pradesh Financial Corporation, Madhya Pradesh State Road Transport Corporation and Madhya Pradesh State Warehousing Corporation amounted to Rs. 10.42 crores.

A synoptic statement showing the financial results of the three Corporations and the Electricity Board on the basis of the latest available accounts is given in Appendix VII. The accounts of the Madhya Pradesh State Warehousing Corporation for the year 1971-72 are in arrears (May 1973).

Madhya Pradesh State Warehousing Corporation

70. (a) *Introduction.*—Madhya Pradesh State Warehousing Corporation was established on 19th February 1958 to acquire, build and run warehouses for the storage of agricultural produce, seeds, fertilisers, etc., in the State. In 1963 scope and function of the Corporation were enlarged to enable the Corporation to act as agent of the Government and the Food Corporation of India for purchase, storage, transportation and distribution of food grains and to carry out storage and distribution of chemical fertilisers on behalf of the Government of India and manufacturers.

(b) *Capital.*—The authorised capital of the Corporation is Rs. 2.00 crores divided into 2,00,000 shares of Rs. 100 each. Paid-up capital of the Corporation

as on 31st March 1972 was Rs. 84.00 lakhs contributed equally by the State Government (Rs. 42.00 lakhs) and the Central Warehousing Corporation (Rs. 42.00 lakhs).

(c) *Working results.*—Under Section 31 (10) of the Warehousing Corporation Act, 1962, the accounts of the Corporation are required to be placed before the annual general meeting within six months of the close of financial year. The accounts for the year 1970-71 have not been placed (April 1973) before share holders while the accounts for the year 1971-72 are yet (April 1973) to be compiled.

Financial results of the Corporation for the three years from 1968-69 to 1970-71 only are tabulated as under:—

(1)	1968-69 (2)	1969-70 (3)	1970-71 (4)
	<i>(In lakhs of rupees)</i>		
(i) Paid up capital as at the end of the year	43.00	48.00	58.00
(ii) <i>Income</i> —			
(i) Warehousing receipts	36.07	32.04	35.81
(ii) Other receipts	4.57	2.67	2.99
Total	40.64	34.71	38.80
(iii) <i>Expenditure</i> —			
(i) Establishment	13.36	14.49	14.33
(ii) Rents	15.91	13.84	14.66
(iii) Other expenditure	7.52	6.33	6.81
Total	36.79	34.66	35.80
(iv) Net profit	3.85	0.05	3.00

The decrease in the net profit from Rs. 3.85 lakhs in 1968-69 to Rs. 0.05 lakh in 1969-70 was attributed by the Corporation (June 1971) to decrease in warehousing receipts due to closure of 26 centres as well as payment of godown rent arrears of Rs. 1.80 lakhs during the year.

(d) *Trends of operation and performance.*—For providing scientific storage, the Corporation was expected to have its own godowns of the capacity of 10,000 tonnes by the end of 2nd Five Year Plan, 52,000 tonnes by the end of 3rd Five Year Plan and one lakh tonnes by the end of 4th Five Year Plan. Till 1960-61 there was, however, no progress in construction of godowns as the Central Warehousing Corporation, which was to set up a common construction agency, had dropped the proposal (April 1960) and advised the Corporation to undertake construction of godowns either through the Public Works Department or through its own construction agency. The Corporation set up its construction wing in December 1960. In addition, the Corporation also purchased godowns for increasing its own storage capacity.

The following table indicates position of storage capacity (acquired/constructed) *vis-a-vis* targets fixed under each five year plan:—

Plan (Period within brackets)	Targets fixed (progressive)	Godowns constructed	Godowns purchased	Total capacity acquired	Progressive total
(1)	(2)	(3)	(4)	(5)	(6)
<i>(Storage capacity in lakhs of tonnes)</i>					
2nd Five Year Plan (upto 1960-61).	0.10	—	0.01	0.01	0.01
3rd Five Year Plan (extended upto 1968-69)	0.52	0.17	0.02	0.19	0.20
4th Five Year Plan (upto 1973-74)	1.00	0.40*	0.02*	0.42*	0.62*

Slow progress in construction/acquisition of its own godowns has been attributed by the Corporation mainly to paucity of funds.

Due to inadequate storage capacity of its own, the Corporation resorted to large scale hiring of private godowns at various centres. The following table indicates total number of centres operated, cumulative storage capacity (owned as well as hired), cumulative occupancy and percentage of occupancy for the last five years ending 1971-72:—

Year	Number of centres operated during the year	Cumulative storage capacity		Cumulative occupancy	Percen- tage of occupancy
(1)	(2)	Owned	Hired	Total	(7)
<i>(In lakhs of tonnes)</i>					
1967-68	120	2.40	13.97	16.37	63
1968-69	130	2.46	21.74	24.20	81
1969-70	104	2.64	20.22	22.86	75
1970-71	75	2.77	19.15	21.92	72
1971-72	69	3.30	23.00	26.30	70

Note:—1. Cumulative storage capacity is worked out by adding the actual storage space available at all the centres on the last working day of all the twelve months for the same year.

2. Cumulative occupancy is worked out by adding the actual balance of stocks held at all the centres on the last working day of all the twelve months for that year.

*Only upto 1972-73.

Due to discontinuance of monopoly procurement in 1968-69, procurement of food grains by the Food Corporation of India and Co-operative Marketing Societies in the State declined resulting in corresponding decline in business. Due to uneconomic running, as many as 55 hired centres were closed down between the year 1969-70 and 1970-71. Following table indicates number of centres, amount of loss incurred and the amount claimed from the Food Corporation of India during last four years ending 1970-71 :—

Year	Number of centres running into loss	Total amount of loss	Number of centres operated at the instance of Food Corporation of India	Amount of loss claimed
(1)	(2)	(3)	(4)	(5)
		(In lakhs of rupees)		(In lakhs of rupees)
1967-68	72	2.63	34	0.51
1968-69	66	2.81	37	1.26
1969-70	63	3.04	20	0.91
1970-71	36	3.01	6	0.36

The main object of the Corporation is to provide scientific storage of agricultural produce so as to eliminate distress sale by the producers immediately after harvest. Following table, however, indicates that the benefit of warehousing facilities was availed of by the agriculturists only to a very small extent:—

Categories of Depositors	New custom handled 1968-69	Percentage (3)	New custom handled 1969-70	Percentage (5)	New custom handled 1970-71	Percentage (7)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
	(In lakhs of tonnes)		(In lakhs of tonnes)		(In lakhs of tonnes)	
(a) Agricultural producers	0.04	1.40	0.08	3.30	0.03	1.69
(b) Co-operatives	0.23	8.50	0.38	15.59	0.17	8.37
(c) Traders	0.38	14.25	0.42	17.56	0.32	16.01
(d) The Food Corporation of India, Fertiliser Corporation of India and other manufacturers of fertilisers.	2.02	75.85	1.53	63.55	1.50	73.93

Management attributed (July 1973) the low percentage of warehousing facilities availed of by the agriculturist to the following reasons:—

- (i) Most of the agriculturists have very limited produce which is disposed of immediately after harvest, and
- (ii) Warehousing facilities are available only in *Mandis* and not in small villages,

(e) *Sundry debtors*.—The table below indicates position of debtors and total income from warehousing charges and commission for agency business for the last three years ending 1970-71:—

As on	Debts on account of accrued warehousing charges	Other debts	Total book debts	Total income	Percentage of total debtors to total income
(1)	(2)	(3)	(4)	(5)	(6)
(In lakhs of rupees)					
1st March 1969	11.72	4.72	16.44	40.64	40.45
1st March 1970	12.60	4.82	17.42	34.71	50.18
1st March 1971	25.15	7.45	32.60	38.80	84.02

Large accumulation of book debts was mainly due to delay in acceptance and settlement of claims (Rs.9.30 lakhs) pending with the Food Corporation of India and delay in settlement of bills (Rs.7.18 lakhs) for storage and handling of fertilisers with the Government of India (Ministry of Agriculture).

Madhya Pradesh Electricity Board

71. (a) *Introduction*.—Madhya Pradesh Electricity Board was incorporated on 1st April 1957. The accounts of the Board for the year 1971-72 duly certified together with Audit Certificate and Report thereon were forwarded (September 1972) to the Government for presentation to the State legislature in terms of section 69(4) and (5) of the Electricity (Supply) Act, 1948.

(b) *Generation and sale of energy*.—The table below indicates the particulars of installed capacity of the Board for generation of power, power generated and purchased, power available for sale, power sold, loss in transmission and distribution, average cost of power sold, average revenue earned, etc., for the last three years ending 1971-72:—

(1)	1969-70 (2)	1970-71 (3)	1971-72 (4)
(Kilowatt hours in millions)			
i) Installed capacity of generating plant	58,78.398	62,09.745	62,09.745
ii) Maximum effective firm capacity	47,65.440	53,65.300	53,65.300
iii) Power generated	22,12.607	28,05.998	29,74.450
iv) Power purchased	9.037	12.798	41.516
v) Power available for sale	22,21.644	28,18.796	30,15.966
vi) Power sold	17,79.795	22,63.509	23,87.773
vii) Power used for generating station auxiliaries.	1,82.287	2,22.101	2,39.709
viii) Power supplied free to officers, staff etc.	0.039	0.133	0.358
ix) Loss in transmission and distribution.	2,59.562	3,33.186	3,88.484

(1)	1969-70 (2)	1970-71 (3)	1971-72 (4)
(x) Percentage of power generated to installed capacity	37.6	45.2	47.9
(xi) Percentage of power generated to effective firm capacity	46.4	52.3	55.4
(xii) Percentage of loss in transmission and distribution to available power	11.7	11.8	12.2
(xiii) Cost of generation (Rupees in lakhs)	7,45.59	13,67.70	12,27.50
(xiv) Cost of generation per million KWH (in rupees).	33,691	48,735	41,241
(xv) Average cost of energy sold (in paise per KWH)	8.13	8.48	9.18
(xvi) Average revenue (in paise per KWH)	14.18	14.36	14.76

It would be seen from the above that although the percentage of power generated to installed as well as maximum effective/firm capacity is progressively increasing year after year, the actual utilisation of capacity has been low.

(c) *Working results.*—The working results of the Board for the last three years ending 1971-72 are indicated below:—

(1)	1969-70 (2)	1970-71 (3)	1971-72 (4)
	(In lakhs of rupees)		
1. Revenue receipt	24,24.36	31,92.11	35,24.60
2. Revenue expenditure	14,46.29	21,00.18	21,92.10
3. Net surplus	9,78.07	10,91.93	13,31.50
4. Appropriation towards general reserve, interest on bond etc., and contribution towards bond redemption fund.	1,06.11	1,79.41	2,15.02
5. Balance available towards interest on loan from Government.	8,71.96	9,12.52	11,16.48
6. Interest due on loans from Government for the year	8,36.15	8,78.72	9,14.71
7. Arrears of interest	5,63.06	5,27.25	4,93.45
8. Total Interest	13,99.21	14,05.97	14,08.16
9. Surplus for the year (towards interest due to Government).	8,71.96	9,12.52	11,16.48
10. Progressive deficit towards interest charges to Government shown as contingent liability in the accounts.	5,27.25	4,93.45	2,91.68

(a) Includes Rs. 1.35 lakhs on account of intangible assets written off during the year.

72. *Purchase of K. V. power transformers.*—Tenders were invited on 28th November 1969 for purchase of 33/11 KV transformers of 3000 KVA and 5000 KVA capacity amongst others. In the absence of firm requirements, only tentative quantities were indicated in the tender notice viz. ten each for both the capacities which were expected to be required in the second half of 1970-71 and in 1971-72. On 9th January 1970 tenders were opened and the rates offered by the following firms were considered as they were more experienced in the line than lower tenderers:—

Firm	Rate computed for	
	3000 KVA	5000 KVA
(1)	(2)	(3)
A	1,08,396	1,76,507
B	1,16,548	1,62,760
C	1,19,922	..
D	1,19,962	1,72,585

The offers were valid upto 27th February 1970. The Board after taking into account the stock position *vis-a-vis* budgeted requirement decided (February 1970) not to purchase any 3000 KVA transformer. However, the Chief Engineer (Purchases) without indicating the reasons reassessed (April 1970) the requirements of 3000 KVA transformers for 1970-71 and 1971-72 as fourteen. As firm 'A' refused to extend the validity period and 'C' could not guarantee delivery due to *force majeure* conditions the Board decided on 7th April 1970 to place orders on 'B' and 'D'. Due to the delay in the finalisation of the requirements for 3000 KVA transformers, the Board had to incur thereby Rs. 1.41 lakhs over and above the price computed with reference to rate tendered by 'A'.

The requirement of 5000 KVA transformers was also revised (February 1970) and on 26th February 1970 the Board decided to purchase four units from 'B' and fifteen units from 'D' instead of purchasing all the units from 'B' on the ground that the firm had offered to supply in ten/twelve months at one unit per month as against 'D' which offered in six/seven months at two/three units per month. It was, however, noticed that 'D' which should have completed delivery by June 1971 actually delivered only one unit till then the rest were delivered upto November 1971.

Section C—Government Companies

73. There were nine government companies in the State as on 31st March 1972. The investment of Government in the share capital of these Companies amounted to Rs. 6,39.01 lakhs. Bank of Kawardha Limited (investment: Rs.0.07 lakh excluding the amount of compensation received) is under liquidation, while Bharat Transport Company Limited (investment: Rs. 1.50 lakhs) has ceased to function since April 1956 and has been declared (March 1965) defunct by the Registrar of Companies.

A summary of the financial results of seven companies on the basis of the test available accounts is given in Appendix VIII.

The certified accounts of the following companies for the years shown against each were not received (May 1973):—

Name of the Company (1)	Period for which accounts are awaited (2)
1. Madhya Pradesh <i>Laghu Udyog Nigam</i> Limited	1968-69 to 1971-72
2. Madhya Pradesh State Industries Corporation Limited.	1970-71 and 1971-72

Madhya Pradesh *Laghu Udyog Nigam* Limited, Bhopal

74. (a) *Introduction*.—Madhya Pradesh *Laghu Udyog Nigam* Limited, was incorporated on the 28th December 1961 as a private limited company for promoting the interests of small scale industries and helping their speedy development. The company started functioning from the 1st February 1962.

(b) *Capital structure*.—The company was registered with an authorised capital of Rs.20.00 lakhs. The authorised capital was raised from time to time and stood at Rs.1.52 crores on 31st March 1972. The entire issued and paid up capital of the company (Rs.1,01.85 lakhs as on 31st March 1972) was held by Government. This included Rs.49.85 lakhs, being the value of net assets of eight production units (Rs.37.72 lakhs) and twenty emporia (Rs.12.13 lakhs) transferred to the company on 1st March 1964 and 1st July 1965 respectively.

(c) *Arrears in accounts*.—The company had not prepared the accounts for the years 1968-69 to 1971-72. In May/October 1970 two firms of Chartered Accountants were appointed for preparation of the accounts for 1967-68 to 1970-71 at a remuneration of Rs. 6,000 for each year's account. Upto September 1971 accounts for 1967-68 only were finalised by one firm.

In their report on the accounts for 1967-68, the company auditors observe that the maintenance of and control over the accounts were poor. The writing of books remained in arrears beyond safe time limits. The company did not take appropriate steps for timely verification of some of its income and expenses and many of its assets and liabilities for their proper realisation and ensuring security. The Company stated (January 1973) that steps had been taken to overcome the defects pointed out.

(d) *Financial results*.—The company sustained loss of Rs. 13.06 lakhs upto 1967-68 as detailed below:—

Year (1)	Profit (+) Loss (—) (2)
	(In lakhs of rupees)
1962-63	(+) 0.2
1963-64	(+) 0.6
1964-65	(—) 5.1
1965-66	(—) 5.2
1966-67	(+) 2.4
1967-68	(—) 6.0
Total loss	(—) 13.0

The management attributed the losses during 1964-65 and 1965-66 to transfer of the production unit and emporia to the *Nigam*.

(e) *Activities and performances.*—

(i) *Procurement and distribution of raw materials.*—Acute shortage of raw materials resulting in uncertainty in their supply and distribution had been a matter of great concern both to government and the small scale industries. This work was, therefore, entrusted (February 1962) to the company on the consideration that it could better arrange for speedy procurement, storage and supply of raw material to the industrialists. The company opened five depots at Bhopal, Gwalior, Indore, Jabalpur and Raipur in 1962-63 and three more at Bhilai, Bilaspur and Satna in 1964-65 for supply of thirteen to fifteen commodities including copper, zinc, steel and cement. The table below indicates the extent of procurement and distribution of the commodities and the financial results from 1962-63 to 1970-71 :—

Year	Cost of raw material procured	Handling charges	Sale price of raw material distributed.	Closing stock	Gross profit
(1)	(2)	(3)	(4)	(5)	(6)
	(In lakhs of rupees)				
1962-63	13.57	0.75	11.51	3.56	0.75
1963-64	25.78	1.58	26.53	5.51	1.12
1964-65	58.54	2.76	46.31	21.33	0.83
1965-66	94.63	6.60	89.38	36.58	3.40
1966-67	64.42	3.22	58.19	48.58	2.55
1967-68	35.45	1.83	65.16	25.31	4.61
1968-69*	12.83	0.67	21.54	19.50	2.23
1969-70*	36.54	0.57	51.01	8.21	1.29
1970-71*	87.76	2.59	73.76	31.93	7.13

The accumulation of stock was mainly due to non-allotment of material by the Industries Department to various industrial units or non-lifting by the units concerned.

(ii) *Tussar silk industry.*—Government paid a grant of Rs.0.65 lakh in March 1966 to the company for development of *tussar* silk industry in Surguja district. The scheme was not implemented (January 1973).

The company stated (January 1973) that they had offered to refund the amount of Rs.0.65 lakh to the Government.

(f) *Marketing of handicrafts.*—Twenty emporia, earlier run by the Industries Department, were transferred to the Company with effect from 1st July 1965. The net value of assets of the emporia was fixed at Rs.12.13 lakhs by the Evaluation Committee and treated as a part of paid-up capital of the company. The

* The figures for the years 1968-69 to 1970-71 are provisional.

company had also established an emporium at Bombay in 1967-68. The table below indicates the working results of these emporia since their transfer:—

Year	Purchases	Expenses including depreciation	Sales (excluding miscellaneous receipts)	Closing stock	Net Profit (+) Loss (-)
(1)	(2)	(3)	(4)	(5)	(6)
	(In lakhs of rupees)				
1965-66	16.31	2.14	9.06	8.31	(-)1.07
1966-67	12.51	2.32	11.73	10.20	(-)0.86
1967-68	15.17	2.78	15.47	10.05	(-)0.20
1968-69*	21.23	**	21.55	12.98	(+)0.09
1969-70*	13.57	**	18.00	6.56	(+)0.28
1970-71*	16.58	**	19.17	12.89	(-)0.36

The losses were attributed (November 1970) by the Management to the facts that locations of emporia were not properly examined before they were opened; purchase policy was based on developmental aspect than on commercial; sales staff lacked commercial education and training.

(g) *Non-accountal of galvanised plain sheets.*—Raw materials depot of the company received 18,720 tonnes of galvanised plain sheets (26 guage) valuing Rs. 0.48 lakh on 31st March 1967 from Mineral and Metal Trading Corporation Limited, Bombay. The sheets were neither accounted for in the stock records nor the details of payments made were available. The amount was held under suspense in the accounts for 1967-68. The company stated (January 1973) that the concerned records were not traceable.

75 Madhya Pradesh Audyogik Vikas Nigam Limited, Bhopal

(a) *Introductory.*—Madhya Pradesh Audyogik Vikas Nigam Limited, Bhopal, was incorporated on 13th September 1965 with the main objects to:—

- (i) undertake survey and prepare project reports to enable the *Nigam* or private sector to establish either individually or in collaboration, new industries and to ensure expansion of existing industries in the State;
- (ii) assist such existing industries as may be referred to the *Nigam* by the State government on such terms and conditions as may be agreed upon;
- (iii) apply for and procure licences under Industries (Development and Regulation) Act, 1951 for the establishment of new industries;
- (iv) participate in the share capital or under-write the shares of industrial concerns; and
- (v) lend money for the industrial development.

* The figures for the years 1968-69 to 1970-71 were provisional.

** Figures are awaited (May 1973).

The authorised capital of the *Nigam* was Rs. 1.00 crore (10,000 equity shares of Rs. 1,000 each) which was raised to Rs. 5.00 crores in March 1971. The paid up capital as on 31st March 1972 was Rs. 1.15 crores.

(b) *Financial position.*—The table below summarises the financial position of the *Nigam* for the three years ending March 1972:—

(1)	1969-70 (2)	1970-71 (3)	1971-72 (4)
	(In lakhs of rupees)		
(i) Paid up capital	95.00	95.00	1,15.00
(ii) Revenue income	8.29	7.15	10.58
(iii) Revenue expenditure (including income tax and amounts of preliminary expenses written off)	6.61	6.27	8.24
(iv) Profit/Loss (+) (—)	(+) 1.68 ● ●	(+) 0.88	(+) 2.34
(v) Unutilised capital invested in fixed and short term deposits	1,33.89	1,25.27	1,37.89
(vi) Income from investment of unutilised capital	7.05	5.59	8.59

The major portion of the income of the *Nigam* was accounted for by interest realisation on the unutilised capital resources invested in fixed and call deposits with the banks.

(c) *Financial assistance to industries.*—Upto 1971-72 twenty-nine industrial concerns applied for the financial assistance amounting to Rs. 7,12.98 lakhs in the form of loans, participation in share capital, underwriting of shares, and for guarantees. The financial assistance to fifteen concerns involving Rs. 3,03.40 lakhs (forty-three per cent of the amount applied for) was sanctioned upto March 1972 and remaining applications were rejected by the *Nigam*. Till 1971-72, however, only Rs. 36.61 lakhs (five per cent of the amount applied for) were actually disbursed to seven concerns as detailed below:—

Year (1)	Number of application (2)	Loan (3)	Underwriting of shares (4)	Participation in shares (5)	Guarantee (6)
(In lakhs of rupees)					
Assistance applied for					
Upto 1967-68	5	33.80	83.00	15.00	..
1968-69	3	26.25	..	67.00	..
1969-70	8	69.00	..	30.00	49.50
1970-71	5	81.80	..	6.25	..
1971-72	8	1,47.38	14.00	30.00	60.00
Total	29	3,58.23	97.00	1,48.25	1,09.50

Year	Number of application	Loan	Underwriting of shares	Participation in shares	Guarantee
(1)	(2)	(3)	(4)	(5)	(6)
(In lakhs of rupees)					
<i>Assistance sanctioned</i>					
Upto 1967-68	4	13.80	83.00	..	..
1968-69	1	12.50	..	..	..
1969-70	3	2.72	..	9.30	..
1970-71	2	18.05	..	..	..
1971-72	5	77.18	6.25	20.60	60.00
Total	15	1,24.25	89.25	29.90	60.00
<i>Amount disbursed</i>					
Upto 1967-68	1	4.00	..	..	..
1968-69	1	7.21	..	..	..
1969-70	..	..	..	..	..
1970-71	3	7.50	4.18	5.00	..
1971-72	2	1.19	5.13	2.40	..
Total	7	19.90	9.31	7.40	..

The *Nigam* stated (August 1972) that loans could not be disbursed to the remaining eight concerns, as they were unwilling to fulfil the conditions or mis-utilised the amount paid earlier and in a few cases they did not avail of the assistance sanctioned.

(d) *Establishment of new industries.*—During February 1966 to February 1972 the *Nigam* applied to the Government of India for the issue of licences for promoting eighteen industries in the State. The letters of intent were issued for seven industries (May 1973) while applications for five industries were rejected and applications from remaining six were under consideration of the Government of India (May 1973). Out of the industries for which letters of intent were received, project reports of two industries had been prepared (May 1973).

(e) *Issue of bonds.*—With a view to augmenting its resources for meeting financial commitments, the *Nigam* in March 1966 issued 5,000 bonds of the face value of Rs. 1,000 each at two per cent discount, even though nearly Rs. 44.00 lakhs (out of Rs. 48.00 lakhs capital contribution of State Government upto 31st March 1968) of surplus funds were available with the *Nigam*. The bonds carried interest at the rate of 6 per cent and were repayable in 1983. The entire amount of Rs. 49.00 lakhs thus raised was deposited with ten banks in short term fixed

deposits, rates of interest of which varied between three and a half per cent and nine per cent as per details indicated below:—

(1)	1968-69 (2)	1969-70 (3)	1970-71 (4)	1971-72 (5)
	(In lakhs of rupees)			
Rate of interest of short term fixed deposits				
3½ per cent	..	..	12.25	..
4¼ per cent	..	..	0.94	..
4¾ per cent	..	..	6.96	..
5½ per cent	37.41	34.86	1.04	..
5¾ per cent	4.63	11.59	..	..
5⅞ per cent	9.96	..	..	..
6 per cent	..	2.55	23.17	..
6¼ per cent	..	..	..	23.17
6½ per cent	..	..	..	0.75
7 per cent	..	..	..	8.94
7¼ per cent	..	..	..	4.00
9 per cent	..	..	..	12.14

Issue of bonds thus resulted in a loss of Rs. 2.77 lakhs (interest : Rs. 0.77 lakh; discount : Rs. 1.00 lakh and expenses : Rs. 1.00 lakh) upto March 1972.

The Management while accepting the loss stated (December 1972) that the loss was likely to be set off soon, as the company was getting interest on fixed deposits ranging from 6.5 per cent to 7.75 per cent besides granting loans to parties at 9 per cent interest.

(f) *Irregularities in grant of loans.*—(i) In October 1967, a loan of Rs. 5.80 lakhs (Rs. 3.00 lakhs for the purchase of machinery and Rs. 2.80 lakhs for working capital) was sanctioned to a firm of Raipur against the security of fixed assets worth Rs. 23.05 lakhs valued by the *Nigam*. A sum of Rupees 3.00 lakhs for the purchase of machinery and Rs. 1.00 lakh for working capital was disbursed to the firm in November 1967. Under the agreement the loanee was required to submit a report of utilisation of the loan within six months. Neither the firm, purchased any machinery (May 1968) nor repaid the principal amounting to Rs. 1.06 lakhs which fell due upto March 1972. No action was taken against the firm except that further instalments of loan sanctioned was not released. The Company stated (June 1972) that legal action was being taken.

(ii) Another firm of Raipur which did not fall within the categories of industries eligible for aid from the *Nigam* was paid in February/March 1969 loan amounting to Rs. 7.21 lakhs against the security of fixed assets of Rs. 30.57 lakhs (already mortgaged with Dena Bank against loan of Rs. 8.57 lakhs). The firm, however, failed to repay instalments of principal (Rs. 4.71 lakhs) and payment of interest (Rs. 3.05 lakhs) on due dates. In September 1972 the firm agreed to pay Rs. 0.25 lakh per month. Till March 1973 Rs. 1.54 lakhs were paid by the firm. Rupees 6.22 lakhs (principal : Rs. 4.71 lakhs and interest: Rs. 1.51 lakhs) were to be recovered,

Section D—Departmentally managed Government Commercial and Quasi-commercial Undertakings

76. As on 31st March 1972 there were two departmental commercial undertakings *viz.*, Nationalised Text Book Scheme, Bhopal and Sales Dispensary, Indore and three quasi-commercial Undertakings *viz.*, Milk Supply Scheme, Bhopal. Training-cum-production Centre, Chanderi and Government Handloom Factory, Maheshwar; the financial results of these quasi-commercial undertakings on the basis of the latest available accounts are given in Appendix IX.

The *pro forma* accounts of the following scheme have not been received so far (May 1973).

(1)	Year from which <i>pro forma</i> accounts are awaited	Remarks
(1)	(2)	(3)
Forest department—		
Purchase and sale of <i>tendu</i> leaves	(1965-66) (since inception)	Form of accounts yet to be finalised.
Education department—		
Nationalised Text Book Scheme	1960-61	The scheme commenced in December 1957. No <i>pro forma</i> accounts have been prepared since then ; Government decided (September 1966) that the <i>pro forma</i> accounts of the scheme be prepared from 1960-61 onwards. Accounts for 1960-61 and 1961-62 rendered (September 1967) to Audit were found to be incomplete and defective. The Public Accounts Committee in their nineteenth report (April 1971) hoped that as per assurance given by the department, accounts upto 1969-70 would be got prepared within a period of two years. Further progress is awaited.
Food department—		
Grain Supply Scheme	1966-67	(a) The <i>pro forma</i> accounts of the Scheme have not been certified since Ist November 1956. Test check of the records of Food department for 1971-72 in September/

Year from which
proforma acco-
unts are await-
ed

Remarks

(1)

(2)

(3)

October 1972 showed the following deficiencies:—

(i) Reconciliation of departmental figures of drawals and remittances into treasuries with the account figures of Audit Office has not been done since 1958-59.

(ii) The number of districts awaiting inspection and scrutiny by the internal audit staff was as under:—

Year Number of districts

(1)	(2)
1968-69	37
1969-70	29
1970-71	24
1971-72	20

(iii) Three thousand five hundred cases of shortages (transit/storage) worth Rs. 80.00 lakhs (estimated) which occurred between 1956-57 and 1971-72 are yet (February 1973) to be finalised.

Veterinary department—
Government Milk Supply
Scheme

1958-59
(February 1959
onwards)

The Scheme was started in February 1959. No *pro-forma* accounts have been prepared since inception.

Government decided (September 1972) that in place of *pro forma* accounts for the years 1958-59 to 1969-70 a statement of assets and liabilities of the Scheme as on 31st March 1970 should be prepared and be treated as basis for preparing *pro forma* accounts for the year 1970-71 and onwards. Further progress is awaited. (November 1973).

Public Health department—
Sales Dispensary, Indore

1971-72

77. *Training-cum-production centre, Chanderi.*—(i) Till 1962-63 the Centre for imparting training to weavers of silk textile industry was production oriented and employed nearly a hundred weavers besides imparting training to twenty candidates per year. 160 weavers have been trained between 1963-64 and 1971-72. Some trained weavers were employed in the factory on piece rate wages while others who had their own looms were issued raw material for manufacturing silk sarees. Since September 1963, the Centre had been engaged mainly on training and grading of cloth produced locally, for ensuring quality control and employed only 14-15 weavers.

(ii) The figures of production and financial working of the Centre during 1969-70 to 1971-72 are given below :—

Particulars	1969-70	1970-71	1971-72
(1)	(2)	(3)	(4)
	(In lakhs of rupees)		
(i) Mean capital	5.04	5.05	5.11
(ii) Fixed assets (gross)	0.33	0.33	0.34
(iii) Raw materials consumed	0.12	0.22	0.15
(iv) Wages	0.08	0.07	0.08
(v) Opening stock (finished goods)	0.15	0.11	0.12
(vi) Less closing stock (finished goods)	0.11	0.12	0.13
(vii) Cost of sales	0.24	0.28	0.22
(viii) Sales (including other receipts)	0.25	0.30	0.25
(ix) Gross profit	0.01	0.02	0.03
(x) Over heads and establishment expenses	0.78	0.84	0.83
(xi) Interest on capital	0.27	0.27	0.28
(xii) Net loss	1.05	1.08	1.08

The Centres had been continuously running in loss. These losses, are likely to increase as provisions for depreciation on fixed assets, pension contribution, supervision and directional charges have not been made in the *pro forma* accounts.

(iii) Till March 1962 the Centre sent its products for sale on consignment basis to the Government godowns at Indore and Gwalior and other emporia. The consignees eleven in all (9 government parties) have neither rendered their accounts of sales and stock nor remitted the cost of goods (value : Rs. 3.49 lakhs upto March 1962).

The Registrar, Co-operative Societies stated (February 1973) that action was being taken for expeditious reconciliation of accounts.

Section E—Co-operative Institutions

78. *Morena Mandal Sahakari Shakkar Karkhana Limited, Kailaras (Morena):*
 (a) *Introduction.*—Madhya Pradesh had a deficit of nearly 1.15 lakh tonnes in production of sugar which had to be imported from other States. The high power committee appointed (May 1963) by Government to examine the feasibility of locating a sugar factory recommended (September 1963) its establishment in

Morena district. The district was selected as sugarcane cultivation was expected to flourish from 1965-66 with facility of irrigation for 30,000 acres of sugar cane from the Chambal canal system. The same was approved by Government of India (August 1965) under the Industrial (Development and Regulation) Act, 1951. The sugar factory was to be set up at Kailaras (district Morena) with a crushing capacity of 1,250 tonnes of sugarcane per day. *Morena Mandal Sahkari Shakkar Karkhana* Limited, Kailaras was registered as a co-operative sugar factory on 23rd October 1965 under the Madhya Pradesh Co-operative Societies Act, 1960.

(b) *Capital structure.*—The society was registered with an authorised capital of Rs. 75.00 lakhs. Bye-laws of the factory envisaged capital contribution by Government and member societies/individuals on 50:50 matching basis. The paid up capital as on 31st March 1971 was Rs. 60.11 lakhs, of which Rs. 44.70 lakhs were contributed by Government, Rs. 6.90 lakhs by the co-operative societies and Rs. 8.51 lakhs by individuals. In addition, Government contributed Rs. 50.00 lakhs during 1971-72 (Rs. 10.00 lakhs in July 1971 and Rs. 40.00 lakhs in October 1971) consequently, raising the paid up capital to Rs. 110.11 lakhs as against the authorised capital of Rs. 75.00 lakhs. The Registrar Co-operative Societies (September 1972) carried out the necessary amendment in the bye-laws for raising the amount of authorised capital. Thus 93 per cent of the share capital is held by government and individuals, although it was intended to be a co-operative society.

(c) *Project estimates.*—The table below indicates the original and revised project estimates:

S.No.	Particulars	Original estimates (1966)	As estimated in January 1970	As estimated in September 1971
(1)	(2)	(3)	(4)	(5)
(In lakhs of rupees)				
1.	Purchase and development of land	2.50	1.81	2.66
2.	Civil work	30.60	40.80	35.38
3.	Plant and machinery	1,42.20	1,39.70	1,43.70
4.	Miscellaneous fixed assets	9.00	19.83	18.63
5.	Other preliminary expenses	34.70	42.11	52.80
	Total	2,19.00	2,44.25	2,53.17

As against the estimate of Rs. 2,53.17 lakhs in September 1971, the actual expenditure is now expected to be Rs. 2,98.37 lakhs (Rs. 2,47.28 lakhs incurred upto January 1972).

(d) *Erection of plant.*—Quotations for supply of plant were called for from sugar plant manufacturers approved by Government of India on 8th November 1965, 23rd May 1967 and 2nd August 1967 but none of the offers received was accepted. The Board finally resolved (February 1968) to place the orders on a

firm after negotiations, at Rs.1,24.00 lakhs *plus* erection and supervision charges (Rs.4.50 lakhs). The agreement with the firm (March 1968) stipulated that the plant would be supplied within fourteen months and that the Society should put up factory building and machinery foundations within nine months. The above programme, however, could not materialise due to the following :—

(i) *Land*.—The land for factory building was not acquired and developed till January 1970, the delay being attributed to the cumbersome nature of the proceedings under the Land Acquisition Act. Although the consulting engineer for architecture and civil engineering works was appointed in May 1967, the designs for the buildings were not finalised till December 1970 while civil works were awarded in January 1970. Essential buildings including structures were completed in February 1972. The delay was attributed (April 1972) to situation of the site in decoity area, besides non-availability of building materials and skilled labour.

(ii) In March 1970, the firm supplying the plant had written that if the site for erection of plant was not made available to them by 14th April 1970 the erection charges would be Rs.6.50 lakhs instead of Rs.4.50 lakhs. Owing to delay in construction of the buildings, erection of the plant and machinery (the supply of which commenced in April 1968) was completed only in January 1972 and the factory had not only to pay Rs.2.00 lakhs extra for erection charges but also incur additional expenditure due to increase in building costs.

(e) *Consulting Engineers*.—The Management did not advertise the post of consulting engineer for architectural and civil engineering works. On receipt of an offer from a firm at the instance of the Joint Director-cum-Joint Registrar in August 1966, the Registrar, Co-operative Societies advised the Management to negotiate the terms of remuneration with that firm at 1.5 per cent of the value of work done on the basis of their contract with other Government Institutions. The Management, however, appointed the firm in May 1967 at a remuneration of 2 per cent of the value of work done. In October 1967 the National Federation of Co-operative Sugar Factories Limited informed the Factory that the layout plans sent by the consulting engineer did not disclose any knowledge on their part in regard to sugar factory. As it was not however legally possible to revoke the contract, with the firm it was decided by the Management to continue their services and to keep a watch on their work by appointing another engineer as well as by having consultations with the National Federation of Co-operative Sugar Factories Limited. Rupees 0.80 lakh were spent on remuneration to consulting engineers and Rs.0.50 lakh on civil engineering section (supervisory staff) upto March 1972.

(f) *Commitment and interest charges*.—The project report, envisaged that the Industrial Finance Corporation of India and the Life Insurance Corporation would finance the project (total capital outlay : Rs.2,19.00 lakhs) to the extent of Rs.80.00 lakhs and Rs.40.00 lakhs respectively on the basis of 50:50 guarantee of repayment furnished by the Central and State Governments, after entering into agreements with them which were entered into in March 1968 and March 1970 respectively.

The agreements *inter-alia*, provided for submission of full share capital and mortgage of land to Industrial Finance Corporation. Further the loanee would draw the loans at 8 per cent interest per annum from the date of agreement on fulfilment of these conditions failing which commitment charges at 1 per cent on the unavailed amount were payable. The Factory could not avail of the loans due to non-fulfilment of conditions upto June 1970. Rupees one crore were therefore obtained as cash credit from a co-operative bank at interest rate varying from nine per cent to ten and a half per cent per annum between June 1969 and November 1971 resulting in payment of additional interest charges to the extent of Rs.1.80 lakhs besides payment of commitment charges of Rs. 2.73 lakhs on the unavailed loans.

(g) *Production*.—Against the crushing capacity of 1,250 tonnes of sugarcane per day, the total sugar-cane crushed during the years 1971-72 and 1972-73 was 648 tonnes and 3,722 tonnes amounting nearly to half day's and three days' capacity. The negligible outturn of the factory was due to non-availability of sugar-cane, which in turn was due to only 400 acres of land having been brought under sugarcane cultivation as against 30,000 acres envisaged in the Project Report.

Section F—Investments and Guarantees

79. *Investments*.—The table below indicates the investments of the State Government in Statutory Corporations/Board, Government Companies, Joint Stock Companies and Co-operative Societies and the returns received therefrom:—

(1)	Investments as on 31st March 1972		Interest/Dividend received during 1971-72	
	Number (2)	Amount (3)	Number (4)	Amount (5)
	<i>(In lakhs of rupees)</i>		<i>(In lakhs of rupees)</i>	
Statutory Corporations/Board	4	1,01.7	1	1.52
Government Companies	13	90.1	3	7.28
Joint Stock Companies	25	10.0	11	4.46
Co-operative Societies and Banks	..	3,00.6	..	10.26

Further details are given in statement no.14 of Finance Accounts 1971-72.

80. *Guarantees given by Government*.—Government has given guarantees to third parties on behalf of statutory corporations, joint stock companies, Co-operative institutions *etc.*, for repayment of loans and payment of interest thereon, payment of minimum annual dividend, repayment of cash credit/overdraft *etc.* The maximum amount of guarantees given by government at the end of 1971-72 was Rs.3,32.35 crores while sums guaranteed outstanding on 31st March 1972

was (to the extent information has been received) Rs.36.86 crores as shown below :—

(1)	Maximum amount guaranteed	Sums guaranteed outstanding on 31st March 1972
	(2)	(3)
	<i>(In crores of rupees)</i>	
Statutory corporations and boards	56.67	33.41
Joint -stock companies	3.70	2.61
Co-operative institutions (banks and societies)	2,71.98	0.84
Total	3,32.35	36.86

In addition government has given guarantees with unlimited liability on behalf of Madhya Pradesh State Road Transport Corporation and Madhya Pradesh Electricity Board for payment of cost of stores purchased through the Director General, Supplies and Disposals, New Delhi, and for payment of freight and other dues to Railway Board.

During 1971-72 government paid Rs.8.60 lakhs to Madhya Pradesh Financial Corporation Indore and State Bank of Indore in fulfilment of guarantees given for repayment of loans by three mills. (The New Bhopal Textile Limited, Bhopal, Heera Mills Limited, Ujjain and Swadeshi Cotton and Flour Mills Limited, Indore). The total amount paid to end of 1971-72 by government in fulfilment of guarantees on behalf of joint stock companies was Rs.40.29 lakhs, of which only Rs.2.75 lakhs were recovered so far (December 1972).

CHAPTER IX

OUTSTANDING AUDIT OBSERVATIONS AND INSPECTION REPORTS

81. *Outstanding audit observations.*—Audit observations on financial transactions of Government are reported to departmental authorities so that appropriate action is taken to rectify the defects and omissions where possible and to prevent recurrence thereof. Half yearly reports of such observations outstanding for more than six months are also forwarded to Government to enable it to take necessary steps for their prompt settlement. Government has also issued directions from time to time requiring departments to take suitable steps to ensure immediate clearance of these observations.

Year-wise analysis of observations raised upto March 1972 but remaining unsettled upto September 1972 is given below :—

Year of issue	Civil departments		Commercial departments/activities		Revenue receipts	
	Number	Amount	Number	Amount	Number	Amount
(1)	(2)	(3)	(4)	(5)	(6)	(7)
		<i>(In lakhs of rupees)</i>		<i>(In lakhs of rupees)</i>		<i>(In lakhs of rupees)</i>
1968-69 and earlier years	92,961	16,99.03	4	0.18	708	77.80
1969-70	17,377	6,83.08	..	..	271	38.11
1970-71	25,600	10,61.93	..	..	496	6.78
1971-72	38,481	17,97.09	..	..	836	36.35
Total	1,74,419	52,41.13	4	0.18	2,311	1,59.04

The following departments have comparatively heavy outstanding observations :—

S.No.	Department	Number	Amount
(1)	(2)	(3)	(4)
			<i>(In lakhs of rupees)</i>
1.	Education	23,404	3,29.47
2.	Public Works (Buildings and Roads)	21,515	10,33.59
3.	Irrigation	19,948	10,95.92

S.No.	Department	Number	Amount
(1)	(2)	(3)	(4)
			(In lakhs of rupees)
4.	Agriculture	18,469	2,10.17
5.	Public Health	11,211	1,73.05
6.	Animal Husbandry	8,377	1,13.67
7.	Public Health Engineering	8,332	3,67.70
8.	General Administration	5,618	41.49
9.	Medical	5,585	2,87.60
10.	Miscellaneous, Social and Developmental Organisations	4,719	1,62.37

The following is a broad analysis of the reasons for which audit observations have remained outstanding :-

S.No.	Nature of observations	Civil departments		Commercial de- partments/activities		Revenue receipts	
		Number	Amount	Number	Amount	Number	Amount
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
			(In lakhs of rupees)		(In lakhs of rupees)		(In lakhs of rupees)
1.	Sanctions for establishments not received	2,352	1,00.33	..	..	..	..
2.	Sanctions not received for contingent and miscellaneous expenditure	2,997	97.69	..	..	..	..
3.	Sanctions to estimates not received	88	1.76	..	..	..	..
4.	Detailed bills for lump sum drawals not received	30,419	6,28.20	..	..	..	..
5.	Vouchers not received	6,214	2,69.68	..	..	..	..
6.	Payees' receipts not received	74,590	20,18.44	..	..	..	..
7.	Advances paid to Government servants not recovered	36,058	86.31	..	..	..	..
8.	Agreements with contractors/suppliers not received	990	9,69.76	..	..	..	..

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
9. Overpayments or amounts disallowed in audit not recovered		4,198	34.26	3	0.05	..	.
10. Sanctions to write-off of losses etc., not received		811	10.43	..	..	..	..
11. Breach of financial propriety		5	20.39	..	..	..	..
12. Sanctions to reserve limit stock not received		188	5,27.40	..	..	..	..
13. Excess payments due to difference in rates		174	2.76	..	..	..	..
14. Details of expenditure not received		800	1,35.34	..	..	..	..
15. Recoveries of Medical Bills		436	0.62	..	..	..	..
16. Recoveries of Guarantee amount given by Government to Textile Mills		3	25.29	..	..	..	..
17. Sanctions of technical and Administration not received		2,041	40.54	..	..	..	..
18. Delay in reassessment of sales tax cases		1,494	11.67
19. Other reasons		12,055	2,71.93	1	0.13	817	1,47.37
Total		1,74,419	52,41.13	4	0.18	2,311	1,59.04

Entire expenditure for which detailed contingent bills and vouchers are not submitted escapes audit. In such cases, as also the cases in which payees' receipts *etc.*, are not furnished, misappropriation, fraud, *etc.*, may remain undetected.

About 54 per cent (Rs.29.17 crores) of the total amount is for want of detailed contingent bills, vouchers, payees' receipts and other documents. Rules require that for amounts drawn as advance by disbursing officers on abstract contingent

bills, the detailed contingent bills (containing full particulars of the expenditure incurred) with supporting sub-vouchers and payees' receipts are to be submitted to the Accountant General not later than the 25th of the month following that in which the abstract contingent bills are drawn.

82. *Outstanding inspection reports.*—Financial irregularities and defects in initial accounts noticed during local audit and not replied to adequately during the course of audit and not settled by discussion of the draft audit inspection report on the spot with the head of office are communicated to heads of offices and to the next higher departmental authorities through audit inspection reports. The more important irregularities are reported to heads of departments and Government. The points mentioned in the reports are to be settled as expeditiously as possible if the object of inspection is to be achieved. Unless such reports received prompt attention there is likelihood of irregularities persisting. Government has prescribed that first replies to inspection reports should be sent within five weeks. In spite of this direction and other instructions issued from time to time, a large number of old inspection reports and paragraphs are outstanding.

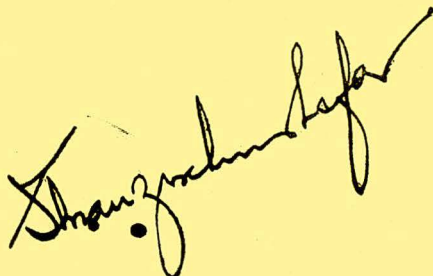
At the end of September 1972, 7,591 inspection reports, containing 32,323 paragraphs, issued upto March 1972 remained unsettled. An analysis of the inspection reports and paragraphs outstanding at the end of September 1972 is given below:—

Year of issue	Civil departments		Commercial departments/activities		Revenue receipts	
	Number of inspection reports	Paragraphs	Number of inspection reports	Paragraphs	Number of inspection reports	Paragraphs
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1967-68 and earlier years	3,289	10,724	2	3	275	823
1968-69	916	3,889	2	16	83	356
1969-70	959	4,331	..	..	99	505
1970-71	947	4,862	1	2	86	869
1971-72	863	4,850	..	..	69	1,093
Total	6,974	28,656	5	21	612	3,646

These include 626 inspection reports (435—Civil, 166—Public Works and 25—Revenue receipts) for which first replies had not been received till the end of September 1972 even after expiry of six months to two years.

Departments with comparatively heavy outstandings are given in Appendix X.

Some of the important types of irregularities noticed in local audit and inspection during 1971-72 are briefly mentioned in Appendix XI.



(S. MANZUR-e-MUSTAFA)

Accountant General, Madhya Pradesh.

Gwalior :

The

4 MAR 1974

Countersigned.



New Delhi:

The

7 MAR 1974

(A. BAKSI)

Comptroller and Auditor General of India.

2

APPENDIX I

(Reference : Paragraph 17, page 18)

EXTENT OF UTILISATION OF SUPPLEMENTARY GRANTS

No.	Number and name of grant or appropriation	Amount of grant		Actual expenditure	Excess + Saving— (Percentage)
		Original	Supplementary		
(1)	(2)	(3)	(4)	(5)	(6)
<i>(In lakhs of rupees)</i>					
—Unnecessary supplementary grants—					
1.	9—Other Revenue Expenditure pertaining to the Revenue and Land Reforms Departments	5,50.36	8.37	3,79.18	—1,79.55 (32)
2.	11—Revenue Expenditure pertaining to Commerce and Industry Department	2,00.80	9.21	1,60.97	—49.04 (23)
3.	13—Agriculture	10,63.60	48.17	9,83.99	—1,27.78 (11)
4.	16—Labour and Employment	1,61.44	25.00	1,59.37	—27.07 (15)
5.	31—Social Welfare	1,68.53	34.01	1,65.47	—37.07 (18)
6.	32—Rehabilitation	1,68.18	17.73	1,38.93	—46.98 (25)
7.	36—Capital Expenditure pertaining to Forest Department	15,16.56	52.35	10,97.05	—4,71.86 (30)
8.	37—Capital Expenditure pertaining to Commerce and Industry Department	92.70	8.14	65.84	—35.00 (35)
9.	43—Capital Outlay on Public Works	12,16.30	14.26	10,69.04	—1,61.52 (13)
—Excessive supplementary grants—					
10.	38—Capital Expenditure pertaining to Agriculture Department	9,18.95	9,58.52	11,19.66	—7,57.81 (40)
11.	49—Loans and Advances	1,21.20	44.50	1,38.77	—26.93 (16)

APPENDIX

(Reference : Paragraph

CASES OF MISAPPROPRIATION REPORTED UP TO 31ST

S.No.	Name of the department	Cases reported in 1966-67 and earlier years		Cases reported during 1967-68		Cases reported during 1968-69	
		No. of cases	Amount (In lakhs of rupees)	No. of cases	Amount (In lakhs of rupees)	No. of Cases	Amount (In lakhs of rupees)
1.	Agriculture	31	0.79	2	0.07	1	1.09
2.	Revenue	63	2.59	4	0.13	9	0.28
3.	Education	18	1.04	9	0.32	5	0.40
4.	Irrigation	22	0.40	2	0.04	5	0.16
5.	Public Works	17	1.77	5	0.55	3	0.24
6.	Planning and Development	18	1.33	4	0.19	..	..
7.	Tribal Welfare	13	0.92	4	0.02	2	0.21
8.	Forest	7	0.06	2	0.12	2	0.01
9.	Food	9	3.19	..	..	1	0.09
10.	Public Health	1	..	2	0.12	..	..
11.	Police	4	0.07	2	0.01	..	..
12.	Veterinary	3	0.02	3	0.29	..	..
13.	Industries	6	0.40	..	..	1	0.10
14.	Medical	3	1.41	..	..	1	0.10
15.	Law	3	0.11	..	..	..	..
16.	Co-operation	2	0.03	..	..	..	..
17.	Publicity	3	0.17	..	..	..	..
18.	Excise	1	0.23	1	0.08	..	..
19.	Labour and Employment	1	0.01	1	0.01	..	..
20.	Finance	..	..	..	..	1	2.64
21.	Social Welfare	1	0.02	..	..	..	..
22.	Rehabilitation	..	..	..	..	1	0.02
23.	Home	..	..	..	..	..	..
24.	Public Health Engineering	4	0.26	2	0.04	1	0.02
	Total	230	14.82	39	1.99	33	5.36

III

32, page 42)

MARCH 1972 BUT NOT FINALISED TILL 30TH SEPTEMBER 1972

Cases reported during 1969-70		Cases reported during 1970-71		Cases reported during 1971-72		TOTAL	
No. of cases	Amount (In lakhs of rupees)	No. of cases	Amount (In lakhs of rupees)	No. of cases	Amount (In lakhs of rupees)	No. of cases	Amount (In lakhs of rupees)
8	0.39	8	1.25	10	15.61	60	19.20
10	0.18	10	0.78	24	1.57	120	5.53
6	0.32	2	0.43	24	1.70	60	4.21
3	0.21	3	0.21	8	0.24	43	1.26
..	..	2	0.56	..	..	27	3.12
4	0.64	2	0.06	..	..	28	2.22
2	0.14	7	0.12	17	6.47	45	7.88
3	0.15	4	0.47	4	0.18	22	0.99
1	0.08	..	..	1	0.14	12	3.50
3	0.12	1	0.08	5	0.44	12	0.76
4	0.72	2	0.02	3	0.03	15	0.85
..	..	6	0.12	2	0.20	14	0.63
..	..	1	1.10	1	0.03	9	1.63
2	0.07	1	0.02	5	0.26	12	1.86
..	..	..	..	3	0.01	6	0.12
1	0.02	1	0.05	1	..	5	0.10
..	..	..	..	..	..	3	0.17
..	..	..	..	..	..	2	0.31
..	..	..	..	1	0.01	3	0.03
..	..	..	..	..	..	1	2.64
..	..	..	..	..	..	1	0.02
..	..	..	..	..	..	1	0.02
..	..	..	..	1	0.01	1	0.01
1	0.01	..	..	1	0.02	9	0.35
48	3.05	50	5.27	111	26.92	511	57.41

APPENDIX IV

(Reference : Paragraph 33, page 42)

S.No.	Name of the department	Writes-off of losses, irrecoverable revenue, advances, etc.		Waiver of recovery		Remission of revenue/abandonment of claims to revenue	
		No. of cases	Amount Rs.	No. of cases	Amount Rs.	No. of cases	Amount Rs.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1.	Forest	63	4,97,668	..	..	..	..
2.	Veterinary	43	36,384	..	..	..	..
3.	Agriculture	37	58,101	2	10,136	..	..
4.	Sales Tax	..	..	..	..	35	1,20,073
5.	Food	19	1,19,931	..	..	..	..
6.	Irrigation	20	97,784	1	4,621	..	..
7.	Public Works	16	74,976	..	..	..	..
8.	Police	8	19,818	..	..	..	..
9.	Public Health	8	12,789	..	..	..	..
10.	State Excise	..	..	..	..	6	63,114
11.	Planning and Development	6	4,113	..	..	..	..
12.	Rehabilitation	4	4,310	..	..	..	..
13.	Medical	..	..	2	13,275	..	..
14.	Social Welfare	2	12,350	..	..	..	..
15.	Law	1	25,150	..	..	..	..
16.	Industries	1	7,753	..	..	..	..
17.	Information and Publicity	1	3,869	..	..	..	..
18.	Education	1	3,526	..	..	..	..
19.	General Administration	..	..	1	2,885	..	..
20.	Natural Resources	..	..	..	..	1	1,213
Total		230	9,78,522	6	30,917	42	1,84,400

APPENDIX V

(Reference : Paragraph 42, page 53)

SYNOPSIS OF IMPORTANT STORES ACCOUNTS

A—Public Works Departments

Department	Stores	Opening balance s on Ist April 1971	Receipts/Issues (1971-72)		Closing balance on 31st March 1972
(1)	(2)	(3)	(4)	(5)	(6)
(In lakhs of rupees)					
1. Buildings and Roads (seventy six divisions)	Building materials, paints, stores, fuel and timber <i>etc.</i>	1,67.01	7,92.08	6,98.76	2,60.33
2. Chambal project (two divisions)	Do.	1,12.51	2.67	8.01	1,07.17
3. Irrigation (sixty-six divisions)	Do.	1,82.39	1,83.32	1,78.38	1,87.33
4. Tawa project (twelve divisions)	Do.	92.51	2,23.34	1,74.57	1,41.28
5. Major projects (eighteen divisions)	Do.	37.54	68.48	69.45	36.57
6. Tube wells (nine divisions)	Do.	7.69	1,39.54	1,12.65	34.58
7. Housing divisions (two divisions)	Do.	-0.14	1.10	0.61	0.35

B—Civil Departments

Department	Stores	Opening balance on Ist April 1970	Receipts/Issues (1970-71)		Closing balance on 31st March 1971
(1)	(2)	(3)	(4)	(5)	(6)
<i>(In lakhs of rupees)</i>					
1. Veterinary	Stores and livestock	1,56.52	1,36.36	1,07.00	1,87.88
Department	Stores	Opening balance on Ist April 1966	Receipts/Issues • (1966-67)		Closing balance on 31st March 1967
(1)	(2)	(3)	(4)	(5)	(6)
<i>(In lakhs of rupees)</i>					
2. Food	Food grains	3,65.05	30,50.14	31,59.35	3,07.31*

*Difference of Rs. 51.47 lakhs in the closing balance remains to be explained (February 1973).

APPENDIX

(Reference : Paragraph 62,

OUTSTANDING REVENUE RELATING TO

Licence fees

Year	Liquor	Ganja	Bhang	Foreign liquor	Opium	Toddy
(1)	(2)	(3)	(4)	(5)	(6)	(7)
	(In lakhs of rupees)					
1916-17	30.14	4.22	0.81	0.06	0.83	0.39
to						
1966-67						
1967-68	68.93	5.19	0.72	..	..	0.23
1968-69	73.07	6.14	0.47	..	..	1.09
1969-70	52.30	5.19	0.69	..	..	0.92
1970-71	9.82	0.50	0.11	..	..	0.50
1971-72	25.06	0.23	0.13	..	..	0.01
Total	2,59.32	21.47	2.93	0.06	0.83	3.14

VI

page 69)

STATE EXCISE DEPARTMENT

Country liquor on excess wastage	Fines	Resale of shops	Other dues Recovery of duty under MG	Miscellaneous	Remark
(8)	(9)	(10)	(11)	(12)	(13)
<i>(In lakhs of rupees)</i>					
0.07	0.02	0.16	3.48	0.13	
..	0.02	0.30	20.97	...	
0.23	0.09	2.42	26.63	...	
0.20	0.20	1.35	23.24	0.03	
0.31	0.31	1.71	5.10	0.06	
--	0.15	0.94	3.40	0.03	
0.81	0.79	6.88	82.82	0.25	

APPENDIX

(Reference: paragraph

SUMMARISED FINANCIAL RESULTS OF STATUTORY

S. No.	Name of the Corporation/ Board	Name of administrative department	Year of incorporation	Period of accounts	Total capital invested	Profit(+) Loss(-)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
					<i>(In lakhs of rupees)</i>	
1.	Madhya Pradesh Financial Corporation, Indore	Finance	1955	1971-72	8,20.59	(+) 18.31
2.	Madhya Pradesh State Road Transport Corporation, Bairagarh	Home	1962	1971-72	12,27.60	(-) 1,19.13
3.	Madhya Pradesh State Warehousing Corporation, Indore	Co-operation	1958	1970-71	59.14	(+) 3.00
4.	Madhya Pradesh Electricity Board, Jabalpur	Electricity	1957	1971-72	2,04,59.86	(-) 93.15

Note.—1. Capital invested represents paid up capital plus long term loans plus free reserves.

2. Capital employed represents net fixed assets plus or minus working capital.

VII

69, page 73)

CORPORATIONS/BOARDS

Total ntere- t charg ed on Profit and Loss Account	Intere- st on long term loans	Total return on capi- tal in- vested (7+9)	Percen- tage of total return on ca- pital in vested	Capital employed	Total return on capi- tal em- ployed (7+8)	Percen- tage of total return on ca- pital employed	Remarks
(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
34.71	34.71	53.02	6.46	—	—	—	—
71.05	71.05	(—)48.08	—	9,47.59	—	—	—
—	—	3.00	5.07	58.38	3.00	5.14	—
39.69	12,39.69	13,32.84	6.51	1,68,20.48	13,32.84	7.92	—

APPENDIX

(Reference Paragraph)

SUMMARISED FINANCIAL RESULTS

S. No.	Name of the Company	Name of administrative department	Year of incorporation	Period of accounts	Total capital invested	Profit(+) Loss(-)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
					(In lakhs of rupees)	
1.	Provident Investment Company Limited, Bombay	Finance	1926	Year ended 31st December 1971	1,85.92	(+)7.3
2.	Madhya Pradesh State Mining Corporation Limited, Bhopal	State Natural Resources	1962	Year ended 31st March 1972	24.82	(+)2.1
3.	Madhya Pradesh Industries Corporation Limited, Bhopal	State Commerce and Industries	1961	Year ended 31st March 1970	2,68.56	(-) ^(a) 12.8
4.	Madhya Pradesh <i>Audyogik Vikas Nigam</i> Limited, Bhopal	Commerce and Industries	1965	Year ended 31st March 1972	1,68.46	(+)4.3

VIII

73, page 79)

OF GOVERNMENT COMPANIES

Total interest charged in Profit and loss Account	Interest on long term loans	Total return on capital invested (7+9)	Percentage of total return on capital invested	Capital employed	Total return on capital employed (7+8)	Percentage of total return on capital employed	Remarks
(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
—	—	7.33	3.94	1,85.92	7.33	3.94	
—	—	2.19	8.82	24.41	8.99	—	
6.27	6.11	(—)6.77	—	2,33.85	(—)6.61	—	(a) Includes Rs. 28.18 lakhs received from Government of Madhya Pradesh as application money against share capital to be issued.
3.00	3.00	7.34	4.36	1,61.38	7.34	4.54	

APPENDIX VIII

S. No.	Name of the Company	Name of administrative department	Year of incorporation	Period of accounts	Total capital invested	Profit (+) Loss (-)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
					(In lakhs of rupees)	
					(b)	
5.	Madhya Pradesh Industries Development Corporation Limited, Bhopal	Agro-Development Limited,	Agriculture.	1969	Year ended 31st March 1972	1,54.66 (+)10.09
6.	Madhya Pradesh Udyog Nigam Limited, Bhopal	Laghu Commerce and Industries Limited,	Commerce and Industries	1961	1967-68	1,12.82 (c) (-)6.04
7.	Maddya Pradesh Textile Corporation Limited, Bhopal	State Textile Corporation Limited,	Commerce and Industries	1970	Year ended 30th September 1972	1,19.99 4.21

Note.—1. Capital invested represents paid up capital plus long term loans plus free reserves.

2. Capital employed represents net fixed assets plus or minus working capital.

—concl.

Total interest charged on Profit and Loss Account	Interest on long term loans	Total return on capital invested (7+9)	Percentage of total return on capital invested	Capital employed	Total return on capital employed (7+8)	Percentage of total return on capital employed	Remarks
(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
2.70	—	10.09	6.52	2,44.91	12.79	5.22	(b) Includes Rs. 5 lakhs received from Government as advances towards share capital.
1.68	1.68	(—)4.36	—	98.66	(—)4.36	—	(c) After taking into account the adjustment relating to previous year.
6.07	6.07	10.28	8.6	1,19.98	10.28	8.6	

APPENDIX IX

(Reference : Paragraph 76, page 86)

SUMMARISED FINANCIAL RESULTS OF DEPARTMENTALLY
MANAGED GOVERNMENT UNDERTAKINGS

S. No.	Name of concern	Sales Dis- pensary, Indore Public Health	Training-cum- production centre, Chanderi Co-operation	Government Hand- loom Factory, Meheshwar Co-operation	1970-71	1971-72
(1)	(2)	(3)	(4)	(5)	(6)	(7)
<i>(In lakhs of rupees)</i>						
1.	Government capital at the close of the previous year	1.04	4.63	4.65	2.39	2.35
	current year	1.24	4.65	4.77	2.35	2.31
	Mean capital	1.11	5.05	5.11	2.73	2.67
2.	Block assets (net)	0.07	0.34	0.34	0.18	0.18
3.	Depreciation to date	0.07	@	@	@	@
4.	Turnover	2.73	0.30	0.25	0.30	0.31
5.	Profit (+)/Loss (—)	(+)0.01	(—)1.08	(—)1.08	(—)0.85	(—)0.82
6.	Interest on capital	0.06	0.27	0.28	0.15	0.15
7.	Total return (5+6)	0.07	(—)0.81	(—)0.80	(—)0.70	(—)0.67
8.	Percentage of return on mean capital.	6.31	..	..	..	..

@ Depreciation has not been provided.

APPENDIX X

(Reference : Paragraph 82, page 97)

DEPARTMENT HAVING HEAVY OUTSTANDING INSPECTION REPORTS
ON 30TH SEPTEMBER 1972

S. No.	Department	Total number of inspection reports and paragraphs outstanding at the end of September 1972		Total number of inspection reports to which even first replies have not been received till end of September 1972	
		Number of inspection reports	Number of paragraphs		
(1)	(2)	(3)	(4)	(5)	
<i>Civil</i>					
1.	Education	1,060	3,600	—	
2.	Agriculture	501	2,211	83	
3.	Tribal Welfare	496	2,421	25	
4.	Revenue	407	1,785	32	
5.	Planning and Deve'opment	351	744	34	
6.	Public Health	318	1,348	53	
7.	Forest	275	1,039	32	
8.	Veterinary	188	822	35	
9.	Industries	114	350	18	
<i>Public Works</i>					
10.	Buildings and Roads	1,033	5,007	64	
11.	Irrigation	969	4,728	62	
12.	Public Health Engineering	289	1,442	23	
<i>Revenue Receipts</i>					
13.	Forest	287	1,425	21	
14.	Sales Tax	190	1,494	—	
15.	State Excise	135	727	4	

APPENDIX XI

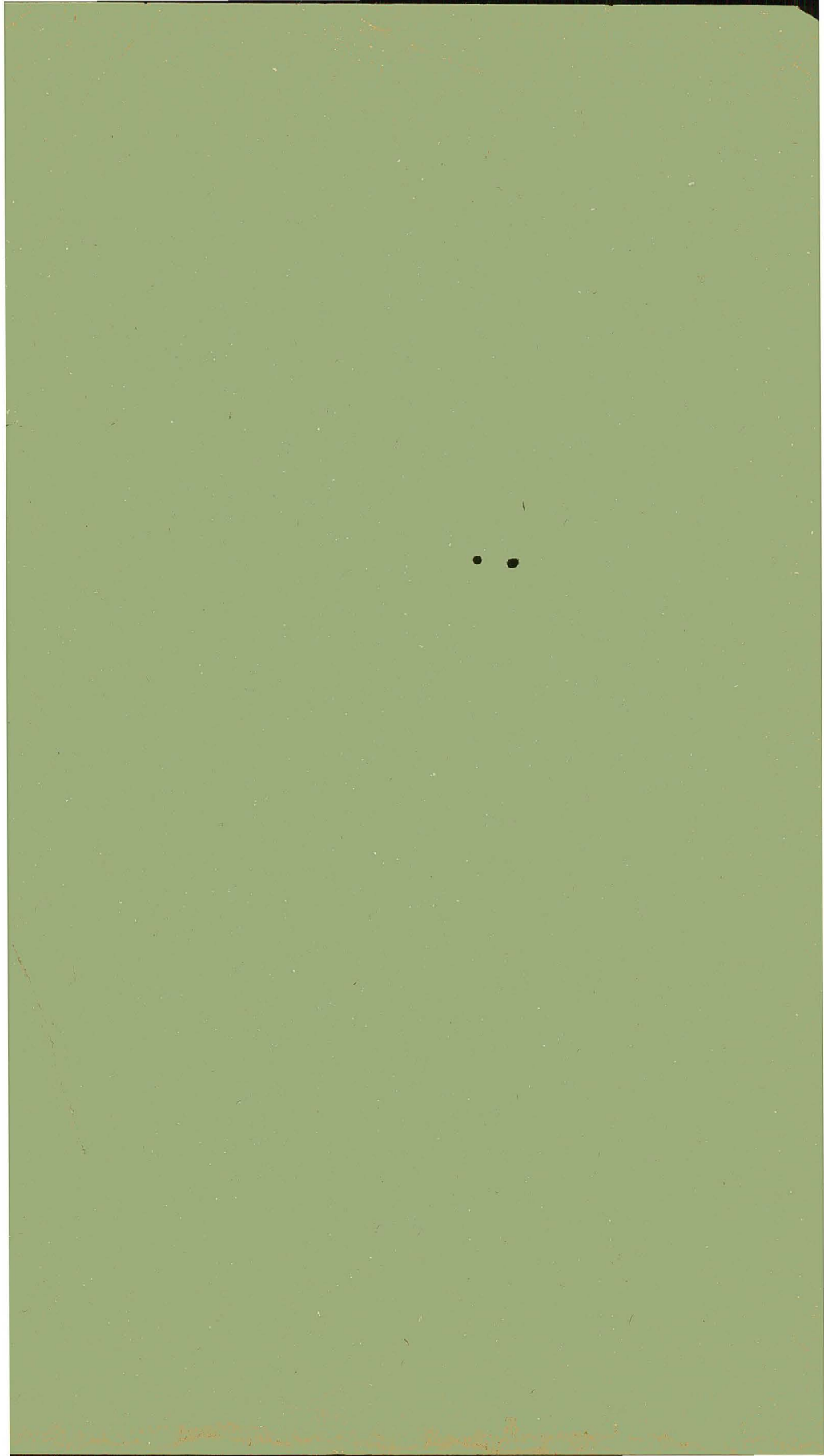
(Reference: Paragraph 82, page 97)

IMPORTANT TYPES OF IRREGULARITIES NOTICED DURING LOCAL
AUDIT AND INSPECTION

S.No.	Nature of irregularities	Number of paragraphs included in inspection reports
<i>Civil Offices</i> (Total number of offices inspected—732)		
1.	Non-observance of rules relating to custody and handling of cash, defective maintenance of cash book, physical verification of cash etc.	504
2.	Defective maintenance of store accounts and periodical verification not done	324
3.	Securities from persons handling cash and stores not obtained	319
4.	Non-production of primary records like receipt books, stock registers, log books, etc., at the time of local audit.	301
5.	Defective maintenance and/or non-maintenance of initial accounts relating to loans	107
6.	Defective maintenance of log books of departmental vehicles and unauthorised use of those vehicles.	91
7.	Heavy amount of disallowed vouchers lying unadjusted in accounts.	24
<i>Public Works and Forest Offices</i> (Total number of offices inspected—187)		
1.	Over payments due to inflated measurements or longer leads/extra leads or rates allowed in excess of those provided in the agreements (Rs.4.93 lakhs)	57
2.	Infructuous expenditure due to— (i) defect in plans and designs (Rs. 6.15 lakhs) and (ii) abandonment of works (Rs. 14.89 lakhs)	49
3.	Defective maintenance of stores and stock accounts.	43
4.	Extra expenditure due to rejection of the lowest tenders/delay in accepting tenders (Rs. 12.09 lakhs)	39
5.	Irregularities about muster rolls.	34
6.	Unauthorised financial aid to contractors (Rs.11.62 lakhs)	26
7.	Splitting up of purchase orders	26
8.	Delay in effecting recoveries due from contractors (Rs. 1.20 lakhs)	20

APPENDIX XI—*concl'd.*

S. No.	Nature of irregularities	Number of paragraphs included in inspection reports
(1)	(2)	(3)
9.	Payments due to non-observance of conditions of contracts or non-provisions of requisite conditions in the contracts	19
10.	Delay in fixation of rents of buildings and/or recovery of rents, electricity charges, <i>etc.</i>	13
11.	Arrears in maintenance and/or non-maintenance of initial accounts of road metal, material at site accounts.	13





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